



Alexander Sloan
Accountants and Business Advisers

West Granton Housing Co-operative

Report and Financial Statements

For the year ended 31 March 2018

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 2018

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	

SENIOR MANAGEMENT

Gerard Gillies	Secretary & Chief Executive Officer
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REGISTERED OFFICE

26 Granton Mill Crescent
Edinburgh
EH4 4UT

AUDITORS

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

BANKERS

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

SOLICITORS

Aitken Nairn WS
7 Abercromby Place
Edinburgh
EH3 6LA

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 2018

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2018.

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. 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. 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 2017, there were 11 members of the Committee of Management, 10 elected and one co-opted. The AGM was held on 4th September 2017. Three retiring members were re-elected, and the co-opted member was elected. As of 31st March 2018, and to the date of this report, there are 11 members.

One flat in West Pilton Drive was sold in May 2017. Two large component replacement projects were completed during the year.

The rent increase in April 2017 was 1.6%. Since the average numbers of houses let has reduced slightly due to flat sales, income increased by only 0.6%.

Arrears excluding provision for doubtful debt at 31st March 2018 were £18,320 which was slightly higher than the previous year (£2017, £14,673) but bad debts written off in the year were minimal, significantly less than the previous year. 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 2018, WGHC's gross arrears were £17,185 (2017, £20,681) a decrease of 17%. As a percentage of rent due the gross arrears were 1.1% (2017,1.35%). WGHC has very low arrears compared to most RSLs for whom the latest published gross arrears average was 4.2%.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Operating costs were up 2.7% which was broadly in line with expectations. However, there were some variances from budgets with increased reactive and void maintenance costs arising from the above average number of relets but less than expected costs on planned maintenance and depreciation.

We sold a flat in May 2017 (two in the same quarter in 2016) and the gain on sale of housing shown is the receipt (£85,500) less costs and net book value. There is now only one flat remaining designated for sale when the existing tenancy ends.

Interest payable has reduced due to debt reducing as loans are repaid. Interest receivable is down due to reduced interest rates on deposit accounts. The reduction in finance charges is due to remeasurement of the pension deficit in 2017 which was not repeated in 2018.

There were 32 changes in tenancy in 2017-18. This included including 28 relets/voids; the remainder were successions, assignments etc. where the household as a whole does not move out. These numbers do fluctuate. In the previous year (2016-17) there were 20 changes in tenancy including 14 relets; the year before (2015-16) there were 22 changes including 21 relets.

Even so, the 2017-18 figures were unusually high, double the previous year. This had a major effect on workloads in relation to both allocations and void repairs. Despite this, average time to relet was equal to our benchmark and only very slightly above last year's figure. 28 days compared to 28 and 27 respectively.

23 new tenants were surveyed of whom only one (4%) was not satisfied with the quality of the house when moving in. In the previous year out of 12 surveyed, again only one new tenant (8%) was dissatisfied.

On average, we completed non-emergency repairs in 4.1 days. This was slightly faster than the previous year (4.2) and well within our benchmark. There was a 3% increase in non-emergency repairs year on year with 1,037 in 2017-18 compared to 1,005 in 2016-17.

On average, we responded to emergencies (including central heating breakdowns) in 2.6 hours. This was slower than the previous year (2.2) and slightly above our benchmark (2.5). The main reason is likely to be a 52% increase in emergency repairs, 149 compared to 98 the previous year.

Most of these were central heating repairs and were partly due to a faulty batch of thermostats which have since been replaced. The severity of the winter may also have had an impact. We expect to return to benchmark in 2018-19.

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.

Contracts to install 99 new boilers and 96 kitchens in Area 2 were completed by the end of 2017, later than originally planned. Some problems had arisen with the boiler contract and a redesign was needed which delayed progress. Despite the delays, both contracts were well within budget, there was over £500,000 of expenditure on capital projects in the year

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Contracts to install 99 new boilers and 96 kitchens in Area 2 were completed by the end of 2017, later than originally planned. Some problems had arisen with the boiler contract and a redesign was needed which delayed progress. Despite the delays, both contracts were well within budget, there was over £500,000 of expenditure on capital projects in the year

WGHC is paying towards a pension fund deficit. The estimated value of the deficit at 31st March 2018 was £208,600 (2017: £259,765). The risk posed by the pension liability has diminished with improved performance by the pension fund and it is expected to be eliminated by February 2022.

