



**West
Granton**

HOUSING CO-OPERATIVE
Rebuilding a Community

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st MARCH 2013

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

26 Granton Mill Crescent, Edinburgh EH4 4UT

Tel: 0131 551 5035 Fax: 0131 551 7235 Email: mail@westgrantonhc.co.uk

West Granton Housing Co-operative Ltd. is a fully mutual co-operative housing association registered as a social landlord with the Scottish Housing Regulator (HAC 225) and as a co-operative with the Financial Conduct Authority (No. 2357RS).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

For the year ended 31st March 2013

Registered Office : 26 Granton Mill Crescent
 Edinburgh
 EH4 4UT

Directors : Amanda Aitchison
 Donna Anderson
 Lorna Brown
 Alistair Burnett
 Anne Cullinane
 Marilyn Dickson
 Mary Fergus
 Jim Hemphill
 Bill Keegan
 Joe Moir
 George Nicol
 Wendy Riordan
 George Thomson
 Stuart Thomson

Secretary : Gerard Gillies

Bankers : Royal Bank of Scotland plc
 109/109a George Street, Edinburgh EH2 4JW

Lenders : Nationwide Building Society (trading as Dunfermline Building Society)
 Caledonia House, Carnegie Avenue, Dunfermline KY11 8PJ

Solicitors : Aitken Nairn WS
 7 Abercromby Place, Edinburgh EH3 6LA

Auditors : Chiene + Tait
 Chartered Accountants & Statutory Auditor
 61 Dublin Street, Edinburgh EH3 6NL

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

For the year ended 31st March 2013

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WEST GRANTON HOUSING CO-OPERATIVE LIMITED
REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee have pleasure in presenting their report on the Co-operative's affairs for the year ended 31st March 2013.

Membership of the Management Committee

Members of the Management Committee during the year and to the date of this report were:

- Stuart Thomson (Chairperson)
- Bill Keegan (Vice Chairperson)
- Marilyn Dickson (Treasurer)
- Amanda Aitchison (elected September 2012)
- Donna Anderson (elected September 2012)
- Lorna Brown
- Alistair Burnett
- John Cavers (retired September 2012)
- Anne Cullinane (elected September 2012, resigned May 2013)
- Mary Fergus
- Jim Hemphill (elected September 2012)
- Leslie Llewellyn (resigned August 2012)
- Joe Moir
- George Nicol (elected September 2012)
- Wendy Riordan (elected September 2012)
- George Thomson

Principal Activity

The Co-operative's principal activity is the ownership and management of rented housing.

Financial Results

The operating surplus for the year to 31 March 2013 is £441,539 (2012: £341,261).

OPERATING & FINANCIAL REVIEW

Operating Review: Business, Objectives & Strategy

West Granton Housing Co-operative Limited (WGHC) is a Registered Social Landlord (RSL), incorporated under the Industrial and Provident Societies Act 1965, which provides affordable general needs rented housing in north west Edinburgh. We received capital subsidies towards building or acquiring housing stock but operate without (or with immaterial) revenue subsidies.

WGHC was founded in 1990. Almost all of our housing stock of 380 houses and flats are new build. The first were completed in 1993, the most recent in October 2009. WGHC employs staff to carry out most day to day operations from our office premises in Granton Mill Crescent, Edinburgh which is at the heart of our stock. In addition we have approved lists of contractors, consultants and suppliers for maintenance works and specialist services.

The principal objects of WGHC, as set out in its registered rules, are to provide, construct, improve and manage housing for occupation by our members. To that end it may carry out any other activities which help it achieve these objects and/or are permitted by the Housing (Scotland) Act 2010. We do not trade for profit and members may not purchase the houses.

Two committee members retired in the year under review (one moved away and one retired due to ill health). However five new members were elected at the AGM in September 2013 taking membership of the committee to 14.

There were no changes to staff during the year but several unconnected long term illnesses contributed to an unusually high level of sickness absence which put pressure on workloads and a temporary assistant housing officer was engaged for a short period. All staff were recovered and back at work by the end of the year.

