

Hawthorn Housing Co-operative Limited

Report and Financial Statements

For the year ended 31 March 2026

Registered Social Landlord No. HAC171

FCA Reference No.2195 R(S)

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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HAWTHORN HOUSING CO-OPERATIVE LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2026

Management Committee

Cathie Richie	Chair
Helen Graham	Vice Chair
Eileen Wallace	Secretary
Marie McCreadie	Treasurer
Rachel Elizabeth Bowman (Resigned 16 February 2026)	
William Fleeting	
Rose Ann Logan (Resigned 28 April 2025)	
James Marshall	
Martha McGeouch (Resigned 18 September 2025)	
Eileen Murphy	
Shannon Whitelaw	
Louise Wilson	

Executive Officer

Colin Turnbull	Director
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Registered Office

23 A Finlas Street
Possilpark
Glasgow
G22 5DB

External Auditors

TC Group
Business Advisors and Accountants
180 St Vincent Street
Glasgow
G2 5SG

Internal Auditors

Cameron Audit Ltd
GF 4 Grosvenor Gardens
Edinburgh
EH12 5JU

Bankers

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

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2026

The Management Committee presents its report and the financial statements for the year ended 31 March 2026.

Legal Status

The Co-operative is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 2159R (S)), the Scottish Housing Regulator as a registered social landlord (No. HAC171) under the Housing (Scotland) Act 2010.

Principal Activities

The principal activities of the Co-operative are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Review of the Current Year Performance/KPIs

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 slightly and our relet time for voids improved significantly. Our other performance was similar to the previous year.

Our strong financial performance is shown by the following indicators in March 2026:

- Surplus before taxation - £188,200
- Financial covenant - Interest cover – 2814%

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

Assurance

In October 2025 we submitted our seventh 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-operative assessed that it fully complies in 67 indicators with 6 indicators where there were non-material areas of improvement in relation to requirements for RSLs. This shows an improvement from the year before.

Business Plan

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

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2026

Review of Business and Future Developments (Contd.)

During the year the Co-operative obtained £10,000 from the Lintel Trust and Community Benefit from various contracts to support its community development activities. The Community Development Worker post was funded to the end of March 2025, in the main from a three-year grant from Glasgow City Council. The Co-operative applied for a further 3 years funding from the Lottery Fund for this post.

Development

The Co-operative has no plans to develop more houses during the life of the Business Plan; its priority is to invest in the homes and services it provides to its tenants.

Principal Risks and Uncertainties Faced

The Co-operative has a comprehensive risk management policy. The Co-operative reviewed this policy in March 2025. This approach has been fully reviewed by two consultants and was 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 March 2026, the Co-operative assessed our highest risks as:

- Unable to achieve healthy long-term governance due to small pool for committee members
- Unable to meet financial contributions
- Breaching tenant safety regulations at homes or land owned by the Co-operative

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-operative has taken a few steps to deal with the risk it identified:

- Conducting an ongoing recruitment campaign
- Providing more support for new committee members to improve retention
- Improving attendance at training sessions to develop governing body members
- Developing a stronger relationship with other housing co-ops in Scotland

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2026

Management Committee and Executive Officers

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

Each member of the Management Committee holds one fully paid share of £1 in the Co-operative. The Executive Officers hold no interest in the Co-operative's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

Members of the Management Committee are appointed by the members at the Co-operative's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that 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 period. 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 a going concern basis unless it is inappropriate to presume that the Co-operative will continue in business; and
- 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 2024. It is 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.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF 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;
- 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, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives 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;
- 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 end 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.

Donations

During the year the Co-operative made charitable donations of £0 (2025 - £0).

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, TC Group, will be proposed at the Annual General Meeting.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2026

By order of the Management Committee

Eileen Wallace
Secretary

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 5 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements 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 reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

TC Group

Business Advisors and Accountants
Statutory Auditors
GLASGOW

HAWTHORN HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of Hawthorn Housing Co-operative Limited (the 'Co-operative') for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity 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 Financial Reporting Standard 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 2026 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis of 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 Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other 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 audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the 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 with respect to going concern are described in the relevant sections of this report.

Other Information

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

HAWTHORN HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE FOR THE YEAR ENDED 31 MARCH 2026 (continued)

Other Information (Contd.)