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 50% fixed rate and 50% variable rate loans. Loans reduced during the year by £182,939 to £3,906,797.

Cash and investments fell slightly due to the component replacement projects. Cash and bank deposits at 31st March 2018 were £1,877,295 (2017: £1,988,075).

Overall the Co-operative is believed to be performing very well and to be in a strong financial position. The SHR confirmed WGHC will again have low engagement in 2018-19.

The Future

Committee has agreed to continue to explore joint working with 7 other Edinburgh RSLs. The RSLs are all committed to retaining their independence.

In anticipation of the retirement of the CEO, from November 2017 to March 2018 Committee focused on succession planning and agreed to continue as an independent RSL and engage Prospect Community Housing to provide some financial services for 2018-19. The CEO then confirmed a retirement date of 31st July 2018.

In April 2018 the SHR asked that a strategic options appraisal be carried out prior to recruitment of a new CEO. This was underway at the time of this report.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

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 Co-operative and Community Benefit Societies 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 - 2015. It is also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Co-operative's suppliers are paid promptly.

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 members of 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 31 MARCH 2018

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

- 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 2018. 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 £18,039 (2017: £1,050). The higher than average amount was due to a decision to assist the local community centre, The Prentice Centre, which was going through significant short term financial problems. The budget for donations for the coming year, 2018-19, is £3,000.

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

GERARD GILLIES

Secretary
11 July 2018

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 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

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

Through enquiry of certain members of the 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 'Our Regulatory Framework' 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
11 July 2018



WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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

We have audited the financial statements of West Granton Housing Co-operative Limited ("the Co-operative") for the year ended 31 March 2018, 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 2018 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 2015.

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 4, the Co-operative's Committee of Management is 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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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

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

- 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's 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 auditors' 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.

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
11 July 2018



Alexander Sloan
Accountants and Business Advisers

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
REVENUE	2		1,941,526		1,930,700
Operating Costs	2		(1,534,896)		(1,494,188)
OPERATING SURPLUS			406,630		436,512
Gain On Sale Of Housing Stock	7	25,843		52,633	
Interest Receivable and Other Income		8,782		14,999	
Interest Payable and Similar Charges	8	(120,193)		(128,903)	
Other Finance Income / (Charges)	11	(1,631)		(15,397)	
			(87,199)		(76,668)
Surplus on ordinary activities before taxation			319,431		359,844
Tax on surplus on ordinary activities	10		(2,152)		(2,580)
SURPLUS FOR THE YEAR	9		317,279		357,264
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			317,279		357,264

The notes on pages 15 to 28 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		18,781,983		18,965,098
Other Non-current Assets	12 (c)		283,841		273,355
			<u>19,065,824</u>		<u>19,238,453</u>
CURRENT ASSETS					
Receivables	16.	26,454		25,517	
Properties Held for Sale		-		55,390	
Investments	27	1,615,870		1,210,903	
Cash at bank and in hand		261,425		777,172	
		<u>1,903,749</u>		<u>2,068,982</u>	
CREDITORS: Amounts falling due within one year	17	<u>(637,147)</u>		<u>(660,988)</u>	
NET CURRENT ASSETS			<u>1,266,602</u>		<u>1,407,994</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>20,332,426</u>		<u>20,646,447</u>
CREDITORS: Amounts falling due after more than one year	18		<u>(3,876,891)</u>		<u>(4,116,323)</u>
DEFERRED INCOME					
Social Housing Grants	20	<u>(13,532,850)</u>		<u>(13,924,719)</u>	
			<u>(13,532,850)</u>		<u>(13,924,719)</u>
NET ASSETS			<u><u>2,922,685</u></u>		<u><u>2,605,405</u></u>
EQUITY					
Share Capital	21		368		367
Revenue Reserves			<u>2,922,317</u>		<u>2,605,038</u>
			<u><u>2,922,685</u></u>		<u><u>2,605,405</u></u>

The Financial Statements were approved by the Committee of Management and authorised for issue and signed on their behalf on 11 July 2018.