There were no additions to or disposals of housing stock. However nine flats are being considered for disposal and are not being relet once void. The flats are pepper potted within tenements in which WGHC owns only some flats. There are problems with management and with common repairs of these units which are disproportionate to our other stock. Committee are of the view that we should dispose of them as and when they become void. Consent to disposal will be required from City of Edinburgh Council. At 31st March 2013, three flats were void pending possible disposal.

As part of a rolling programme, 20% of the stock was surveyed in relation to the Scottish Housing Quality Standard. There are no significant issues nor is any significant investment required for all stock to meet the standard by the required deadline of March 2015.

During the year 31 bathrooms and one kitchen were replaced at a cost of £92,056. Component replacement such as these are capitalised and depreciated over their estimated useful life. This activity is becoming an increasingly significant and regular part of our work.

In addition to the regular round of management and maintenance activity the year saw a focus on responding to regulatory change including new requirements from the reconstituted Scottish Housing Regulator and the Scottish Public Service Ombudsman. This included revision of a number of our policies and procedures in addition to contributing to a series of consultations on proposed changes.

Operating Review: income and expenditure

Turnover increased by 4.7% compared to the previous year while operating costs fell by 3.3%. The effect was an increase in operating surplus of 29%. After finance costs and tax the surplus was £297,050, an increase of 66%. The increase in turnover was due to a 5% increase in rents, offset by an increase in rent lost to voids due mainly to the three flats awaiting consent for disposal.

The reduction in operating costs was because of lower planned maintenance. This spend fluctuates depending on the annual programme. Excluding planned maintenance operating costs rose by 2% (Note 2). Our key expenditure performance indicator is administration costs per unit. At £1,118 for the year this was 3% higher than the previous year. However it was under our internal benchmark and less than the previous year's published averages for RSLs (£1,135 for 2011/12).

Interest payable reduced because loan debt is being repaid. Placing some cash on term deposit increased interest receivable.

The increase in surplus for the year arose from the combined effect of these factors.

Operating Review: performance indicators

WGHC uses a range of performance indicators to assess achievement of our objectives. These are compared to targets and benchmarks based on our past performance and/or the performance of other Registered Social Landlords (RSLs) published by the Scottish Housing Regulator (SHR).

Our primary arrears indicator (current tenant non technical arrears) was at 1.1% at 31st March 2013. This was above our target (0.85%) and above the previous year (0.7%). This was partly the effect of new legal pre action requirements which are prolonging arrears management procedures. Arrears management will be a priority in the period ahead as welfare reform is also expected to increase arrears. However WGHC arrears remain well below the last published national average (2.6% at March 2011) which suggests our performance remains very good relative to other RSLs.

Performance in relation to allocations and maintenance remained very good. The changes to reporting requirements and KPIs being developed by the Scottish Housing Regulator mean many of our KPIs will be revised during the year.

Operating Review: risks and outlook

The Committee have identified the principal risks facing WGHC in the medium term as welfare reform and the pension fund deficit.

We are continually reviewing policies and procedures to adapt to welfare reform and in particular reductions in housing benefit. We increased the provisions for bad or doubtful debts within rent arrears from £1,000 to £3,800 during the year (Note 12). In future budgets and projections we are assuming increases in bad debts written off within operating costs. We will also seek to limit the impact by increasing our emphasis on arrears management and money advice to tenants. Staffing will be reviewed in 2013-14 to this end.

WGHC staff are currently offered membership of a defined benefit option within the Scottish Housing Associations Pension Scheme (SHAPS). The pension fund has a significant deficit (Note 24). The pension options offered to new and existing staff will be reviewed in the year ahead. We will endeavour to manage the existing deficit and look at options to limit or eliminate future deficits.

The Co-operative has in place a robust system of business planning, reporting and performance monitoring. We will seek to achieve economy, effectiveness and efficiency in our operating activities. We will also continue to try to minimise financial risk in relation to loan finance and investments.