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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Co-operative in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Co-operative in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 4, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the 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 Management Committee either intend to liquidate the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (continued)

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Co-operative through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Co-operative's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator and HMRC.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

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

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

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

Other matters which we are required to address

The financial statements of the Co-operative for the year ended 31 March 2025 were audited by another auditor who expressed an unmodified opinion on these statements on 1 September 2025.

Use of our Report

This report is made solely to the Co-operative's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's 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.

TC GROUP

Business Advisors and Accountants
Statutory Auditors
GLASGOW

HAWTHORN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £	2025 £
Revenue	2	2,034,155	1,970,289
Operating costs	2	1,816,881	1,598,409
OPERATING SURPLUS		217,274	371,880
Interest receivable and other income		36,495	32,981
Interest payable and similar charges	7	(56,569)	(59,343)
Other Finance income/(charges)	10	(9,000)	(8,000)
		(29,074)	(34,362)
Surplus on ordinary activities before taxation	8	188,200	337,518
Tax on surplus on ordinary activities	9	(7,404)	(6,561)
SURPLUS FOR THE YEAR		180,796	330,957
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	17	20,000	24,000
TOTAL COMPREHENSIVE INCOME		200,796	354,957

The results relate wholly to continuing activities.

The notes on pages 16 to 33 form an integral part of these financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Notes	£	2026 £	£	2025 £
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		13,320,705		13,415,424
Other tangible assets	11		367,218		379,530
			<u>13,687,923</u>		<u>13,794,954</u>
CURRENT ASSETS					
Receivables	12	96,770		132,587	
Cash and cash equivalents	13	1,736,085		1,697,064	
		<u>1,832,855</u>		<u>1,829,651</u>	
CREDITORS: Amounts falling due within one year	14	<u>(334,474)</u>		<u>(505,088)</u>	
NET CURRENT ASSETS			1,498,381		1,324,563
TOTAL ASSETS LESS CURRENT LIABILITIES			15,186,304		15,119,517
CREDITORS: Amounts falling due after more than one year	15		(1,500,721)		(1,566,757)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	17	<u>(141,000)</u>		<u>(152,000)</u>	
			(141,000)		(152,000)
DEFERRED INCOME					
Social housing grants	18	<u>(3,369,723)</u>		<u>(3,426,692)</u>	
			(3,369,723)		(3,426,692)
NET ASSETS			<u>10,174,860</u>		<u>9,974,068</u>
EQUITY					
Share capital	19		372		376
Revenue reserves			10,315,488		10,125,692
Pension reserves			(141,000)		(152,000)
			<u>10,174,860</u>		<u>9,974,068</u>

The financial statements including the Income and Expenditure Account and Balance Sheet were approved by the Management Committee and authorised for issue and signed on their behalf on 31 August 2026.

Committee Member

Committee Member

Secretary

The notes on pages 16 to 33 form an integral part of these financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	£	2026 £	£	2025 £
Surplus for the Year			180,796		330,957
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets		416,837		485,793	
Increase/decrease in provisions		(56,969)		(56,969)	
Non-cash adjustments to pension provisions		9,000		8,000	
Share capital written off	19	(14)		(10)	
			368,854		436,814
Interest receivable			(36,495)		(32,981)
Interest payable			56,569		59,343
Operating cash flows before movements in working capital			569,724		794,133
Change in debtors		35,817		(26,015)	
Change in creditors		(172,980)		(119,531)	
			(137,163)		(145,546)
Net cash inflow from operating activities			432,561		648,587
Investing Activities					
Acquisition and construction of properties		(309,806)		(172,480)	
Purchase of other fixed assets		-		(1,794)	
Net cash outflow from investing activities			(309,806)		(174,274)
Financing Activities					
Interest received on cash and cash equivalents		36,495		32,981	
Interest paid on loans		(56,569)		(59,343)	
Loan principal repayments		(63,670)		(60,897)	
Share capital issued	19	10		11	
Net cash outflow from financing activities			(83,734)		(87,248)
Increase in cash	20		39,021		387,065
Opening cash & cash equivalents			1,697,064		1,309,999
Closing cash & cash equivalents			1,736,085		1,697,064
Cash and cash equivalents as at 31 March					
Cash	20		1,736,085		1,697,064
			1,736,085		1,697,064

The notes on pages 16 to 33 form an integral part of these financial statements.

