



Alexander Sloan
Accountants and Business Advisers

West Granton Housing Co-operative Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAC225

FCA Reference No. 2357R(S)

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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WEST GRANTON HOUSING CO-OPERATIVE LIMITED

COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

COMMITTEE OF MANAGEMENT

| | |
|---------------------|------------------------------|
| Lorna Brown | Chairperson |
| Marilyn Dickson | Treasurer |
| Jim Hemphill | Vice Chairperson |
| Donna Anderson | |
| Fiona Marshall | |
| James Moir | |
| Joe Moir | |
| George Nicol | |
| Elizabeth Robertson | |
| Marlyn Sinclair | |
| George Thomson | |
| Jon Douglas | Appointed 3rd September 2018 |

EXECUTIVE OFFICERS

| | |
|----------------|---|
| Gerard Gillies | Chief Executive and Company Secretary, retired 11 July 2018 |
| Larke Adger | Chief Executive and Company Secretary, Appointed 1 September 2018 (acting Chief Executive and Company Secretary from 11 July 2018 to 31 August 2018) |

REGISTERED OFFICE

26 Granton Mill Crescent
Edinburgh
EH4 4UT

EXTERNAL AUDITORS

Alexander Sloan
Accountants & Business Advisers
50 Melville Street
Edinburgh
EH3 7HF

BANKERS

Royal Bank of Scotland Plc
109/109a George Street
Edinburgh
EH2 7HF

SOLICITORS

TC Young
Melrose House
69a George Street
Edinburgh
EH2 2JG

LENDERS

Nationwide Building Society
Northampton Admin Centre
Kings Park Road
Moulton Park
Northampton
NN3 6NW

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2357R(S). The Co-operative is governed under its Rule Book.

Principal Activities

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

Review of Business and Future Developments

Objectives

West Granton Housing Co-operative Limited (WGHC) is a fully mutual co-operative housing association and registered social landlord. 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 2014; 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.

Our housing was built in a series of developments between 1994 and 2009. We have no current development plans.

Overview of period

At 1st April 2018 there were 11 members of the Committee of Management. The AGM was held on 3rd September 2018. Three retiring members were re-elected, and one new member was elected. As of 31st March 2019, and to the date of this report, there are 12 members.

As at 31st March 2019, and to the date of this report, we own 372 properties.

The rent increase in April 2019 was 2.5%. Revenue has increased by 2.4% compared to last year. Overall, the Operating Surplus has increased by 12.1%.

Gross Rent Arrears at 31st March 2019 were £20,348 which was slightly higher than the previous year (2018, £17,185).

Bad debts written off in the year were £2,415 compared to £155 in the previous year. This increase was primarily due to a tenant abandoning their tenancy with significant arrears and having to write off three current tenants rent arrears at the time of their sequestration or protected trust deed.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

The Scottish Housing Regulator's key arrears indicator is "gross arrears" which excludes technical arrears but includes arrears written off in the year. At 31st March 2019, WGHC's gross arrears were £20,348 (2018, £17,185) an increase of 18.4%. This increase is mainly attributed to the increased number of WGHC tenants in receipt of Universal Credit Housing Costs. Six tenants had opted for Scottish Flexibilities where the first payment is paid directly to the tenant, and thereafter directly to the landlord.

As a percentage of rent due the gross arrears were 1.31% (2018, 1.1%). However, despite this increase WGHC continues to have very low rent arrears compared to most RSLs for whom the latest published gross arrears average was 4.2% of annual income.

Operating costs were down by 0.9%. Some work that was budgeted for this year will now take place next year. Domestic Electrical Installation Consumer Tests will be carried out at the same time as the Linked Smoke Alarm installations as this will be more cost effective. Due to some of our voids being handed back in very good condition, our void spend per unit was £897 less than last year. Management & maintenance administration costs were also less than expected owing to the promotion of the current CEO in September 2018 and the subsequent Housing & Corporate Services Manager only taking up post in December 2018. Overall, the Operating Surplus is up by 17.4% on last year.

There were no properties sold in 2018-19. There is now only one flat remaining designated for sale when the existing tenancy ends.

WGHC financed the building of its housing stock partly through grant and partly through loans. WGHC has however sought to minimise borrowing and repay loans early where possible. We have a mix of approximately 60% fixed rate and 40% variable rate loans. Fixed rate loans are set at 4.49% and in 2019 the interest payable on our variable loans increased slightly: 1.26% as at 31st March 2019 compared with 0.87% in 2018. The 10-year fix expires in 2021 and all loans will revert to variable rate. Loans reduced during the year by £184,246 to £3,722,551. The minimum covenant required for our loans is 110%, the actual result in the period was 310%.

