

West Granton Housing Co-operative Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No.HAC225

FCA Reference No. 2357RS

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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WEST GRANTON HOUSING CO-OPERATIVE LIMITED

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2014**

COMMITTEE OF MANAGEMENT

Lorna Brown	Vice Chairperson
Alistair Burnett	
Marilyn Dickson	Treasurer
Jim Hemphill	
Joe Moir	
George Nicol	
Wendy Riordan	
Marlyn Sinclair	elected 9 September 2013
George Thomson	
Stuart Thomson	Chairperson
Anne Cullinane	resigned 20 May 2013
Mary Fergus	resigned 8 August 2013
Bill Keegan	resigned 8 August 2013
Amanda Aitchison	resigned 1 November 2013
Donna Anderson	resigned 10 February 2014

EXECUTIVE OFFICERS

Gerard Gillies	Secretary & Chief Executive Officer
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REGISTERED OFFICE
26 Granton Mill Crescent
Edinburgh
EH4 4UT

AUDITORS

Alexander Sloan
Chartered Accountants
1 Atholl Place
Edinburgh
EH3 8HP

BANKERS

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

LENDERS

Nationwide Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

SOLICITORS

Aitken Nairn WS
7 Abercromby Place
Edinburgh
EH3 6LA

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2014

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Co-operative is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2357RS. The Co-operative is constituted under its Rule Book.

Principal Activities

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

Review of Business and Future Developments

Objectives

West Granton Housing Co-operative Limited (WGHC) is a fully mutual co-operative housing association. Its governing body is its Committee of Management which is elected by its members, from its members. That means all elected members are tenants.

Our primary objective is to provide, construct, improve and manage housing for occupation by members of the Co-operative.

Any additional activities pursued will be as permitted by the Housing (Scotland) Act 2010; designed to help us achieve our primary objective; and will consider the welfare of the people we house. We will use any money we have carefully and properly, we will not trade for profit.

The Co-operative owns 380 houses and flats in north Edinburgh. These were built or acquired in a series of developments between 1990 and 2009. We have no current plans for further housing development. Nine flats in West Pilton Drive and Green have been designated for disposal and will be sold as and when they become vacant.

Our focus in the medium term is on the management and maintenance of existing stock. As our stock ages the replacement of components (kitchens, bathrooms, heating systems etc.) is becoming increasingly important.

Overview of period

At 1st April 2013 there were 14 members of the Committee of Management. One member resigned due to ill health in May 2013. At the September 2013 AGM two Committee members retired at the end of three year terms. One new member was elected taking the membership of the Committee of Management to 12. Two further members later resigned for personal, work related, reasons. At 31st March 2014 there were 10 members of the Committee.

In addition to day to day work, the year included a large component replacement programme. 100 bathrooms were replaced, completing the bathroom replacement programme in 143 houses and flats which were built in 1992-1996.

The financial impact of changes to housing benefit relating to house size was not as great as feared, largely due to the Scottish Government's release of additional discretionary housing benefit. Nevertheless the changes had an impact on workload. Tenants were given additional help and advice. Some tenants chose to transfer to smaller properties. This contributed to an unusually high number of relets and a consequent increase in void repairs and void related costs.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

We continue to respond to regulatory change and the need to revise and update policy and procedures. During the year our Staff and Allocations policies were comprehensively revised while our Governance, Rent and Health & Safety policies were updated. New performance indicators were approved by Committee in February 2014, partly in response to changes introduced by the Scottish Housing Regulator.

Committee reviewed staff pension provision during the year based on advice from independent consultants. Minor changes were made to pension provision designed to reduce future costs and risks. Most staff remain in a defined benefit pension scheme and Committee will continue to monitor pension fund performance and may make further changes.

Committee also approved a new budget schedule and budget format. The main aims are to bring the budget process forward, allowing more consultation; and to focus more on cash based budgeting.

Staffing was increased slightly with the conversion of one part time post to full time. Unfortunately, sickness absences due to serious illness put pressure on staff workloads throughout the year.

After long delays the City of Edinburgh Council consented to the disposal of nine flats at West Pilton Drive & Green at the end of December 2013. The flats are spread across a number of mixed tenure tenements. It has proved impossible to manage and maintain the common areas of these tenements to the standard we require. These will now be sold as and when they become vacant.

We have agreed that £289,544, which is equivalent to 70% of the original social housing grant for the nine flats, will be repaid to City of Edinburgh Council during 2014-15. This will be full settlement of all grant obligations in relation to the nine flats.