Financial Review

The Co-operative's long term funding structure at 31st March 2013 was as follows:

Loan finance (repayable in more than one year)	£	5,227,248
Share capital	£	377
Reserves	£	1,177,235
	£	<u>6,404,860</u>

All our loan funding is from the Nationwide Building Society. The total borrowing at 31st March 2013 was £5,410,182 which is the loan finance shown in the table together with £182,934 repayable in the coming year (note 14). The loans are secured on 302 units of our housing stock of 380 units.

WGHC tries to minimise risk by having a mix of fixed and variable rates. £2,808,000 was fixed for 10 years at 4.49% including margin from February 2011. This should provide some security and stability in the medium term. Our average cost of borrowing in the year was 2.8% (2012: 2.8%). Mortgage debt was reduced by £251,453 in the year (Note 21).

Interest cover at 31st March 2013 was 295% (2012: 208%). This ratio reflects our ability to cover the interest on our loans, in this instance showing that the operating surplus plus interest receivable was more than twice interest payable. This is well above our covenanted interest cover of 110% (the "covenanted" level is the minimum we have agreed to maintain in loan agreements). This high level of interest cover is partly due to low interest rates but we would meet the covenant even with considerably higher rates.

Cash in the bank or in hand at 31st March 2013 amounted to £915,365 (2012: £705,820). In total current assets were £978,062 (2012: £759,656) which was 2.8 times current liabilities (2012: 2.0).

Conclusions

The year to March 31st 2013 saw WGHC focus more on component replacement; review and update policies and procedures; take steps to dispose of stock which does not match our main priorities; identify and begin to address the key risks of pension provision and welfare reform.

WGHC continued to maintain excellent levels of service to our tenants and to ensure high satisfaction with and demand for our housing. We continue to take steps to minimise financial risk across all our activities with particular emphasis on treasury management. We believe that the Co-operative remains organisationally and financially in a very strong position.

Post Balance Sheet Events

There were no significant post balance sheet events.

Going Concern

After making enquiries, the management committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Statement of the Management Committee's Responsibilities

Housing Association legislation requires the Committee of Management 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 income and expenditure of the Co-operative for that period. In preparing those financial statements the 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, and
- 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 Committee is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Co-operative's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Co-operative's books of account and transactions.

Statement on Internal Financial Control

The Committee is 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.

The Committee has reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 31 March 2013 and until 14 August 2013. No weaknesses were found in 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.

Auditor

It is considered good practice to periodically tender audit services. WGHC is tendering audit services in 2013 and a resolution to appoint auditors for the ensuing year will be proposed at the Annual General Meeting.

BY ORDER OF THE COMMITTEE



Gerard Gillies B.Sc. M.Phil. MCIH

Secretary & CEO

14 August 2013

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

We have audited the financial statements of West Granton Housing Co-operative Limited for the year ended 31 March 2013 consisting of the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Principal Accounting Policies and the related notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the co-operative's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 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.

Respective responsibilities of the Management Committee and auditor

As more fully explained in the Statement of Management Committee's Responsibilities on page 6, the Management Committee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the co-operative's affairs as at 31 March 2013 and of its income and expenditure for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements (April 2012).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Committee of Management is inconsistent in any material respect with the financial statements; or
- the co-operative has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST GRANTON HOUSING CO-OPERATIVE LIMITED (continued)

Corporate Governance

In addition to the audit of the financial statements, we have reviewed the co-operative's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the co-operative's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the co-operative's statements on internal financial control, in our opinion the co-operative has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.



CHIENE + TAIT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

22 August 2013

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2013

	Note	2013	2012
		£	£
Turnover	1	1,456,479	1,391,251
less: operating costs	1	<u>(1,014,940)</u>	<u>(1,049,990)</u>
Operating surplus	1	441,539	341,261
Interest receivable		11,010	1,641
Interest payable	8	<u>(153,297)</u>	<u>(164,064)</u>
		<u>(142,287)</u>	<u>(162,423)</u>
Surplus on ordinary activities before taxation		299,252	178,838
Tax on surplus on ordinary activities	9	<u>(2,202)</u>	<u>(328)</u>
Surplus for the year	18	<u>297,050</u>	<u>178,510</u>

The above results relate wholly to continuing activities.