Committee Member

Committee Member

Secretary

The notes on pages 15 to 28 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017
		£	£	£
Net cash inflow from operating activities	19	647,174		686,268
Investing Activities				
Acquisition and Construction of Properties	(517,359)		(40,382)	
Purchase of Other Fixed Assets	(30,099)		(19,218)	
Costs related to Properties Held for Sale	-		(5,711)	
Changes on short term deposits with banks	(404,967)		(4,721)	
Proceeds on Disposal of Properties	81,234		145,889	
Net cash (outflow) / inflow from investing activities		(871,191)		75,857
Financing Activities				
Interest Received on Cash and Cash Equivalents	11,388		12,902	
Interest Paid on Loans	(120,193)		(128,903)	
Loan Principal Repayments	(182,939)		(635,162)	
Share Capital Issued	14		11	
Net cash outflow from financing activities		(291,730)		(751,152)
(Decrease) / increase in cash		(515,747)		10,973
Opening Cash & Cash Equivalents		777,172		766,199
Closing Cash & Cash Equivalents		<u>261,425</u>		<u>777,172</u>
Cash and Cash equivalents as at 31 March				
Cash		261,425		777,172
Bank overdraft		-		-
		<u>261,425</u>		<u>777,172</u>

The notes on pages 15 to 28 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2016	372	2,247,774	2,248,146
Issue of Shares	11	-	11
Cancellation of Shares	(16)	-	(16)
Surplus for the year	-	357,264	357,264
Balance as at 31 March 2017	367	2,605,038	2,605,405
Balance as at 1 April 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

The notes on pages 15 to 28 form part of these financial statements.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 2015. 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-operative Defined Benefits Pension Scheme and retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Co-operatives taken as a whole.

The Co-operative accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

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 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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. Where agreement of the value of SHG to be repaid has been reached with the City of Edinburgh Council, prior to the sale, the value is recognised as a liability in the accounts.

Taxation Non-charities

As a fully mutual co-operative housing association, under s488 of the Income & 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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the West Granton Housing Co-operative Limited 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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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

Works which improve housing properties or prolong their life or significantly reduce the maintenance costs maybe 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.

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 Co-operative's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Co-operative considers its cash-generating units to be the 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

In March 2016 the Co-operative received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Co-operative's future past service deficit contributions. The Co-operative has used this to provide the basis of the pension past service deficit liability in the financial statements. The Committee of Management feels this is the best available estimate of the past service liability.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	1,941,513	1,534,896	406,617	1,930,684	1,494,188	436,496
Other Activities	4	13	-	13	16	-	16
Total		1,941,526	1,534,896	406,630	1,930,700	1,494,188	436,512

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2018 Total £	2017 Total £
Revenue from Lettings			
Rent receivable net of service charges	1,559,215	1,559,215	1,539,006
Gross income from rent and service charges	1,559,215	1,559,215	1,539,006
Less: Rent losses from voids	7,959	7,959	10,248
Less: Rent losses from voids - Unlettable	2,306	2,306	-
Net Rents Receivable	1,548,950	1,548,950	1,528,758
Grants released from deferred income	391,869	391,869	401,747
Revenue grants from Scottish Ministers	694	694	179
Total turnover from affordable letting activities	1,941,513	1,941,513	1,930,684
Expenditure on affordable letting activities			
Management and maintenance administration costs	518,805	518,805	477,283
Planned and cyclical maintenance, including major repairs	140,449	140,449	160,019
Reactive maintenance costs	214,574	214,574	179,584
Bad Debts - rents and service charges	1,105	1,105	10,759
Depreciation of affordable let properties	659,963	659,963	666,543
Operating costs of affordable letting activities	1,534,896	1,534,896	1,494,188
Operating surplus on affordable letting activities	406,617	406,617	436,496
2017	436,496		

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£
Expired shares retained	13	13	13	16
Total From Other Activities	13	13	13	16
2017	16	16	16	

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

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

2018

2017

£

£

61,622

60,503

7,764

7,442

61,622

60,503

61,622

60,503

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

£60,001 to £70,000

Number

Number

1

1

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

Redundancy Costs

2018

2017

No.

No.