Operating Performance

Arrears before provision for bad debts were £77,861 (2013: 57,326). However, much of that is technical arrears, i.e. housing benefit and other payments due to be received after the year end. The Scottish Housing Regulator's key arrears indicator excludes technical arrears but includes rent debt written off in the year. Using this indicator arrears were £24,691 (2013: £19,207). The change was largely due to an increase in former tenant arrears. Changes to housing benefit administration and legal processes are leading to a small number of tenants building up significant arrears, often prior to the end of a tenancy.

There were 42 changes in tenancy in the year compared to 32 the previous year. This, along with other pressures on workload, contributed to an increase in relet times from 10 to 18 days. Maintenance spend per unit rose by 9% due to increases in void maintenance - the cost of reletting houses.

We commissioned a tenant satisfaction survey in the year from Research Resource in line with Scottish Housing Regulator requirements. 200 tenants were surveyed. Levels of satisfaction were extremely high. For example; 98% of tenants were satisfied with the overall service provided by WGHC; 97% satisfied with the repairs service; and 95% felt the rent is good value for money.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

Income and expenditure

Turnover from rents and service charges increased by 2.6% compared to the previous year while operating costs rose by 6%. The effect was a decrease in operating surplus of 5%. After finance costs and tax the surplus was £287,990, a decrease of 3%.

Turnover increased due to a 2.5% increase in rents and the fact that 2013-14 was a 53 week year. This was offset by an increase in rent lost to voids (houses empty between lets); and the ending of a service charge for garden aid. Garden aid was absorbed into landscape maintenance costs following a decision by Edinburgh Council to stop treating it as eligible for housing benefit.

The increase in operating costs was due to increases in maintenance costs and in management & maintenance administration. The former was due to the increase in void maintenance costs previously noted. Administration costs rose by 9% due to staff changes and increased overheads, including pension consultancy fees and the tenant satisfaction survey.

Interest payable reduced because loan debt is being repaid. Placing more cash on term deposit increased interest receivable. Considerable savings continue to be gained on interest payable on loan debt from low interest rates.

Overall, financial performance is strong and substantial surpluses are being generated to provide against risk; to repay loan debt; and to fund future component replacements.

Capital Structure and Treasury Management

The Co-operative's long term funding structure at 31st March 2014 was as follows:

Loan finance (repayable in more than one year)	£ 4,958,062
Share capital	£ 372
Reserves	£ 1,570,225
	<hr/>
	£ 6,565,678

All our loan funding is from the Nationwide Building Society. The total borrowing at 31st March 2014 was £5,185,654 which is the loan finance shown in the table together with £227,592 repayable in the coming year (note 15). The loans are secured on 302 units of our housing stock.

WGHC tries to minimise risk by having a mix of fixed and variable rates. £2,611,091 is fixed at 4.49% including margin until 2021. This is intended to provide some security and stability in the medium term. Our average cost of borrowing in the year was 2.7% (2013: 2.8%). Loan debt was reduced by £224,528 in the year.

Interest cover at 31st March 2014 was 302% (2013: 295%). 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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

We have £600,000 in term deposit accounts with the Bank of Scotland and Santander Bank. We also have a deposit account and current accounts with Royal Bank of Scotland. In total, cash in the bank or in hand at 31st March 2014 amounted to £905,611 (2013: £915,365). In total current assets were £1,185,834 (2013: £978,062) which was 2.0 times current liabilities (2013: 2.8). We believe this indicates a very strong financial position.

Conclusion & Outlook

Performance was good across most areas despite the very heavy workloads. It is not yet clear to what extent the increase in voids and void costs will persist and this must be monitored closely. Otherwise performance indicators are favourable.

Inflation is currently steady and unemployment falling. Therefore, looking forward we can expect interest rates to rise. Since we are budgeting using long term interest rate assumptions, this should not represent a problem in the short to medium term.

Changes to the regulatory system introduced by the Scottish Housing Regulator will continue to be a burden. A review of our registered rules will be required in the next 24 months.

The Scottish Housing Association Pension Fund (SHAPS) is in deficit. WGHC's share of the deficit has been estimated at £1,093,276. SHAPS has recently reported an improving position however we must monitor this closely and consider making further changes to pension provision.

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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Committee of Management and Executive Officers

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

Each member of the Committee of Management 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 Committee of Management.