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HAWTHORN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2026

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2024	375	(168,000)	9,786,735	9,619,110
Issue of Shares	11	-	-	11
Cancellation of Shares	(10)	-	-	(10)
Other comprehensive income	-	24,000	-	24,000
Other movements	-	(8,000)	8,000	-
Surplus for the year	-	-	330,957	330,957
Balance as at 31 March 2025	376	(152,000)	10,125,692	9,974,068
Balance as at 1 April 2025	376	(152,000)	10,125,692	9,974,068
Issue of Shares	10	-	-	10
Cancellation of Shares	(14)	-	-	(14)
Other comprehensive income	-	20,000	-	20,000
Other movements	-	(9,000)	9,000	-
Surplus for the year	-	-	180,796	180,796
Balance as at 31 March 2026	372	(141,000)	10,315,488	10,174,860

The notes on pages 16 to 33 form an integral part of these financial statements.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2024. A summary of the principal accounting policies is set out below.

Revenue

The Co-operative recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Co-operative previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where 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 organisations taken as a whole. The Co-operative accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Co-operative moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as an employee benefit expense when they are due.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future, the Co-operative has adopted the going concern basis of accounting in preparing these financial statements.

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Co-operative depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Bathrooms	25 years
Boilers	15 years
Close Doors	20 years
Kitchens	15 years
Heating Systems	30 years
Roofs	40 years
Structure	100 years
Windows	30 years

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Property	2%
Furniture & Fittings	15%
Caretaker Equipment	25%
Computer Equipment	33.00%
Motor Vehicles	25.00%
Office Equipment	10.00%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

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 they relate.

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 period as the expenditure to which it relates.

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

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

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.

Taxation

The Co-operative is a fully mutual co-operative. Under s488 of the Income and Corporation Taxes Act the Co-operative is only liable for tax on investment income. The Co-operative is not eligible for grants towards corporation tax.

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

VAT

The Co-operative is not registered for Value Added Tax (VAT). VAT paid is not recoverable and therefore expenditure as shown inclusive of VAT.

Financial Instruments - Basic

The Co-operative classes all of its loans as basic financial instruments including agreements with break clauses. The Co-operative recognises basic financial instruments 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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Co-operative assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

Key Judgements

a) 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 Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Co-operative participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Co-operative has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 18.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Estimation Uncertainty

a) 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.

b) 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.

c) Useful life of properties, plant and equipment

The Co-operative assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Defined pension liability

In determining the value of the Co-operative's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

		2026			2025		
	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	1,953,925	1,735,224	218,701	1,914,065	1,537,718	376,347
Other Activities	4	80,230	81,657	(1,427)	56,224	60,691	(4,467)
Total		2,034,155	1,816,881	217,274	1,970,289	1,598,409	371,880

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE

	General Needs Housing	2026 Total	2025 Total
	£	£	£
Revenue from Lettings			
Rent receivable net of service charges	1,893,061	1,893,061	1,830,745
Gross income from rent and service charges	1,893,061	1,893,061	1,830,745
Less: Rent losses from voids	4,552	4,552	5,308
Income from rents and service charges	1,888,509	1,888,509	1,825,437
Grants released from deferred income	56,969	56,969	56,969
Stage 3 Income	8,447	8,447	31,659
Total turnover from affordable letting activities	1,953,925	1,953,925	1,914,065
Expenditure on affordable letting activities			
Management and maintenance administration costs	819,067	819,067	743,323
Stage 3 Costs	7,679	7,679	28,780
Planned and cyclical maintenance, including major repairs	345,183	345,183	153,204
Reactive maintenance costs	154,703	154,703	155,378
Bad Debts - rents and service charges	4,067	4,067	(14,890)
Depreciation of affordable let properties	404,525	404,525	471,923
Operating costs of affordable letting activities	1,735,224	1,735,224	1,537,718
Operating surplus on affordable letting activities	218,701	218,701	376,347
2025	376,347		

