



WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2021

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

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WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATUTORY INFORMATION

Committee of Management

| | |
|---------------------|--|
| Wendy Riordan | Chairperson elected September 2020; first elected 2020; previously co-opted 2019 |
| Marilyn Dickson | Treasurer appointed annually since 1995 ; first elected 1990 |
| Lorna Brown | Vice Chairperson elected 2020; first elected 1990 |
| Donna Anderson | First elected 2017; |
| Fiona Marshall | First elected 2019; retired October 2020 |
| Patricia Cordiner | Co-opted October 2019; stepped down August 2020 |
| Joe Moir | First elected 1990; last re-elected 2020 |
| Elizabeth Robertson | First elected 2016; last re-elected 2020 |
| George Thomson | First elected 1990; last re-elected 2018 |
| Jon Douglas | First elected 2018; |
| George Nicol | First elected 2012; last elected 2016; retired April 2020 |
| Colin Fraser | First elected 2020; |
| Amanda Aitchison | First elected 2020; |

External Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Solicitors

T C Young
69a George Street
Edinburgh
EH2 2JG

Bankers

Royal Bank of Scotland
109/109a George Street
Edinburgh
EH2 2JG

Lenders

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

Data Protection Officer

David Mills
West Granton Housing Co-op
26 Granton Mill Crescent
Edinburgh
EH4 4UT

Internal Auditors

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

Financial Agents

Prospect Community Housing
6 Westburn Avenue
Edinburgh
EH14 2TH

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT

For the year ended 31 March 2021

The Committee of Management present their Annual Report and the Financial Statements for the year ended 31 March 2021.

Registration Details

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 activity

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

Review of Business and Future Development

Objectives

West Granton Housing Co-operative Limited (WGHC) is a fully mutual co-operative housing association and independent, registered social landlord. WGHC is a not for profit organisation. No surpluses are distributed to members but are used for the objectives of the co-operative. Any additional activities pursued will be as permitted by the Housing (Scotland) Act 2010; designed to help us achieve our corporate objectives and will consider the welfare of the people we house. 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 housing was built in a series of developments between 1994 and 2009. We have no current development plans.

Our Mission Statement is: "Sustaining and Championing the Co-operative Way".

Our corporate objectives are:

1. Our Tenants are paramount in everything we do
2. We will provide safe, secure and affordable homes
3. There is strength in community and we will look to support this where we can
4. We will strive for sustainability and strength for the future

Overview of period

At 1 April 2020 there were 11 members of the Committee of Management. A virtual AGM was held on 2nd September 2020. Three retiring members were re-elected and three new members were elected. As of 31 March 2021, and to the date of this report, there are 10 fully elected members. During the period, there were 11 Committee Meetings, all of which were held virtually. The Chairperson carried out the annual performance reviews of all Committee Members and the Chairperson, in turn, had their annual review carried out by the Office Bearers. There were no concerns raised and it was confirmed that the Chair and all Committee Members (including the 4 members who have served 9 continuous years +) are considered still to be effective and contributing well.

As at 31 March 2021, and to the date of this report, we own 372 properties.

The rent increase in April 2021 was 0.7%. Revenue has increased by 0.85% compared to last year. Overall, the Operating Surplus has increased by 2.5%.

Gross Rent Arrears at 31 March 2021 were £21,602 which was slightly lower than the previous year (2020: £22,682).

As a percentage of rent due the gross arrears were 1.29% (2020: 1.36%). This means WGHC was comfortably within its benchmark of 1.30% WGHC continues to have very low rent arrears compared to most RSLs for whom the latest published gross arrears average was 4.4% of annual income (source: Scottish Housing Charter Indicator Results for 2019-20).

Bad debts written off in the year were £11 compared to £2,421 in the previous year.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2021

Overview of period (continued)

Operating costs increased by 1.32%. Some work that was budgeted for this year will now take place next year and this is again subject to change, dependant on any future restrictions imposed on activities as a result of the pandemic. As at the date of this report the WGHC Office remains closed to the public. Throughout the period WGHC continued (and continues) to offer essential services to all tenants in accordance with Government guidelines.