Statement of Committee of Management's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require 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 surplus or deficit of the Co-operative for that period. In preparing those Financial Statements, the Committee of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business;
- prepare a statement on Internal Financial Control.

The Committee of Management 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 Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Co-operative's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Co-operative's auditors in connection with preparing their report) of which the Co-operative's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Co-operative's auditors are aware of that information.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Statement on Internal Financial Control

The Committee of Management 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 Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement 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 Committee of Management 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;
- regular 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;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Co-operative is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Co-operative made charitable donations amounting to £2,131 (2013 £3,695).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management



GERARD GILLIES
Secretary
9 July 2014

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF
WEST GRANTON HOUSING CO-OPERATIVE LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 7 concerning the Co-operative's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 Committee of Management and Officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

EDINBURGH

9 Jul 2014

INDEPENDENT AUDITORS' 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 31st March 2014 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Committee of Management and Auditors

As explained more fully in the Statement of Committee of Management's Responsibilities the Co-operative's Committee of Management, are responsible for the preparation of the Financial Statements that 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 (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

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 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 Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the 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 31st March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

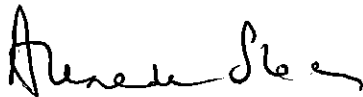
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST GRANTON HOUSING CO-OPERATIVE LIMITED**

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Committee of Management's Report is inconsistent with the financial statements.
- 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 Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Co-operative.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
EDINBURGH

9 July 2014

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	1,494,369	1,456,479
Operating Costs	2.	<u>(1,076,855)</u>	<u>(1,014,940)</u>
OPERATING SURPLUS	8.	417,514	441,539
Interest Receivable and Other Income		17,141	11,010
Interest Payable and Similar Charges	7.	<u>(143,753)</u>	<u>(153,297)</u>
		<u>(126,612)</u>	<u>(142,287)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		290,902	299,252
Tax on surplus on ordinary activities	9.	<u>(2,912)</u>	<u>(2,202)</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>287,990</u></u>	<u><u>297,050</u></u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits were identical to those shown in the Income & Expenditure Account.

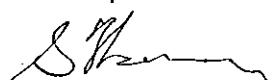
WEST GRANTON HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		25,296,937		25,571,787
Less: Social Housing Grant	11.(a)		(18,062,510)		(18,405,006)
: Other Public Grants	11.(a)		(1,573,734)		(1,573,734)
			<u>5,660,693</u>		<u>5,593,047</u>
Other fixed assets	11.(b)		276,267		286,875
			<u>5,936,960</u>		<u>5,879,922</u>
CURRENT ASSETS					
Debtors	13.	109,025		62,697	
Houses Held for Sale		171,198		-	
Investments	21.	600,000		-	
Cash at bank and in hand		305,611		915,365	
			<u>1,185,834</u>	<u>978,062</u>	
CREDITORS: Amounts falling due within one year	14.	(594,135)		(348,124)	
NET CURRENT ASSETS			<u>591,699</u>		<u>629,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,528,659</u>		<u>6,509,860</u>
CREDITORS: Amounts falling due after more than one year	15.	(4,958,062)		(5,227,248)	
NET ASSETS			<u>1,570,597</u>		<u>1,282,612</u>
CAPITAL AND RESERVES					
Share Capital	17.		372		377
Designated Reserves	18.(a)		-		105,000
Revenue Reserves	18.(b)		1,570,225		1,177,235
			<u>1,570,597</u>		<u>1,282,612</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 9 July 2014.

Chairperson



Treasurer

M. Dixon

Secretary



WEST GRANTON HOUSING CO-OPERATIVE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2014

	Notes	2014	2013
		£	£
Net Cash Inflow from Operating Activities	16.	681,210	742,185
Returns on Investment and Servicing of Finance			
Interest Received		14,561	11,010
Interest Paid		(143,753)	(153,297)
Net Cash Outflow from Investment and Servicing of Finance		(129,192)	(142,287)
Taxation			
Corporation Tax Paid		(2,202)	(328)
Net Cash Outflow from Taxation		(2,202)	(328)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(330,285)	(135,517)
Purchase of Other Fixed Assets		(4,780)	(3,077)
Net Cash Outflow from Capital Expenditure and Financial Investment		(335,065)	(138,594)
Net Cash Inflow before use of Liquid Resources and Financing		214,751	460,976
Management of Liquid Resources			
Change in short term deposits with banks		(600,000)	-
Financing			
Loan Principal Repayments		(224,528)	(251,453)
Share capital issued		23	22
Net Cash Outflow from Financing		(224,505)	(251,431)
(Decrease) / Increase in Cash	16.	(609,754)	209,545

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the 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.