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2026	Operating surplus / (deficit) 2025
	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	921	(921)	(3,562)
Rechargeable Repairs	-	-	-	-	506	-	(506)	(905)
Other activities	-	-	80,230	80,230	-	80,230	-	-
	—	—	—	—	—	—	—	—
Total From Other Activities	-	-	80,230	80,230	506	81,151	(1,427)	(4,467)
	—	—	—	—	—	—	—	—
2025	-	-	56,224	56,224	905	59,786	(4,467)	
	—	—	—	—	—	—	—	

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2026 £	2025 £
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.		
Aggregate emoluments payable of Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>86,771</u>	<u>83,412</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>8,888</u>	<u>7,632</u>
Emoluments payable to Director (excluding pension contributions)	86,771	83,412
Pension contributions paid on behalf of the Director	<u>8,888</u>	<u>7,632</u>
Total emoluments payable to the Director	<u>95,659</u>	<u>91,044</u>
Total emoluments paid to key management personnel	<u>95,659</u>	<u>91,044</u>

The number of Officers, including the highest paid Officer, who received emoluments, excluding pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£80,001 to £90,000	-	1
£90,001 to £100,000	<u>1</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2026 No.	2025 No.
Average monthly number of full time equivalent persons employed during the year	<u>11</u>	<u>11</u>
Average total number of employees employed during the year	<u>11</u>	<u>11</u>
Staff costs were:	£	£
Wages and salaries	457,292	441,337
National insurance costs	42,802	36,056
Pension costs	<u>44,879</u>	<u>42,406</u>
	<u>544,973</u>	<u>519,799</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2026 £	2025 £
On bank loans and overdrafts	56,569	59,343

8. SURPLUS FOR THE YEAR

	2026 £	2025 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	433,033	472,113
Auditors' remuneration - audit services	14,462	13,104
Auditors' remuneration - other services	2,433	2,153
Operating lease rentals - other	389	735

9. CORPORATION TAX

Analysis of Charge in Year	2026	2025
<i>Current Tax:</i>		
Corporation tax	7,404	6,561
Total Current Tax	7,404	6,561

The Co-operative is a fully mutual co-operative. Under s488 of the Income and Corporation Taxes Act the Co-operative is only liable for tax on investment income. The Co-operative is not eligible for grants towards corporation tax.

10. OTHER FINANCE INCOME

	2026 £	2025 £
Net interest on pension obligations	9,000	8,000

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties		Housing Properties held for letting	Total
		£	£
COST			
At 1 April 2025		17,003,011	17,003,011
Additions		309,806	309,806
Disposals		(24,953)	(24,953)
At 31 March 2026		17,287,864	17,287,864
DEPRECIATION			
At 1 April 2025		3,587,587	3,587,587
Charge for Year		420,721	420,721
Disposals		(41,149)	(41,149)
At 31 March 2026		3,967,159	3,967,159
NET BOOK VALUE			
At 31 March 2026		13,320,705	13,320,705
At 31 March 2025		13,415,424	13,415,424
	2026	2025	
	<i>Component replacement</i>	<i>Component replacement</i>	<i>Improvement</i>
Expenditure on Existing Properties	<i>Improvement</i>		
Amounts capitalised	309,806	172,480	-
Amounts charged to the statement of comprehensive income	-	-	308,582

All land and housing properties are heritable.

The Co-operatives's lenders have standard securities over housing property with a carry value of £2,080,873 (2025 - £2,163,933).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 April 2025	556,393	73,529	7,674	26,818	664,414
At 31 March 2026	556,393	73,529	7,674	26,818	664,414
DEPRECIATION					
At 1 April 2025	178,047	73,529	7,674	25,634	284,884
Charge for year	11,128	-	-	1,184	12,312
At 31 March 2026	189,175	73,529	7,674	26,818	297,196
NET BOOK VALUE					
At 31 March 2026	367,218	-	-	-	367,218
At 31 March 2025	378,346	-	-	1,184	379,530

12. RECEIVABLES

	2026 £	2025 £
Gross arrears of rent and service charges	106,132	123,949
Less: Provision for doubtful debts	(46,039)	(56,795)
<i>Net arrears of rent and service charges</i>	60,093	67,154
Other receivables	36,677	65,433
	<u>96,770</u>	<u>132,587</u>