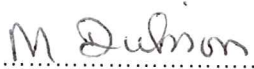
The notes on pages 12 to 21 form part of the financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET AT 31 MARCH 2013

	Notes	2013	2012
Tangible fixed assets		£	£
Housing properties - depreciated cost	10	25,571,787	25,774,389
less: HAG		(18,405,006)	(18,405,006)
less: Other public grants		(1,573,734)	(1,573,734)
		<u>5,593,047</u>	<u>5,795,649</u>
Other fixed assets	10	286,875	299,006
		<u>5,879,922</u>	<u>6,094,655</u>
Current assets			
Debtors	12	62,697	53,836
Cash in hand and in bank		<u>915,365</u>	<u>705,820</u>
		<u>978,062</u>	<u>759,656</u>
Creditors: amounts falling due within one year	13	<u>(348,124)</u>	<u>(376,683)</u>
Net current assets		<u>629,938</u>	<u>382,973</u>
Total assets less current liabilities		6,509,860	6,477,628
Creditors: amounts falling due after more than one year	14	<u>(5,227,248)</u>	<u>(5,492,063)</u>
		<u>1,282,612</u>	<u>985,565</u>
Capital and reserves			
Share capital	15	377	380
Designated reserves	18	105,000	105,000
Revenue reserve	18	<u>1,177,235</u>	<u>880,185</u>
		<u>1,282,612</u>	<u>985,565</u>

The financial statements were approved by the Management Committee on 14 August 2013


 Secretary

 Chairperson

 Treasurer

The notes on pages 12 to 21 form part of the financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013		2012	
		£	£	£	£
Net cash inflow from operating activities	19		742,210		649,029
Returns on investments & servicing of finance					
Interest paid & other finance costs		<u>(153,297)</u>		<u>(164,064)</u>	
Net cash outflow from returns on investments & servicing of finance			(153,297)		(164,064)
Taxation					
Corporation tax paid		<u>(328)</u>		<u>(344)</u>	
Net cash outflow on taxation			(328)		(344)
Capital expenditure and financial investment					
Acquisition and construction of properties		(135,517)		(15,462)	
Purchase of other fixed assets		<u>(3,077)</u>		<u>(16,324)</u>	
Net cash outflow from capital expenditure			(138,594)		(31,786)
Net cash inflow before use of liquid resources			449,991		452,835
Management of liquid resources			11,010		1,641
Financing					
Decrease in equity	15	(3)		-	
Loan repayments	20	<u>(251,453)</u>		<u>(211,392)</u>	
Net cash outflow from financing			(251,456)		(211,392)
Increase in cash for the period	21		<u>209,545</u>		<u>243,084</u>

The notes on pages 12 to 21 form part of the financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

PRINCIPAL ACCOUNTING POLICIES

Introduction and accounting basis

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the *Statement of Recommended Practice (SORP): Accounting by registered social landlords* as updated in October 2010 and with the *Scottish Housing Regulator's Determination of Accounting Requirements (2012)*. A summary of the principal accounting policies is set out below.

Going Concern

The financial statements have been prepared on a going concern basis. The directors have assessed the co-operative's ability to continue as a going concern and have reasonable expectation that the co-operative has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover represents rental income, revenue based grants and miscellaneous income. Grants are recognised from the date a claim is submitted and miscellaneous income from date of receipt. Rents are charged weekly and are generally recognised in the accounts as of the Monday.

Housing Properties and depreciation

Housing properties including land are shown at historic cost net of depreciation and Housing Association Grant (HAG) and other capital grants.