There were 19 changes in tenancy in 2018-19. Broken down this is 17 relets and 2 mutual exchanges. These numbers do fluctuate. In the previous year (2017-18) there were 32 changes in tenancy. In 2016-17 there were 20 changes; and in 2015-16 there were 22.

The average time to relet in 2018-19 was 29 days. This is exactly the same as last year's figure. This means for two consecutive years, WGHC has been 1 day over its benchmark of 28 days for the time taken to relet empty properties. WGHC's Committee agreed in October 2018 that taking time at the point of allocation to ensure tenancy sustainment should take priority over allocating empty properties as quickly as possible and focus should remain on allocating properties to applicants who are tenancy ready and sourcing adequate support packages for those who need them.

Out of the 17 new lets in 2018-19, 16 tenants were surveyed. 100% of the 16 tenants stated they were satisfied with the quality of their home when moving in.

On average, we completed non-emergency repairs in 4.2 days. This is the same as last year (2017-18) and still well within our benchmark of 5 days.

As our stock continues to age, the number of non-emergency repairs being carried out continues to increase year on year. In 2018-19 we carried out 1,120 non-emergency repairs; in 2017-18 we carried out 1,037 and in 2016-17 we carried out 1,005 non-emergency repairs.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Overall, KPIs were good with performance in most instances being better than benchmark and/or the previous year. The ARC indicators and subsequent landlord report issued by the Regulator later this year are expected to show WGHC is again a high performing RSL.

WGHC is a member of the Scottish Housing Association Pension Scheme (SHAPS). At 31st March 2019 WGHC share of the pension deficit was £313,000. The risk posed by the past service deficit has diminished with improved performance by the pension fund and it is currently expected to be eliminated by February 2022.

Cash and investments fell slightly. A payment of £289,544 was made to the City of Edinburgh Council, being repayment of Grant for properties sold at West Pilton in 2012/13. This amount was being shown as a long-term creditor until such times as the council advised what should happen to it. It had been thought that we could retain the Grant and reinvest but the council advised there were certain conditions attached to this, which meant further capital spend for WGHC. After careful consideration, Committee decided this not in the Co-op's best interest given its short to medium term priorities.

Cash and bank deposits at 31st March 2019 were £1,939,521 (2018: £1,877,295). Interest receivable from our deposit accounts is up on last year (£11,899 in 2019; £8,782 in 2018). This is owing to an increase in the Bank of England's base rate from August 2018. Bank of Scotland paid an interest rate of 0.75% on our deposits and Santander paid an interest rate of 0.85% on our deposits.

Overall the Co-operative is believed to be performing very well and to be in a strong financial position.

The Future

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;
- to install linked smoke alarms in all our properties in accordance with The Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criterion) Order 2019;
- to procure an Internal Auditor to assist with self-assessment against the new Regulatory Framework to ensure we produce a competent Assurance Statement for the Scottish Housing Regulator;
- to seek opportunities of joint working and joint procurement through our membership of the Alliance of Registered Housing Associations and Co-operatives in Edinburgh (ARCHIE).

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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

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;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the 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.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

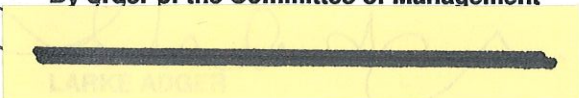
Donations

During the year the Co-operative made charitable donations amounting to £8,072 (2018 - £18,039).

Auditors

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

By order of the Committee of Management


Secretary
12 June 2019

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 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 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business;
- prepare a statement on Internal Financial Control.

The 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2019. They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Co-operative's suppliers are paid promptly.

The 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 BY THE AUDITORS TO THE MEMBERS 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 6 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 relevant Regulatory Standards in respect of internal financial controls within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
EDINBURGH
12 June 2019



Alexander Sloan
Accountants and Business Advisers

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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

Opinion

We have audited the financial statements of West Granton Housing Co-operative Limited (the 'Co-operative') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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 2019 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 prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Co-operative's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Committee of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST GRANTON HOUSING CO-OPERATIVE LIMITED (Continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Co-operative and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Committee of Management.