13. CASH AND CASH EQUIVALENTS

	2026 £	2025 £
Cash at bank and in hand	836,085	1,247,064
Balances held in deposit accounts	900,000	450,000
	<u>1,736,085</u>	<u>1,697,064</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2026	2025
	£	£
Bank loans	66,037	63,671
Trade payables	63,093	112,167
Rent received in advance	86,566	75,153
Other taxation and social security	13,747	-
Corporation tax payable	7,404	6,561
Accruals and deferred income	97,627	247,536
	<u>334,474</u>	<u>505,088</u>

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2026	2025
	£	£
Bank loans	1,440,721	1,506,757
Other Creditors	60,000	60,000
	<u>1,500,721</u>	<u>1,566,757</u>

16. DEBT ANALYSIS - BORROWINGS		
	2026	2025
	£	£
Bank Loans		
Amounts due within one year	66,037	63,671
Amounts due in one year or more but less than two years	67,667	66,037
Amounts due in two years or more but less than five years	198,615	189,692
Amounts due in more than five years	1,174,439	1,251,028
	<u>1,506,758</u>	<u>1,570,428</u>

The Co-operative has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Bank of Scotland	81	3.680%	2043	Fixed

All of the Co-operative's bank borrowings are repayable on a monthly or quarterly basis with the principal being amortised over the term of the loans.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Hawthorn Housing Co-operative Limited participates in the Scottish Housing Association 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 pensions 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 was put in place to eliminate the deficit which runs to 31 March 2030. 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 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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

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 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to February 2027 inclusive.

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

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2026	2025
	£	£
Fair value of plan assets	1,141,000	1,121,000
Present value of defined benefit obligation	1,282,000	1,273,000
(Deficit) in plan	(141,000)	(152,000)
Unrecognised surplus	-	-
Defined benefit (liability) to be recognised	(141,000)	(152,000)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026	2025
	£	£
Defined benefit obligation at the start of period	1,273,000	1,401,000
Current service cost	-	-
Expenses	2,000	2,000
Interest expense	73,000	67,000
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(2,000)	29,000
Actuarial losses due to changes in demographic assumptions	15,000	-
Actuarial (gains) due to changes in financial assumptions	(12,000)	(169,000)
Benefits paid and expenses	(67,000)	(57,000)
Defined benefit obligation at the end of period	1,282,000	1,273,000

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

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

	2026	2025
	£	£
Fair value of plan assets at start of period	1,121,000	1,233,000
Interest income	64,000	59,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	21,000	(116,000)
Contributions by the employer	2,000	2,000
Contributions by plan participants	-	-
Benefits paid and expenses	(67,000)	(57,000)
Fair value of plan assets at the end of period	1,141,000	1,121,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £85,000 (2025: (£57,000)).

Defined benefit costs recognised in the statement of comprehensive income

	2026	2025
	£	£
Current service cost	-	-
Expenses	2,000	2,000
Net interest expense	9,000	8,000
Defined benefit costs recognised in statement of comprehensive income	11,000	10,000

	2026	2025
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	21,000	(116,000)
Experience gains and losses arising on plan liabilities - gain/(loss)	2,000	(29,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain/(loss)	(15,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain/(loss)	12,000	169,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain	20,000	24,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
Total amount recognised in other comprehensive income - gain	20,000	24,000

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2026 £	2025 £	2024 £
Global Equity	151,000	130,000	142,000
Absolute Return	-	-	55,000
Distressed Opportunities	-	-	45,000
Credit Relative Value	-	-	43,000
Alternative Risk Premia	-	-	44,000
Liquid Alternatives	218,000	206,000	-
Emerging Markets Debt	-	-	22,000
Risk Sharing	-	-	74,000
Insurance-Linked Securities	2,000	4,000	8,000
Property	60,000	56,000	52,000
Infrastructure	-	-	118,000
Private Equity	3,000	1,000	1,000
Real Assets	113,000	134,000	-
Private Debt	-	-	50,000
Opportunistic Illiquid Credit	-	-	49,000
Private Credit	147,000	140,000	-
Credit	52,000	48,000	-
High Yield	-	-	-
Investment Grade Credit	48,000	51,000	-
Cash	-	6,000	32,000
Corporate Bond Fund	-	-	-
Liquid Credit	-	-	-
Long Lease Property	-	-	9,000
Secured Income	15,000	26,000	41,000
Over 15 Year Gilts	-	-	-
Liability Driven Investment	315,000	316,000	447,000
Currency Hedging	-	2,000	(1,000)
Net Current Assets	17,000	1,000	2,000
Total assets	<u>1,141,000</u>	<u>1,121,000</u>	<u>1,233,000</u>