Land is not depreciated. Useful economic lives for identified components are as follows:

Component	Useful Economic Life (years)
Land	n/a
Structure (including roof)	50*
External Render	35
Central Heating System (excluding boiler)	30
Windows	25
External Doors	25
Bathrooms	20
Kitchen	15
Boiler	15
Lift	15

* Structures of 9 renovated flats pepper potted in West Pilton have a UEL of only 25 years.

When a component is replaced the replacement cost is capitalised. The cost of the original component and depreciation to date is written out of fixed assets. Any remaining cost not depreciated is written out of fixed assets to the income and expenditure account as a loss on disposal of fixed assets and included in depreciation of housing within operating costs for social letting.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

PRINCIPAL ACCOUNTING POLICIES (Continued)

Works to Existing Housing Properties & Capitalisation of Major Works

Works which improve housing properties or prolong their life or significantly reduce the maintenance costs may be capitalised and added to the historic costs. Where these works add to or significantly improve the properties this will be reflected in an increase in rents.

Works to adapt properties for the use of people with disabilities are not capitalised and are not reflected in rents.

Housing Association Grant & other grants

Housing Association Grant and other grants received are usually paid direct to the Co-operative and are reflected in the accounts when due to be recovered. These grants are deducted from the cost of fixed assets where they contribute to capital expenditure on either housing properties or other fixed assets. HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Grants are credited to the Income and Expenditure Account as part of Turnover where they contribute to revenue expenditure.

Non housing fixed assets and depreciation

For all non housing fixed assets depreciation is charged quarterly on a straight line balance over the expected remaining useful life.

Office	over 50 years from practical completion
Office Equipment, Fixtures & Fittings	over 4 years from acquisition
Flat white goods and fittings	over 6 years from acquisition
Playground Equipment	over 10 years from acquisition

Individual items of less than approximately £100 are charged to operating costs and not depreciated.

Designated Reserves

The Co-operative carries out a programme of planned and cyclical maintenance over the lives of its properties. Expenditure varies from year to year in accordance with this programme. Historically, designated reserves were used to balance out expenditure with annual transfers to and from reserves. With the introduction of component accounting the use of designated reserves is less relevant. No change to designated reserves was made during the year and Committee will in due course consider whether or not to discontinue the use of designated reserves for maintenance.

Retirement Benefits

WGHC participates in the centralised Scottish Housing Associations Pension Scheme (SHAPS) which is a defined benefits scheme administered by the Pension Trust. Retirement benefits to employees are funded by contributions from all participating employers and employees. Contributions are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across all participants taken as a whole. The charge to the Income & Expenditure Account is the actual contribution payable in the year.

Taxation

As a fully mutual co-operative housing association, under s488 of the Income & Corporation Tax Act the Co-operative is only liable for tax on investment income. The Co-operative is not eligible for grant towards corporation tax.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	2013			2012		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Social lettings	1,456,454	1,014,940	441,514	1,391,228	1,049,990	341,238
Other activities	25	-	25	23	-	23
Total	1,456,479	1,014,940	441,539	1,391,251	1,049,990	341,261

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	2013	2012
	£	£
Rents receivable net of service charges	1,412,980	1,345,718
Service charges	49,801	47,780
Gross income from rents and service charges	1,462,781	1,393,498
Less voids	(6,632)	(2,915)
Net income from rents and service charges	1,456,149	1,390,583
Grants from Scottish Ministers	305	645
Total turnover from social letting activities	1,456,454	1,391,228
Management and maintenance administration costs	425,027	412,684
Service costs	49,845	48,204
Planned and cyclical maintenance	87,422	141,622
Reactive maintenance costs including voids	153,260	158,064
Bad debts - rents and service charges	4,729	3,443
Depreciation of social housing	294,657	285,973
Operating costs for social letting activities	1,014,940	1,049,990
Operating surplus for social letting	441,514	341,238

Turnover from social lettings includes £305 of grant (2012: £645) towards administration costs arising from carrying out "stage 3" adaptations to houses for elderly or disabled tenants.