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

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

Responsibilities of the Committee of Management

As explained more fully in the Statement of Committee of Management's Responsibilities as set out on Page 5, the Committee of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

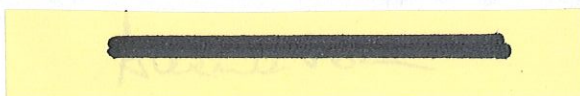
WEST GRANTON HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST GRANTON HOUSING CO-OPERATIVE LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Co-operative to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Co-operative audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
EDINBURGH
12 June 2019



Alexander Sloan
Accountants and Business Advisers

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

| | Notes | £ | 2019 £ | £ | Restated 2018 £ |
|--|--------|---------------------|-------------------------|---------------------|-------------------------|
| NON-CURRENT ASSETS | | | | | |
| Housing Properties - Depreciated Cost | 12 (a) | | 18,110,785 | | 18,781,983 |
| Other Non-current Assets | 12 (b) | | <u>269,682</u> | | <u>283,841</u> |
| | | | 18,380,467 | | 19,065,824 |
| CURRENT ASSETS | | | | | |
| Receivables | 14 | 35,717 | | 26,454 | |
| Investments | 24 | 1,023,113 | | 1,515,735 | |
| Cash at bank and in hand | | <u>916,408</u> | | <u>361,560</u> | |
| | | 1,975,238 | | 1,903,749 | |
| CREDITORS: Amounts falling due within one year | 15 | <u>(243,793)</u> | | <u>(637,147)</u> | |
| NET CURRENT ASSETS | | | <u>1,731,445</u> | | <u>1,266,602</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 20,111,912 | | 20,332,426 |
| CREDITORS: Amounts falling due after more than one year | 16 | | <u>(3,535,810)</u> | | <u>(3,876,891)</u> |
| PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Scottish Housing Association Pension Scheme | 26 | <u>(313,000)</u> | | - | |
| | | | (313,000) | | - |
| DEFERRED INCOME | | | | | |
| Social Housing Grants | 18 | <u>(13,140,981)</u> | | <u>(13,532,850)</u> | |
| | | | <u>(13,140,981)</u> | | <u>(13,532,850)</u> |
| NET ASSETS | | | <u>3,122,121</u> | | <u>2,922,685</u> |
| EQUITY | | | | | |
| Share Capital | 19 | | 370 | | 368 |
| Revenue Reserves | | | 3,434,751 | | 2,922,317 |
| Pension Reserves | | | <u>(313,000)</u> | | - |
| | | | <u>3,122,121</u> | | <u>2,922,685</u> |

The Financial Statements were approved by the Committee of Management and authorised for issue and signed on their behalf on 12 June 2019.


Committee Member


Committee Member


Secretary

The notes on pages 15 to 34 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 | | 2018 | |
|---|-------|-----------|-------------|-----------|-------------|
| | | £ | £ | £ | £ |
| REVENUE | 2 | | 1,999,588 | | 1,941,526 |
| Operating Costs | 2 | | (1,520,955) | | (1,534,896) |
| OPERATING SURPLUS | | | 478,633 | | 406,630 |
| Gain On Sale Of Housing Stock | 7 | - | | 25,843 | |
| Interest Receivable and Other Income | | 11,899 | | 8,782 | |
| Interest Payable and Similar Charges | 8 | (122,425) | | (120,193) | |
| Other Finance Income / (Charges) | 11 | (7,000) | | (1,631) | |
| | | | (117,526) | | (87,199) |
| Surplus on ordinary activities before taxation | | | 361,107 | | 319,431 |
| Tax on surplus on ordinary activities | 10 | | (2,273) | | (2,152) |
| SURPLUS FOR THE YEAR | 9 | | 358,834 | | 317,279 |
| Other comprehensive income | | | | | |
| Adjustment relating to Opening Pension Liability | 25 | | (69,400) | | |
| Actuarial Gains/ (Losses) on defined benefit Pension Plan | 25 | | (90,000) | | - |
| TOTAL COMPREHENSIVE INCOME | | | 199,434 | | 317,279 |

The notes on pages 15 to 34 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 £ | Restated 2018 £ |
|--|-------|----------------|-----------------------|
| Net cash inflow from operating activities | 17 | 660,698 | 647,174 |
| Investing Activities | | | |
| Acquisition and Construction of Properties | | (9,219) | (517,359) |
| Purchase of Other Fixed Assets | | (4,950) | (30,099) |
| Social Housing Grant Repaid | | (289,544) | - |
| Changes on short term deposits with banks | | 492,622 | (304,832) |
| Proceeds on Disposal of Properties | | - | 81,234 |
| Net cash inflow / (outflow) from investing activities | | 188,909 | (771,056) |
| Financing Activities | | | |
| Interest Received on Cash and Cash Equivalents | | 11,899 | 11,388 |
| Interest Paid on Loans | | (122,425) | (120,193) |
| Loan Principal Repayments | | (184,246) | (182,939) |
| Share Capital Issued | | 13 | 14 |
| Net cash outflow from financing activities | | (294,759) | (291,730) |
| Increase / (decrease) in cash | | 554,848 | (415,612) |
| Opening Cash & Cash Equivalents | | 361,560 | 777,172 |
| Closing Cash & Cash Equivalents | | 916,408 | 361,560 |
| Cash and Cash equivalents as at 31 March | | | |
| Cash | | 916,408 | 361,560 |
| | | 916,408 | 361,560 |