Retirement Benefits

The Co-operative participates in the Scottish Housing Association Pension Scheme (SHAPS) which is a defined benefits scheme administered by the Pension Trust. Retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. 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.

Housing Properties and depreciation

Housing Properties including land are shown at historic cost net of depreciation and Housing Association (HAG) and other capital grants. Land is not depreciated. Useful economic lives for identified components are as follows:

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

*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 & Expenditure Account as a loss of disposal of fixed assets and included in depreciation of housing within operating costs for social letting.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Non housing fixed assets and depreciation

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

Office Premises	over 50 years from practical completion
Office Equipment, Fixtures and 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 charge to operating costs and not depreciated. The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant and other grants

Social Housing Grant (SHG) 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.

SHG is repayable under certain circumstances, primarily following sale of property, and will normally be restricted to net proceeds of sale. Where agreement of the value of SHG to be repaid has been reached with the City of Edinburgh Council, prior to sale, the value is recognised as a liability in the accounts.

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

Works to Existing Housing Properties and 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.

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 grants towards corporation tax.

Designated Reserves

The Co-operative has previously designated part of its reserves to meet its long term obligations.

During the year, the Committee agreed to discontinue the use of designated reserves and the balance within the Planned Maintenance Fund has been transferred to Revenue Reserves. Further details are disclosed in Note 18.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,494,341	1,076,855	417,486	1,456,454	1,014,940	441,514
Other Activities	4.	28	-	28	25	-	25
Total		1,494,369	1,076,855	417,514	1,456,479	1,014,940	441,539

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	2014 Total £	2013 Total £
Income from Lettings		
Rent Receivable Net of Identifiable Service Charges	1,475,719	1,412,980
Service Charges Receivable	41,165	49,801
Gross Rents Receivable	1,516,884	1,462,781
Less: Rent losses from voids	22,870	6,632
Net Rents Receivable	1,494,014	1,456,149
Revenue Grants from Scottish Ministers	327	305
Total Income From Social Letting	1,494,341	1,456,454
Expenditure on Social Letting Activities		
Service Costs	43,171	49,845
Management and maintenance administration costs	464,832	425,027
Reactive Maintenance	176,899	153,260
Bad Debts - Rents and Service Charges	7,935	4,729
Planned and Cyclical Maintenance, including Major Repairs	84,278	87,422
Depreciation of Social Housing	299,740	294,657
Operating Costs of Social Letting	1,076,855	1,014,940
Operating Surplus on Social Letting Activities	417,486	441,514

The only activity undertaken is General Needs Housing.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Other Income £	Total Turnover £	Operating Costs Other £	Operating Surplus /(Deficit) 2014 £	Operating Surplus /(Deficit) 2013 £
Expired shares retained	<u>28</u>	<u>28</u>	<u>-</u>	<u>28</u>	<u>25</u>
Total From Other Activities	<u>28</u>	<u>28</u>	<u>-</u>	<u>28</u>	<u>25</u>
2013	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>	

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2014	2013
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>57,691</u>	<u>56,011</u>
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6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>8</u>	<u>7</u>

The average total number of Employees employed during the year was	<u>9</u>	<u>9</u>
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Staff Costs were:	£	£
Wages and Salaries	258,196	237,240
Professional fees	1,320	1,181
Agency fees - temporary staff	7,009	7,148
Social Security Costs	21,254	18,831
Pension costs - current employees	18,327	17,547
Pension costs - past service deficit	18,623	17,821
	<u>324,729</u>	<u>299,768</u>

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2014	2013
	£	£
On Building Society Mortgage	<u>143,753</u>	<u>153,297</u>

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

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	315,128	303,134
Auditors' Remuneration - Audit Services	5,226	4,578
- Other Services	300	1,020
Loss on disposal of fixed assets	<u>-</u>	<u>6,732</u>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2014	2013
	£	£
(i) Analysis of Charge in Year		
Current Tax:		
Corporation Tax	<u>2,912</u>	<u>2,202</u>