Depreciation of housing includes £287,925 of depreciation and £6,732 loss on disposal of fixed assets arising from component replacement.

The only activity undertaken is General Needs Housing. There is no supported housing accommodation, shared ownership housing or other activities in relation to social letting activities. Within general needs housing no other revenue grants were received nor impairment of social housing recognised.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES

	Turnover 2013 £	Operating Costs 2013 £	Operating Surplus 2013 £	Operating Surplus 2012 £
Expired shares retained	25	-	25	23
Total from other activities 2013	25	-	25	23
Total from other activities 2012	23	-	23	

The only other turnover not from social letting in the year was £1 shares the value of which are retained by the Co-operative when a membership ceases.

4 ESTABLISHMENT OF REGISTERED SOCIAL LANDLORD

West Granton Housing Co-operative Limited (WGHC) was founded in 1990. It is a fully mutual co-operative housing association and is registered under the Housing Scotland Act 2010 as a Registered Social Landlord (RSL) with the Scottish Housing Regulator (Registration No. 225).

WGHC is a not for profit company registered as a co-operative with the Financial Conduct Authority (Registration No. 2357RS).

WGHC's principal objects are to provide, construct, improve & manage housing for occupation by its members. To that end it may carry out any other activities which help it achieve these objects and/or are permitted by the Housing Scotland Act 2010.

5 OFFICER'S EMOLUMENTS

There were no officers with emoluments of more than £60,000 during the period of account. The emoluments of the chief executive officer were £56,011 (2012: £53,629). In addition pensions contributions of £5,377 were paid to the Scottish Housing Associations Pensions Scheme (2012: £5,136).

No expenses were paid to officers which were chargeable to United Kingdom tax. No compensation was paid to officers or former officers for loss of office nor was any consideration payable to third parties for making available any person to perform the role of officer.

6 EMPLOYEE INFORMATION

	2013 No.	2012 No.
Average full time equivalent employees in the year	7	7
Average total number of employees in the year	9	9
Staff costs during the year	2013 £	2012 £
Wages and salaries	237,240	227,957
Professional fees	1,181	1,015
Agency fees - temporary staff	7,148	-
Social security costs	18,831	18,172
Pension costs - current employees	17,547	16,728
Pension costs - past service deficit	17,821	17,052
	<u>299,768</u>	<u>280,924</u>

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

7 AUDITORS

	2013	2012
	£	£
Remuneration payable to Chiene + Tait as auditors	4,758	5,352
Remuneration payable to Chiene + Tait for tax advice	1,020	1,287
	<u>5,778</u>	<u>6,639</u>

8 INTEREST PAYABLE

	2013	2012
	£	£
On building society mortgage	153,297	164,064

There was no deferred interest.

Taxes were paid on time therefore there was no interest charged for late payment of taxation.

9 TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2013	2012
	£	£
Tax charged represents UK corporation tax on bank interest	2,202	328

There was no under provision in the previous periods and there was no charge to deferred tax.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TANGIBLE FIXED ASSETS

	Houses held for letting	Office Premises	Office equipment furniture & fittings	flats white goods & fittings	playground equipment	Total
At 31st March 2012	28,046,016	309,913	54,482	16,269	7,697	28,434,377
Additions during year	92,055	-	2,807	271	-	95,133
Disposals	(35,713)	-	(8,529)	-	-	(44,242)
At 31st March 2013	<u>28,102,358</u>	<u>309,913</u>	<u>48,760</u>	<u>16,540</u>	<u>7,697</u>	<u>28,485,268</u>
Housing Development Grants						
At 31st March 2012	19,978,740	-	-	-	-	19,978,740
Additions during year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31st March 2013	<u>19,978,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,978,740</u>
Depreciation						
At 31st March 2012	2,271,627	38,100	41,151	9,143	961	2,360,982
Provided in the year	287,925	6,600	5,419	2,422	768	303,134
Disposals	(28,981)	-	(8,529)	-	-	(37,510)
At 31st March 2013	<u>2,530,571</u>	<u>44,700</u>	<u>38,041</u>	<u>11,565</u>	<u>1,729</u>	<u>2,626,606</u>
Net book value:						
At 31st March 2013	<u>5,593,047</u>	<u>265,213</u>	<u>10,719</u>	<u>4,975</u>	<u>5,968</u>	<u>5,879,922</u>
Net book value:						
At 31st March 2012	<u>5,795,649</u>	<u>271,813</u>	<u>13,331</u>	<u>7,126</u>	<u>6,736</u>	<u>6,094,655</u>