The notes on pages 15 to 34 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

| | Share Capital | Scottish Housing Association Pension reserve | Revenue Reserve | Total |
|------------------------------------|------------------|--|--------------------|------------------|
| | £ | £ | £ | £ |
| Balance as at 31 March 2017 | 367 | - | 2,605,038 | 2,605,405 |
| Issue of Shares | 14 | - | - | 14 |
| Cancellation of Shares | (13) | - | - | (13) |
| Surplus for the year | - | - | 317,279 | 317,279 |
| Balance as at 31 March 2018 | 368 | - | 2,922,317 | 2,922,685 |
| Balance as at 1 April 2018 | 368 | - | 2,922,317 | 2,922,685 |
| Issue of Shares | 13 | - | - | 13 |
| Cancellation of Shares | (11) | - | - | (11) |
| Other comprehensive income | - | (313,000) | 153,600 | (159,400) |
| Surplus for the year | - | - | 358,834 | 358,834 |
| Balance as at 31 March 2019 | 370 | (313,000) | 3,434,751 | 3,122,121 |

The notes on pages 15 to 34 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Revenue

The Co-operative recognises rent receivable net of losses from voids.

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

Retirement Benefits

The Co-operative participates in the Scottish Housing Co-operatives Defined Benefit Pension Scheme where retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Co-operative accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Co-operative depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

| Component | Useful Economic Life |
|---|----------------------|
| Land | 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 |

Structure of one renovated flat in West Pilton Drive has 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 statement of comprehensive income 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

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

| Asset Category | Depreciation Rate |
|---|---|
| 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 |

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

Individual items of less than approximately £500 are charged to operating costs and not depreciated. The carrying value of the tangible 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 in Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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

Sales Of Housing Properties

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

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

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

Taxation Non-charities

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

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

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

Works to Existing Properties

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Committee of Management to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

a) Rent Arrears - Bad Debt Provision

The Co-operative assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

e) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Committee of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Co-operative considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

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

d) Pension Liability

The Co-operative participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Co-operative has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and has therefore adopted this valuation method.

Financial Instruments - Basic

The Co-operative classes all of its loans as basic financial instruments including agreements with break clauses. The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Co-operative's debt instruments are measured at amortised cost using the effective interest rate method.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

| | Notes | 2019 | | | 2018 | | |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
| | | Turnover £ | Operating Costs £ | Operating Surplus / (Deficit) £ | Turnover £ | Operating Costs £ | Operating Surplus / (Deficit) £ |
| Affordable letting activities | 3 | 1,998,460 | 1,520,955 | 477,505 | 1,941,513 | 1,534,896 | 406,617 |
| Other Activities | 4 | 1,128 | - | 1,128 | 13 | - | 13 |
| Total | | 1,999,588 | 1,520,955 | 478,633 | 1,941,526 | 1,534,896 | 406,630 |

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

| | General Needs Housing £ | 2019 Total £ | 2018 Total £ |
|---|----------------------------------|--------------------|--------------------|
| Revenue from Lettings | | | |
| Rent receivable net of service charges | 1,599,292 | 1,599,292 | 1,559,215 |
| Gross income from rent and service charges | 1,599,292 | 1,599,292 | 1,559,215 |
| Less: Rent losses from voids | 4,211 | 4,211 | 7,959 |
| Less: Rent losses from voids - Unlettable | 312 | 312 | 2,306 |
| Net Rents Receivable | 1,594,769 | 1,594,769 | 1,548,950 |
| Grants released from deferred income | 391,869 | 391,869 | 391,869 |
| Revenue grants from Scottish Ministers | 11,822 | 11,822 | 694 |
| Total turnover from affordable letting activities | 1,998,460 | 1,998,460 | 1,941,513 |
| Expenditure on affordable letting activities | | | |
| Management and maintenance administration costs | 486,920 | 486,920 | 518,805 |
| Planned and cyclical maintenance, including major repairs | 161,607 | 161,607 | 140,449 |
| Reactive maintenance costs | 191,669 | 191,669 | 214,574 |
| Bad Debts - rents and service charges | 342 | 342 | 1,105 |
| Depreciation of affordable let properties | 680,417 | 680,417 | 659,963 |
| Operating costs of affordable letting activities | 1,520,955 | 1,520,955 | 1,534,896 |
| Operating surplus on affordable letting activities | 477,505 | 477,505 | 406,617 |
| 2018 | 406,617 | | |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