Tax charged represents UK corporation tax on loan interest.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2013	28,102,358	28,102,358
Additions	249,040	249,040
Disposals	(103,958)	(103,958)
Transfer to Current Assets	(250,030)	(250,030)
As at 31st March 2014	<u>27,997,410</u>	<u>27,997,410</u>
DEPRECIATION		
As at 1st April 2013	2,530,571	2,530,571
Charge for Year	295,151	295,151
Disposals	(99,369)	(99,369)
Transfer to Current Assets	(25,880)	(25,880)
As at 31st March 2014	<u>2,700,473</u>	<u>2,700,473</u>
SOCIAL HOUSING GRANT		
As at 1st April 2013	18,405,006	18,405,006
Additions	-	-
Disposals	(289,544)	(289,544)
Transfer to Current Assets	(52,952)	(52,952)
As at 31st March 2014	<u>18,062,510</u>	<u>18,062,510</u>
OTHER CAPITAL GRANTS		
As at 1st April 2013	1,573,734	1,573,734
Additions	-	-
Disposals	-	-
Transfer to Current Assets	-	-
As at 31st March 2014	<u>1,573,734</u>	<u>1,573,734</u>
NET BOOK VALUE		
As at 31st March 2014	<u>5,660,693</u>	<u>5,660,693</u>
As at 31st March 2013	<u>5,593,047</u>	<u>5,593,047</u>

All land and housing properties are freehold. All land included in fixed assets is owned by the Co-operative. Land is included at historic cost.

Houses held for letting at 31st March 2014 consisted of 376 units (2013: 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.

note continued over page../

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

As at the year-end, four units were transferred to Current Assets on the basis that the houses are no longer held for letting, consent for sale had been obtained from the City of Edinburgh Council, the properties were actively being marketed and the Committee has an expectation of sale within twelve months of the Balance Sheet date.

b) Other Tangible Assets

	Playground Equipment £	Flats White Goods & Fittings £	Office Premises £	Equipment Furniture & Fittings £	Total £
COST					
As at 1st April 2013	7,697	16,540	309,913	48,760	382,910
Additions	-	1,349	-	3,431	4,780
Eliminated on Disposals	-	(6,404)	-	-	(6,404)
As at 31st March 2014	<u>7,697</u>	<u>11,485</u>	<u>309,913</u>	<u>52,191</u>	<u>381,286</u>
AGGREGATE DEPRECIATION					
As at 1st April 2013	1,729	11,565	44,700	38,041	96,035
Charge for year	768	2,593	6,785	5,242	15,388
Eliminated on disposal	-	(6,404)	-	-	(6,404)
As at 31st March 2014	<u>2,497</u>	<u>7,754</u>	<u>51,485</u>	<u>43,283</u>	<u>105,019</u>
NET BOOK VALUE					
As at 31st March 2014	<u>5,200</u>	<u>3,731</u>	<u>258,428</u>	<u>8,908</u>	<u>276,267</u>
As at 31st March 2013	<u>5,968</u>	<u>4,975</u>	<u>265,213</u>	<u>10,719</u>	<u>286,875</u>

12. CAPITAL COMMITMENTS

There were no capital commitments at 31st March 2014 (2013: none)

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2014 £	2013 £
Arrears of Rent & Service Charges	77,861	57,326
Less: Provision for Doubtful Debts	(9,000)	(3,800)
	<u>68,861</u>	<u>53,526</u>
Other Debtors and prepayments	40,164	9,171
	<u>109,025</u>	<u>62,697</u>

Arrears is shown as at 31st March 2014. WGHC charges weekly rents, Monday to Sunday. Tenants may pay at any time during the week. Some tenants pay part or all of their rent through housing benefit. This is paid either one week or four weeks after it is due and WGHC accepts payment of housing benefit outside the normal weekly cycle. March 31st 2014 was a Monday, the start of a rent week. March 31st 2013 was a Sunday, the end of a rent week.

In measuring arrears and reporting to the Scottish Housing Regulator, payments made after the end of the financial period but to an agreed schedule are excluded. However, arrears written off in the year and provision for bad debts are included. The arrears reported to the Scottish Housing Regulator are shown below.