8

8

10

10

£

£

288,627

274,878

1,332

1,288

24,735

23,909

27,096

23,193

10,819

-

341,790

323,268

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2018 £	2017 £
Sales Proceeds	75,523	132,410
Cost of Sales	49,680	79,777
Gain On Sale Of Housing Stock	<u>25,843</u>	<u>52,633</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018 £	2017 £
On Building Society Mortgage	<u>120,193</u>	<u>128,903</u>

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

9. SURPLUS FOR THE YEAR

	2018 £	2017 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	675,770	684,273
Auditors' Remuneration - Audit Services	6,300	6,000
Auditors' Remuneration - Other Services	300	180
Operating Lease Rentals - Other	2,527	2,527
Gain on sale of fixed assets	<u>(25,843)</u>	<u>(52,633)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2018 £	2017 £
(i) Analysis of Charge in Year		
Current Tax:		
UK Corporation Tax on surplus on ordinary activities	<u>2,152</u>	<u>2,580</u>

11. OTHER FINANCE INCOME / CHARGES

	2018 £	2017 £
Costs in relation to past service deficit liabilities:		
Unwinding of Discounted Liabilities and other costs	<u>1,631</u>	<u>15,397</u>

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1 April 2017	27,835,372	27,835,372
Additions	476,848	476,848
Disposals	(328,135)	(328,135)
Transferred to current assets	-	-
As at 31 March 2018	<u>27,984,085</u>	<u>27,984,085</u>
DEPRECIATION		
As at 1 April 2017	8,870,274	8,870,274
Charge for Year	656,157	656,157
Disposals	(324,329)	(324,329)
Transferred to current assets	-	-
As at 31 March 2018	<u>9,202,102</u>	<u>9,202,102</u>
NET BOOK VALUE		
As at 31 March 2018	<u>18,781,983</u>	<u>18,781,983</u>
As at 31 March 2017	<u>18,965,098</u>	<u>18,965,098</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 31 March 2018 consisted of 372 units (2017: 372). No flats were transferred to current assets as they became void (2017:1). 1 flat was sold during the year to 31 March 2018 (2017:2).

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 £13,312,190 (2017 - £13,228,188).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(c) Other Tangible Assets	Playground Equipment £	White Goods & Fittings £	Office Premises £	Office Furniture & Equipment £	Total £
COST					
As at 1 April 2017	22,762	9,599	309,913	59,334	401,608
Additions	17,862	10,618	-	1,619	30,099
Eliminated on Disposals	-	(7,538)	-	(296)	(7,834)
As at 31 March 2018	<u>40,624</u>	<u>12,679</u>	<u>309,913</u>	<u>60,657</u>	<u>423,873</u>
AGGREGATE DEPRECIATION					
As at 1 April 2017	5,931	7,628	71,840	42,854	128,253
Charge for year	3,167	3,014	6,785	6,647	19,613
Eliminated on Disposals	-	(7,538)	-	(296)	(7,834)
As at 31 March 2018	<u>9,098</u>	<u>3,104</u>	<u>78,625</u>	<u>49,205</u>	<u>140,032</u>
NET BOOK VALUE					
As at 31 March 2018	<u>31,526</u>	<u>9,575</u>	<u>231,288</u>	<u>11,452</u>	<u>283,841</u>
As at 31 March 2017	<u>16,831</u>	<u>1,971</u>	<u>238,073</u>	<u>16,480</u>	<u>273,355</u>

13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	608,069

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

14. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	3,475	3,475
Later than one year and not later than five years	3,159	6,634
Later than five years	-	-

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	26,520	21,923
Less: Provision for Doubtful Debts	(8,200)	(7,250)
	<u>18,320</u>	<u>14,673</u>
Other Receivables	8,134	10,844
	<u>26,454</u>	<u>25,517</u>

Arrears are shown as at 31 March 2018. 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 2018 was a Saturday, March 31st 2017 was a Friday.

17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	185,806	182,013
Trade Payables	77,751	106,315
Rent Received in Advance	16,239	17,465
Social Housing Grant Repayable	289,544	289,544
Corporation Tax Payable	2,152	2,580
Other Taxation and Social Security	12,955	11,906
Liability for Past Service Contributions	52,700	51,165
	<u>637,147</u>	<u>660,988</u>

At the balance sheet date there were pension contributions outstanding of £6,877 (2017 - £3,651).