| | Other Income | Total Turnover | Operating Surplus / (Deficit) 2019 | Operating Surplus / (Deficit) 2018 |
|------------------------------------|-----------------|-------------------|---|---|
| | £ | £ | £ | £ |
| Expired shares retained | 11 | 11 | 11 | 13 |
| Other activities | 1,117 | 1,117 | 1,117 | - |
| Total From Other Activities | 1,128 | 1,128 | 1,128 | 13 |
| 2018 | 13 | 13 | 13 | |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Committee of Management, managers and employees of the Co-operative.

No Officer of the Co-operative received emoluments greater than £60,000.

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| | - | 7,764 |
| | <u>52,663</u> | <u>61,622</u> |
| | <u>52,663</u> | <u>61,622</u> |

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

| | Number | Number |
|--------------------|----------|----------|
| £60,001 to £70,000 | <u>-</u> | <u>1</u> |

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries
Professional fees
Social Security Costs
Other Pension Costs
Temporary, Agency and Seconded Staff
Redundancy Costs

| | 2019 | 2018 |
|--|----------------|----------------|
| | No. | No. |
| | <u>7</u> | <u>8</u> |
| | <u>9</u> | <u>10</u> |
| | £ | £ |
| | 248,058 | 288,627 |
| | 2,086 | 1,332 |
| | 20,234 | 24,735 |
| | 19,267 | 27,096 |
| | 18,221 | - |
| | - | 10,819 |
| | <u>307,866</u> | <u>352,609</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

| | 2019 | 2018 |
|-------------------------------|----------|---------------|
| | £ | £ |
| Sales Proceeds | - | 75,523 |
| Cost of Sales | - | 49,680 |
| Gain On Sale Of Housing Stock | <u>-</u> | <u>25,843</u> |

8. INTEREST PAYABLE & SIMILAR CHARGES

| | 2019 | 2018 |
|----------------------------|----------------|----------------|
| | £ | £ |
| On Bank Loans & Overdrafts | <u>122,425</u> | <u>120,193</u> |

9. SURPLUS FOR THE YEAR

| | 2019 | 2018 |
|--|----------|-----------------|
| | £ | £ |
| Surplus For The Year is stated after charging/(crediting): | | |
| Depreciation - Tangible Owned Fixed Assets | 699,214 | 675,770 |
| Auditors' Remuneration - Audit Services | 6,600 | 6,300 |
| Auditors' Remuneration - Other Services | 348 | 300 |
| Operating Lease Rentals - Other | 3,475 | 2,527 |
| (Gain) on sale of fixed assets | <u>-</u> | <u>(25,843)</u> |

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

| | 2019 | 2018 |
|--|--------------|--------------|
| | £ | £ |
| (i) Analysis of Charge in Year | | |
| Current Tax: | | |
| UK Corporation | 2,261 | 2,152 |
| Adjustments in respect of previous years | 12 | - |
| Total Current Tax | <u>2,273</u> | <u>2,152</u> |

11. OTHER FINANCE INCOME / CHARGES

| | 2019 | 2018 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Net Interest on Pension Obligations | <u>7,000</u> | <u>1,631</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

| (a) Housing Properties | Housing Properties Held for Letting £ | Total £ |
|------------------------|---|-------------------|
| COST | | |
| As at 1 April 2018 | 27,984,085 | 27,984,085 |
| Additions | 9,219 | 9,219 |
| Disposals | (3,439) | (3,439) |
| Schemes Completed | - | - |
| As at 31 March 2019 | <u>27,989,865</u> | <u>27,989,865</u> |
| DEPRECIATION | | |
| As at 1 April 2018 | 9,202,102 | 9,202,102 |
| Charge for Year | 680,105 | 680,105 |
| Transfers | - | - |
| Disposals | (3,127) | (3,127) |
| As at 31 March 2019 | <u>9,879,080</u> | <u>9,879,080</u> |
| NET BOOK VALUE | | |
| As at 31 March 2019 | <u>18,110,785</u> | <u>18,110,785</u> |
| As at 31 March 2018 | <u>18,781,983</u> | <u>18,781,983</u> |

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of Nil (2018 - Nil).