	2014 £	2013 £
Arrears at 31st March	77,861	57,326
Arrears written off to bad debts in year	2,735	1,929
Less: housing benefit due in respect of arrears	(47,436)	(40,048)
Less: payments in respect of arrears made later in rent week	(8,469)	-
	<u>24,691</u>	<u>19,207</u>
Gross rent arrears reported to Scottish Housing Regulator	24,691	19,207
Gross rent arrears as a percentage of rent due for the year	1.65%	1.32%

14. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Housing Loans	227,592	182,934
Rent in Advance	7,935	7,798
Corporation Tax	2,912	2,202
Other Taxation and Social Security	9,635	15,852
Social Housing Grant repayable	289,544	-
Other Creditors	56,517	139,338
	<u>594,135</u>	<u>348,124</u>

At the balance sheet date there were pension contributions outstanding of £5,043 (2013: £4,455).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>4,958,062</u>	<u>5,227,248</u>
<p>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 25 years as follows assuming interest rates of 4.5% on three loans and 0.875% on the remaining loans.</p>		
Within one year	227,592	182,934
Between one and two years	231,907	191,337
Between two and five years	723,069	628,386
In five years or more	<u>4,003,086</u>	<u>4,407,525</u>
	5,185,654	5,410,182
Less: Amount shown in Current Liabilities	<u>227,592</u>	<u>182,934</u>
	<u>4,958,062</u>	<u>5,227,248</u>

£2,611,091 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 2014 was 2.7% (2013: 2.8%).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASHFLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	417,514	441,539
Depreciation	315,128	303,134
Change in Debtors	(43,749)	(8,861)
Change in Creditors	(7,655)	(334)
Loss on disposal of fixed assets	-	6,732
Share Capital Written Off	(28)	(25)
Net Cash Inflow from Operating Activities	681,210	742,185

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
(Decrease) / Increase in Cash	(609,754)		209,545	
Cash flow from management of liquid resources	600,000		-	
Cash flow from change in debt	224,528		251,453	
		214,774		460,998
Movement in net debt during year				
Net debt at 1st April 2013		(4,494,817)		(4,955,815)
Net debt at 31st March 2014		<u>(4,280,043)</u>		<u>(4,494,817)</u>

<i>Analysis of changes in net debt</i>	At 31.03.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	915,365	(609,754)	-	305,611
Bank Overdrafts	-	-	-	-
	915,365	(609,754)	-	305,611
Liquid Resources	-	600,000	-	600,000
Debt: Due within one year	(182,934)	-	(44,658)	(227,592)
Due after more than one year	(5,227,248)	224,528	44,658	(4,958,062)
Net Debt	(4,494,817)	214,774	-	(4,280,043)

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	377
Issued in year	23
Cancelled in year	<u>(28)</u>
At 31st March 2014	<u>372</u>

All Co-operative tenants are members and each has one share. These shares carry no rights to dividend or distributions on a winding up. Each shareholder has one vote at general meetings of the Co-operative. 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. At 31st March 2014 there were 372 members.

18. RESERVES

(a) Designated Reserves	Planned Maintenance	Total
	£	£
At 1st April 2013	105,000	105,000
Transfer (to) / from Revenue Reserves	<u>(105,000)</u>	<u>(105,000)</u>
At 31st March 2014	<u>-</u>	<u>-</u>
 (b) Revenue Reserves		Total £
At 1st April 2013		1,177,235
Surplus for the year		287,990
Transfer (to) / from Designated Reserves		<u>105,000</u>
At 31st March 2014		<u>1,570,225</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014	2013
	No.	No.
General Needs - New Build	367	371
- Rehabilitation	<u>9</u>	<u>9</u>
	<u>376</u>	<u>380</u>

20. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Co-operative as defined by Financial Reporting Standard 8.

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. Expenses totaling £292 was reimbursed to two Committee Members.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Short Term Deposits	600,000	-

22. CONTINGENT LIABILITIES

As highlighted in Note 23 Retirement Benefit Obligations: 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 2013 by the Scheme at £1,093,276. WGHC contributes to past pension deficits through a recovery plan as noted in Note 23 which is revised on a triennial basis.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

General

West Granton Housing Co-operative Limited participates in the Scottish Housing Associations' Pension Scheme (the scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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 Scheme offers six 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
- Defined Contribution (DC) option.

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 for active members and the Career average revalued earnings with a 1/80th accrual rate for new entrants from 1 April 2014.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period West Granton Housing Co-operative Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions 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 £173,671. West Granton Housing Co-operative Limited continues to offer membership of the Scheme to its employees.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%."

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied West Granton Housing Co-operative Limited with an updated contribution figure to the past service deficit. From 1 April 2014 West Granton Housing Co-operative Limited will be required to pay £41,381 per annum as a contribution to the past service deficit. This will represent an increase of 132% in West Granton Housing Co-operative Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation 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 buyout 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 currently participating 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.