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

Key Assumptions

	2026	2025	2024
Discount Rate	6.1%	5.9%	4.9%
Inflation (RPI)	3.3%	3.1%	3.2%
Inflation (CPI)	3.0%	2.8%	2.8%
Salary Growth	4.0%	3.8%	3.8%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		

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

Life expectancy at age 65 years

	(years)
Male retiring in 2026	20.7
Female retiring in 2026	22.9
Male retiring in 2046	21.9
Female retiring in 2046	<u>24.4</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. DEFERRED INCOME				
	Social Housing Grants £	Office Grant £	Community Facility Grant £	Total £
Capital grants received				
At 1 April 2025	3,426,692	-	-	3,426,692
Amortisation in year	(56,969)	-	-	(56,969)
Eliminated on disposal	-	-	-	-
Net book value				
Total at 31 March 2026	<u>3,369,723</u>	<u>-</u>	<u>-</u>	<u>3,369,723</u>
Total at 31 March 2025	<u>3,426,692</u>	<u>-</u>	<u>-</u>	<u>3,426,692</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2026 £	2025 £
Amounts due within one year	56,969	56,969
Amounts due in more than one year	3,312,754	3,369,723
	<u>3,369,723</u>	<u>3,426,692</u>

19. SHARE CAPITAL		
Shares of £1 each, issued and fully paid	2026 £	2025 £
At 1 April	376	375
Issued in year	10	11
Cancelled in year	(14)	(10)
At 31 March	<u>372</u>	<u>376</u>

Each member of the Co-operative holds one share of £1 in the Association. These shares carry no rights to dividend 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.

The Co-operative had 364 housing units, 3 of which were void at year-end and one tenant who was not yet a member. There are also 12 joint memberships hence a share capital balance of 373.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. STATEMENT OF CASH FLOWS

<i>Reconciliation of net cash flow to movement in net funds</i>		2026		2025
	£	£	£	£
Increase in cash	39,021		387,065	
Change in liquid resources	-		(2,774)	
Cashflow from change in net debt	63,671		63,671	
Movement in net debt during the year		102,692		447,962
Net debt at 1st April 2025		126,634		(321,328)
Net debt at 31 March 2026		229,326		126,634

<i>Analysis of changes in net debt</i>	<i>At 01/04/2025</i>	<i>Cashflows</i>	<i>Other Changes</i>	<i>At 31/03/2026</i>
	£	£	£	£
Cash at bank and in hand	1,697,064	39,021	-	1,736,085
	1,697,064	39,021	-	1,736,085
Debt: Due within one year	(63,671)	63,671	(66,037)	(66,037)
Due after more than one year	(1,506,759)	-	66,037	(1,440,722)
Net Debt	126,634	102,692	-	229,326

The above commitments will be financed by the Co-operative's own resources.

21. CAPITAL COMMITMENTS

	2026	2025
	£	£
Capital Expenditure that has been contracted for but has not been provided	247,325	-

The above commitments will be financed by the Association's own resources.

22. COMMITMENTS UNDER OPERATING LEASES

	2026	2025
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	389	735
Expiring later than one year and not later than five years	-	389

23. DETAILS OF CO-OPERATIVE

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

The Co-operatives's principal place of business is 23A Finlas Street, Cowlairst Industrial Estate, Glasgow , G22 5DB

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

HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £978 (2025 - £682) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Co-operative.

25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2026 No.	2025 No.
General needs - New Build	173	173
General needs - Rehabilitation	191	191
	<u>364</u>	<u>364</u>

26. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Co-operative as defined by Financial Reporting Standard 102.

Transactions with Management Committee members (and their close family) were as follows:

	2026 £	2025 £
Rent received from tenants on the Management Committee and their close family members	<u>103,009</u>	<u>100,997</u>

At the year end total rent arrears owed by the tenant members on the Management Committee were £1,622 (2025 - £1,844).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £0 (2025 - £0).

Members of the Management Committee who are tenants	12	12
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27. CONTINGENT LIABILITY

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2026 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.