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.

Total expenditure on existing properties in the year amounted to £362,495 (2018 - £831,871). The amount capitalised is £9,219 (2018 - £476,848) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £9,219 (2018 - £476,848) and improvement of nil (2018 - nil).

Changes to historic cost of houses held for letting results from additions and disposals 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.

The Co-operative's Lenders have standard securities over Housing Property with a carrying value of £12,816,418 (2018: £13,312,190)

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

| (b) Other Tangible Assets | Playground Equipment £ | White Goods & Fittings £ | Office Premises £ | Office Furniture & Equipment £ | Total £ |
|-------------------------------|------------------------------|--------------------------------|-------------------------|--------------------------------------|------------|
| COST | | | | | |
| As at 1 April 2018 | 40,624 | 12,679 | 309,913 | 60,657 | 423,873 |
| Additions | - | - | - | 4,950 | 4,950 |
| As at 31 March 2019 | 40,624 | 12,679 | 309,913 | 65,607 | 428,823 |
| AGGREGATE DEPRECIATION | | | | | |
| As at 1 April 2018 | 9,098 | 3,104 | 78,625 | 49,205 | 140,032 |
| Charge for year | 4,061 | 1,925 | 6,784 | 6,339 | 19,109 |
| As at 31 March 2019 | 13,159 | 5,029 | 85,409 | 55,544 | 159,141 |
| NET BOOK VALUE | | | | | |
| As at 31 March 2019 | 27,465 | 7,650 | 224,504 | 10,063 | 269,682 |
| As at 31 March 2018 | 31,526 | 9,575 | 231,288 | 11,452 | 283,841 |

13. COMMITMENTS UNDER OPERATING LEASES

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

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Other | | |
| Not later than one year | 3,494 | 3,475 |
| Later than one year and not later than five years | 9,972 | 3,159 |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Arrears of Rent & Service Charges | 27,182 | 26,520 |
| Less: Provision for Doubtful Debts | <u>(6,127)</u> | <u>(8,200)</u> |
| | 21,055 | 18,320 |
| Other Receivables | <u>14,662</u> | <u>8,134</u> |
| | <u>35,717</u> | <u>26,454</u> |

Arrears are shown as at 31 March 2019. 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 31 2019 was a Sunday, March 31 2018 was a Saturday.

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Housing Loans | 186,741 | 185,806 |
| Trade Payables | 22,254 | 77,751 |
| Rent Received in Advance | 20,862 | 16,239 |
| Social Housing Grant in Advance | - | 289,544 |
| Corporation Tax Payable | 2,261 | 2,152 |
| Other Taxation and Social Security | 4,899 | 12,955 |
| Other Payables | 30 | - |
| Liability for Past Service Contributions | - | 52,700 |
| Accruals and Deferred Income | <u>6,746</u> | <u>-</u> |
| | <u>243,793</u> | <u>637,147</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Liability for Past Service Contributions | - | 155,900 |
| Housing Loans | 3,535,810 | 3,720,991 |
| | <u>3,535,810</u> | <u>3,876,891</u> |
| Housing Loans | | |
| Amounts due within one year | 186,741 | 185,806 |
| Amounts due in one year or more but less than two years | 191,669 | 190,025 |
| Amounts due in two years or more but less than five years | 606,384 | 597,022 |
| Amounts due in more than five years | 2,737,757 | 2,933,944 |
| | <u>3,722,551</u> | <u>3,906,797</u> |
| Less: Amount shown in Current Liabilities | 186,741 | 185,806 |
| | <u>3,535,810</u> | <u>3,720,991</u> |
| Liability for Past Service Contributions | | |
| Amounts due within one year | - | 52,700 |
| Amounts due in one year or more but less than two years | - | 54,281 |
| Amounts due in two years or more but less than five years | - | 101,619 |
| Amounts due in more than five years | - | - |
| | <u>-</u> | <u>208,600</u> |
| Less: Amount shown in Current Liabilities | - | 52,700 |
| | <u>-</u> | <u>155,900</u> |

The Co-operative has a number of long-term housing loans the terms and conditions of which are as follows:

| Lender | Number of Properties Secured | Effective Interest Rate | Maturity (Year) | Variable / Fixed |
|------------|---------------------------------------|-------------------------|-----------------|------------------|
| Nationwide | Standard security over 302 properties | 1.3% | 2031 | Variable |
| Nationwide | Standard security over 302 properties | 1.3% | 2033 | Variable |
| Nationwide | Standard security over 302 properties | 4.5% | 2036 | Fixed |
| Nationwide | Standard security over 302 properties | 4.5% | 2038 | Fixed |
| Nationwide | Standard security over 302 properties | 4.5% | 2039 | Fixed |