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

	2018 £	2017 £
Liability for Past Service Contributions	155,900	208,600
Housing Loans	3,720,991	3,907,723
	<u>3,876,891</u>	<u>4,116,323</u>
Housing Loans		
Amounts due within one year	185,806	182,013
Amounts due in one year or more but less than two years	190,025	186,047
Amounts due in two years or more but less than five years	597,022	583,899
Amounts due in more than five years	2,933,944	3,137,777
	<u>3,906,797</u>	<u>4,089,736</u>
Less: Amount shown in Current Liabilities	185,806	182,013
	<u>3,720,991</u>	<u>3,907,723</u>
Liability for Past Service Contributions		
Amounts due within one year	52,700	51,165
Amounts due in one year or more but less than two years	54,281	52,700
Amounts due in two years or more but less than five years	101,619	155,900
Amounts due in more than five years	-	-
	<u>208,600</u>	<u>259,765</u>
Less: Amount shown in Current Liabilities	52,700	51,165
	<u>155,900</u>	<u>208,600</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 Building Society	Standard security over 302 properties	0.72%	2031	Variable
Nationwide Building Society	Standard security over 302 properties	0.72%	2033	Variable
Nationwide Building Society	Standard security over 302 properties	4.49%	2036	Fixed to 2021
Nationwide Building Society	Standard security over 302 properties	4.49%	2038	Fixed to 2021
Nationwide Building Society	Standard security over 302 properties	4.49%	2039	Fixed to 2021

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.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	406,630	436,512
Depreciation	679,576	683,033
Amortisation of Capital Grants	(391,869)	(401,747)
Change in debtors	(3,544)	8,853
Change in creditors	(39,396)	(22,739)
Unwinding of Discount on Pension Liability	(1,631)	(15,397)
Corporation Tax Paid	(2,580)	(2,231)
Share Capital Written Off	(13)	(16)
Net cash inflow from operating activities	<u>647,174</u>	<u>686,268</u>

20. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
As at 1 April 2017	19,579,260	19,579,260
Additions in the year	-	-
Eliminated on disposal of components and property	-	-
Transferred	-	-
As at 31 March 2018	<u>19,579,260</u>	<u>19,579,260</u>
Amortisation		
As at 1 April 2017	5,654,541	5,654,541
Eliminated on disposal	-	-
Amortisation in year	391,869	391,869
As at 31 March 2018	<u>6,046,410</u>	<u>6,046,410</u>
Net book value		
As at 31 March 2018	<u>13,532,850</u>	<u>13,532,850</u>
As at 31 March 2017	<u>13,924,719</u>	<u>13,924,719</u>
Total grants net book value as at 31 March 2018	<u>13,532,850</u>	<u>13,532,850</u>
Total grants net book value as at 31 March 2017	<u>13,924,719</u>	<u>13,924,719</u>

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

	2018 £	2017 £
Amounts due within one year	391,869	392,222
Amounts due in one year or more	13,140,981	13,532,497
	<u>13,532,850</u>	<u>13,924,719</u>

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018 £	2017 £
As at 1 April 2017	367	372
Issued in year	14	11
Cancelled in year	(13)	(16)
At 31 March 2018	<u>368</u>	<u>367</u>

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.

22. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018 No.	2017 No.
General Needs - New Builds	371	371
General Needs - Rehabilitation	1	1
	<u>372</u>	<u>372</u>

23. RELATED PARTY TRANSACTIONS

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

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.

Transactions with governing body members (and their close family) were as follows:

	2018 £	2017 £
Rent and factoring received from Tenants on the Committee and their close family members	<u>59,989</u>	<u>66,127</u>

At the year end total rent arrears and factoring owed by the tenant members of the Committee of Management (and their close family) were £612 (2017 - £446).

All of these rent arrears were cleared shortly after the year-end.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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 and Scottish Charity that owns and manages social housing property in Edinburgh.

25. GOVERNING BODY MEMBER EMOLUMENTS

Committee of Management members received £348 (2017 - £0) 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.

26. INVESTMENTS

Short term deposits

	2018	2017
	£	£
Short term deposits	1,615,870	1,210,903

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

General

West Granton Housing Co-operative participated in the Scottish Housing Association 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 FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Co-operative may become liable for the obligations of a third party.

Based on the final valuation, the scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Co-operative will make payments of £208,600 from 1 April 2018 (2017 - £51165). Payments are expected to increase by 3% per annum and continue until February 2022.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £208,600 (2017 - £259,765). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Co-operative made payments totalling £79,892 (2017- £65,592) to the pension scheme during the year.