All land included in fixed assets is owned by the Co-operative. Land is included at historic cost.

This includes a plot of land at Forthquarter bought for £1 upon which 45 flats were built. The 2010 Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers recommends that in such cases the land is shown at current value. An indicative current value for the land has been estimated at £675,000 however inclusion of this current value is not supported by professional market values provided for the development as a whole.

WGHC has taken the view that to show the current value of the land would crystallise a similar impairment and introduce unnecessary complexities into the financial statements while making no material difference to the financial position shown in the statements. Therefore all housing properties including land continues to be shown at historic cost.

Houses held for letting at 31st March 2013 consisted of 380 units (2012: 380). There were no additions in the year.

Changes to the historic cost of houses held for letting results from additions and disposals arising wholly from replacement of housing components in the year. Any net book value remaining on components replaced is added to depreciation in the year of disposal.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

11 CAPITAL COMMITMENTS

There were no capital commitments at 31st March 2013.

12 DEBTORS

	2013	2012
	£	£
Gross rent arrears	57,326	51,309
Provision for bad and doubtful debts	<u>(3,800)</u>	<u>(1,000)</u>
Net rent arrears	53,526	50,309
Other debtors	3,632	1,842
Prepayments & accrued income	<u>5,539</u>	<u>1,685</u>
	<u>62,697</u>	<u>53,836</u>

In 2013 other debtors are shown net of a provision for doubtful debts of £1,200 (2012: £1,200).

13 CREDITORS - amount falling due within one year

	2013	2012
	£	£
Mortgage	182,934	169,572
PAYE, NIC & Pensions	15,852	8,249
Corporation tax	2,202	328
Other creditors and accruals	139,338	190,346
Rent paid in advance	<u>7,798</u>	<u>8,188</u>
	<u>348,124</u>	<u>376,683</u>

14 CREDITORS - amount falling due after more than one year:

	2013	2012
	£	£
Mortgage	<u>5,227,248</u>	<u>5,492,063</u>
	<u>5,227,248</u>	<u>5,492,063</u>

The housing loans from the Nationwide Building Society are secured by specific charges on 302 of the 380 housing properties and are repayable over a period of between 10 and 26 years as follows assuming interest rates of 4.5%.

	2013	2012
	£	£
In one year or less	182,934	169,572
Between one and two years	191,337	178,247
Between two and five years	628,386	591,348
In five years or more	<u>4,407,525</u>	<u>4,722,468</u>
	<u>5,410,182</u>	<u>5,661,635</u>

£2,673,783 of the housing loans is on a fixed rate of 4.49% until February 2021. It will then revert to 3 months LIBOR plus a margin of 35 points which is the rate applying to the remaining loans. The average rate of borrowing in the year to 31st March 2013 was 2.8% (2012: 2.8%).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

15 SHARE CAPITAL

	2013	2012
	£	£
Allotted, issued and fully paid ordinary shares of £1 each	377	380

All Co-operative tenants are members and each has one share. There are no rights to a dividend, the share cannot be redeemed nor can it be distributed on winding up. Each shareholder has one vote at general meetings of the Co-operative.

When a membership ends the Co-operative retains the value of the share as income. At 31st March 2013 there were 377 members. Three properties were void and were not relet pending a decision on possible disposal. The share capital therefore reduced by £3 from £380 to £377.