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

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

| | 2019 £ | Restated 2018 £ |
|--|----------------|-----------------------|
| Surplus for the year | 358,834 | 317,279 |
| Depreciation | 699,526 | 679,576 |
| Gain on disposal | - | (25,843) |
| Amortisation of Capital Grants | (391,869) | (391,869) |
| Change in debtors | (9,154) | (3,544) |
| Change in creditors | (50,002) | (33,007) |
| Pension Adjustments | (55,000) | (1,631) |
| Transfer of interest to financial activities | 110,526 | 108,805 |
| Corporation Tax Paid | (2,152) | (2,580) |
| Share Capital Written Off | (11) | (13) |
| Net cash inflow from operating activities | <u>660,698</u> | <u>647,174</u> |

Reconciliation of net cash flow to movement in net debt

| | 2019 £ | 2018 £ |
|--------------------------------------|--------------------|--------------------|
| Increase / (decrease) in cash | 554,848 | (415,612) |
| Changes in Liquid Resources | (492,622) | (304,832) |
| Cashflow from change in net debt | <u>340,146</u> | <u>291,730</u> |
| Movement in net debt during the year | 402,372 | (428,714) |
| Net debt at 1st April 2018 | (2,185,402) | (1,756,688) |
| Net debt at 31 March 2019 | <u>(1,783,030)</u> | <u>(2,185,402)</u> |

Analysis of changes in net debt

| | At 01/04/2018 | Cashflows | Other Changes | At 31/03/2019 |
|------------------------------|--------------------|----------------|------------------|--------------------|
| Cash at bank and in hand | 361,560 | 554,848 | - | 916,408 |
| Liquid resources | 361,560 | 554,848 | - | 916,408 |
| Debt: Due within one year | 1,515,735 | (492,622) | - | 1,023,113 |
| Due after more than one year | (185,806) | (935) | - | (186,741) |
| Net Debt | <u>(3,876,891)</u> | <u>341,081</u> | - | <u>(3,535,810)</u> |
| | <u>(2,185,402)</u> | <u>402,372</u> | - | <u>(1,783,030)</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. DEFERRED INCOME

| | Housing Properties Held for Letting £ | Total £ |
|---|--|------------|
| Social Housing Grants | | |
| As at 1 April 2018 | 19,579,260 | 19,579,260 |
| Additions in the year | - | - |
| Eliminated on disposal of components and property Transferred | - | - |
| As at 31 March 2019 | 19,579,260 | 19,579,260 |
| Amortisation | | |
| As at 1 April 2018 | 6,046,410 | 6,046,410 |
| Amortisation in year | 391,869 | 391,869 |
| As at 31 March 2019 | 6,438,279 | 6,438,279 |
| Net book value | | |
| As at 31 March 2019 | 13,140,981 | 13,140,981 |
| As at 31 March 2018 | 13,532,850 | 13,532,850 |
| Total grants net book value as at 31 March 2019 | 13,140,981 | 13,140,981 |
| Total grants net book value as at 31 March 2018 | 13,532,850 | 13,532,850 |

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

| | 2019 £ | 2018 £ |
|---------------------------------|------------|------------|
| Amounts due within one year | 391,869 | 391,869 |
| Amounts due in one year or more | 12,749,112 | 13,140,981 |
| | 13,140,981 | 13,532,850 |

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

| | 2019 £ | 2018 £ |
|---------------------|-----------|-----------|
| As at 1 April 2018 | 368 | 367 |
| Issued in year | 13 | 14 |
| Cancelled in year | (11) | (13) |
| As at 31 March 2019 | 370 | 368 |

Each member of the Co-operative holds one share of £1 in the Co-operative. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Co-operative. Each member has a right to vote at members' meetings.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. HOUSING STOCK

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

General Needs Housing - New Builds
General Needs Housing - Rehabilitation

| | 2019 No. | 2018 No. |
|--|-------------|-------------|
| | 371 | 371 |
| | 1 | 1 |
| | <u>372</u> | <u>372</u> |

21. RELATED PARTY TRANSACTIONS

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

Any transactions between the Co-operative and any entity with which a Committee of Management member has a connection with is made at arm's length and is under normal commercial terms.

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

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Rent received from tenants on the Committee of Management and their close family members | <u>64,883</u> | <u>59,989</u> |

At the year end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £502 (2018 - £612).

| | | |
|--|----|----|
| Members of the Committee of Management who are tenants | 12 | 11 |
| Members of the Committee of Management who are local authority employees | 1 | 1 |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. DETAILS OF CO-OPERATIVE

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

The Co-operative's principal place of business is 26 Granton Mill Crescent, Edinburgh, EH4 4UT.

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

23. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £470 (2018 - £348) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Co-operative.

24. INVESTMENTS

Short term deposits

| | 2019 | Restated 2018 |
|---------------------|-----------|------------------|
| | £ | £ |
| Short term deposits | 1,023,113 | 1,515,735 |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

The Co-operative operates a defined benefit scheme as an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there were 6 active member of the scheme employed by the Co-operative. Total pension contributions made by the Co-operative for the year were £81,267. Gross pensionable salaries for the year were £188,195.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. 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 £341m and indicated an increase in the shortfall of assets compared to liabilities to approximately £207m, equivalent to a past service funding level of 62.2%.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

| Assumptions as at | 2019 %p.a. | 2018 %p.a. |
|-------------------|---------------|---------------|
| Salary increases | 3.3% | 3.2% |
| Pension increases | 2.3% | 2.2% |
| Discount rate | 3.3% | 3.2% |

The members of the scheme comprise the following:

| | 2019 Number |
|---------------------|----------------|
| Employee members | 5 |
| Deferred pensioners | 7 |
| Pensioners | 5 |
| | <hr/> |
| | 17 |

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males (Years) | Females (Years) |
|--------------------|------------------|--------------------|
| Current Pensioners | 21.7 | 23.4 |
| Future Pensioners | 23.1 | 24.7 |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

| | 2019 £000 | 2018 £000 |
|-----------------------------|--------------|--------------|
| Growth Assets | 805 | 767 |
| Matching Plus | 189 | 160 |
| Liability Driven Investment | 613 | 581 |
| Net Current Assets | 2 | 3 |
| | <u>1,609</u> | <u>1,511</u> |

None of the assets above includes any direct investment in the Co-operative's assets.

Net Pension Liability

| | 2019 £000 |
|-------------------------------------|--------------|
| Fair value of employer's assets | 1,609 |
| Present value of scheme liabilities | (1,922) |
| | <u>(313)</u> |

Reconciliation of fair value of employer assets

| | 2019 £000 |
|---------------------------------------|--------------|
| Opening fair value of employer assets | 1,511 |
| Expected Return on Assets | 39 |
| Contributions by Members | 22 |
| Contributions by the Employer | 81 |
| Actuarial Gains / (Losses) | 20 |
| Estimated Benefits Paid | (64) |
| Closing fair value | <u>1,609</u> |

Return on Plan Assets was £59,000.

Reconciliation of defined benefit obligations

| | 2019 £000 |
|---|--------------|
| Opening defined benefit obligation | 1,789 |
| Current Service Cost | 19 |
| Interest Cost | 46 |
| Contributions by members | 22 |
| Actuarial Gains | 110 |
| Estimated Benefits Paid | (64) |
| Closing defined benefit obligation | <u>1,922</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

| | 2019 £000 |
|--|--------------|
| Charged to operating costs: | |
| Service cost | 19 |
| | <hr/> |
| Charged to Other Finance Costs / (Income) | |
| Expected Return on employer assets | 39 |
| Interest on pension scheme liabilities | (46) |
| | <hr/> |
| | (7) |
| | <hr/> |
| Net Charge to the Statement of Comprehensive Income | 12 |

Amounts for the current and previous accounting periods:

Actuarial Gain / (Loss) recognised in Other Comprehensive Income

| | 2019 £000 |
|--|--------------|
| Actuarial gain/(loss) recognised in year | (90) |
| Cumulative actuarial gains | (90) |

Change in calculation of Pension Liabilities

The pension fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Co-operative has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and has therefore adopted this valuation method.

As a result of these changes the following adjustment was made and recognised in Other Comprehensive Income

| | £ |
|---|-----------------|
| Difference between the opening past service deficit and the opening Pension Deficit | <u>(69,400)</u> |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. SHAPS PENSION PROVISION

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| As at 1 April 2018 | - | - |
| Decrease in Provision | (243,600) | - |
| Adjustment to opening pension liability | (69,400) | - |
| | <hr/> | <hr/> |
| Balance as at 31 March 2019 | (313,000) | - |
| | <hr/> | <hr/> |