16 ACCOMMODATION OWNED AND MANAGED

	2013	2012
Housing properties owned and managed by the Co-operative	380	380

No housing properties were managed for the Co-operative by another body.

17 CONTINGENT LIABILITIES

As highlighted in Note 24 Pension Scheme: in respect of the Scottish Housing Associations' Pension Scheme there is a potential debt on WGHC that could be levied by the Trustee of the Scheme in the event of WGHC ceasing to participate in the Scheme or the Scheme winding up. This debt has been calculated as at 30 September 2012 by the SFHA Pension Scheme at £1,171,410. WGHC contributes to past pension deficits through a recovery plan as noted in Note 24 which is revised on a triennial basis.

18 RESERVES

In line with the designated reserves accounting policy, provision is made in designated reserves for planned maintenance by way of transfers to or from the revenue reserve.

The introduction of component accounting has diminished the usefulness of designated maintenance reserves and the use of designated maintenance reserves is due to be reviewed by the Committee of Management. No change to designated reserves was made in the year.

	Revenue reserve £	Planned maintenance £	Total £
At 31 March 2012	880,185	105,000	985,185
Surplus for the year	297,050	-	297,050
At 31 March 2013	<u>1,177,235</u>	<u>105,000</u>	<u>1,282,235</u>

19 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating surplus for year	441,539	341,261
Depreciation charges	303,134	301,765
Loss on disposal of fixed assets	6,732	723
(Increase) / decrease in debtors	(8,861)	9,441
Decrease in creditors	(334)	(4,161)
Net cash inflow from operating activities	<u>742,210</u>	<u>649,029</u>

WEST GRANTON HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013	2012
	£	£
Increase in cash	209,545	243,084
Cash outflow from loan repayments	251,453	211,392
Change in net debt resulting from cash flows	<u>460,998</u>	<u>454,476</u>
Net debt at 1 April 2012	<u>(4,955,815)</u>	<u>(5,410,291)</u>
Net debt at 31 March 2013	<u>(4,494,817)</u>	<u>(4,955,815)</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	at 31 March 2012	Cash flows	Other changes	at 31 March 2013
	£	£	£	£
Cash in hand and at bank	705,820	209,545	-	915,365
Debt due within one year	(169,572)	-	(13,362)	(182,934)
Debt due after one year	<u>(5,492,063)</u>	251,453	13,362	<u>(5,227,248)</u>
	<u>(4,955,815)</u>	460,998	-	<u>(4,494,817)</u>

22 RELATED PARTY TRANSACTIONS

All members of the Committee are tenants. Their tenancies are on the Co-operative's normal terms and membership of the Committee confers no additional benefits.

23 POST BALANCE SHEET EVENTS

Other than changes notified, as disclosed in note 24, in connection with pension deficit contributions, there were no significant post balance sheet events.

24 PENSION SCHEME

West Granton Housing Co-operative Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The final results of the 2012 valuation are not yet available but preliminary statements from the Scheme trustees indicate an increase in the deficit in the Scheme and a revised recovery plan requiring deficit contributions to be paid over the period of 13 years and six months from 1 April 2014 to 30 September 2027. West Granton Housing Co-operative Limited has received confirmation that its deficit contribution from 1 April 2014 will be £41,381 (currently £17,821). The deficit contributions are to increase by 3% per annum under the plan. The following disclosures relate to the 2009 actuarial valuation and 2011 update.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

West Granton Housing Co-operative Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for West Granton Housing Co-operative Limited was £1,171,410.

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

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

West Granton Housing Co-operative Limited has elected to operate the final salary with a 1/60th accrual rate benefit option for active members and new entrants.

During the accounting period West Granton Housing Co-operative Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions (paid by employees who were members of the scheme) were also 9.6%.

As at the balance sheet date there were 6 active members of the Scheme employed by West Granton Housing Co-operative Limited. The annual pensionable payroll in respect of these members was £174,556.

West Granton Housing Co-operative Limited continues to offer membership of the Scheme to its employees.