WGHC had two long term staff absences, both of which continue into the new period. As at the date of this report all WGHC staff have received both their first and second vaccines and WGHC reports there have been no absences due to COVID-19. Staff attended over 30 training events in the year and WGHC restructured its Senior Management Team and recruited a new Governance & Compliance Manager (who is also WGHC's Data Protection Officer).

WGHC is a member of ARCHIE (Alliance of Registered housing Co-operatives and Housing Associations Independent in Edinburgh). WGHC's CEO remains the appointed Chair of ARCHIE. Within the year, ARCHIE held 4 virtual meetings and collaboratively applied for and received funding from the Scottish Government's Community Recovery Fund which meant that WGHC were able to offer a £30 fuel poverty payment to each WGHC tenancy and also received items to make up 50 energy saving bags for tenants along with 25 Chromebooks to assist with digital inclusion.

There were no properties sold in 2020-21. There continues to be only 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. It should be noted that 3 fixed rate loans were set at 4.49% for most of the financial year, while our 2 variable loan rates decreased to 0.377% as at 31 March 2021 (2020: 1.15%). The 10-year fixed rate agreement expired towards the end of the financial year which resulted in all loans becoming variable for a number of weeks. However, as at 31st March 2021, WGHC agreed to a fixed rate of 1.21% for 1 loan, 1.22% for 2 loans, and the other 2 loans remained variable. We have a mix of approximately 60% fixed rate and 40% variable rate loans. Overall, loans reduced during the year by £229,732 to £3,415,983. The minimum covenant required for our loans is 110%, the actual result in the period was 340%.

There were 22 changes in tenancy in 2020-21. Broken down this is 17 re-lets, two assignments, two mutual exchanges and 1 succession. All 17 tenants were surveyed and 100% reported being satisfied with the condition of their new home.

The average time to re-let in 2020-21 was 35 days. This is well over our benchmark of 28 days, but largely explained by the delay in the reletting of a property which became void in the 1st quarter; the allocation of which became subject to an appeal. This all occurred during the 1st lockdown period when WGHC had suspended its allocations service due to government lockdown restrictions. In total it took 98 days to relet this property. This obviously affects the total average for the period. In addition, we had two properties which took 56 days to relet. These delays were largely due to us trying to access contractors to carry out the required works during lockdown.

One property was void as we moved into the first quarter 2020-21. WGHC had raised legal action under Ground 8 of the Housing (Scotland) Act 2014. Throughout the course of this legal action, WGHC had to keep this one property available. The CEO confirmed with the Scottish Housing Regulator that in such circumstances, the void property is exempt from being counted until legal action has reached an outcome. It is confirmed that as at the date of this report, this legal action has concluded. A joint minuted agreement was reached between WGHC, the tenant and the Court. WGHC has since recovered possession of the tenancy, and the tenant has permanently moved out of WGHC stock.

On average we completed non-emergency repairs in 3.8 days. This is an improvement on the 4.1 days for the same period last year. In total we carried out 730 non-emergency repairs during the period. These were all carried out between July and December. Between April and June 2020, we were only able to carry out essential repairs in line with government guidelines because of the pandemic.

It is worth noting that these statistics do not include repairs to void properties or cyclical maintenance.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2021

On average, we responded to emergencies (including central heating breakdowns) in 2 hours 14 minutes. In total we carried out 145 emergency repairs in the period. This is a slight improvement on the 2 hours 16 minutes for the same period last year.

375 appointments were arranged directly between the contractor and the tenant. All 375 appointments were kept. Please note not all contractors will make appointments, they may just try the door if they are on another job in our area. Some jobs are also weather dependant.

Only one medical adaptation was completed. It took us 47 days to complete this adaptation. Our benchmark is 15 days. This was for a stair lift but unfortunately there was a delay in receiving a quote from the supplier which affected the completion time. The delay was due to the contractor operating with a reduced staff during lockdown restrictions so was unavoidable.

There were 24 complaints received within the period: 20 x Stage One complaints (18 of which were upheld/partially upheld) and 4 x Stage Two complaint (following investigation, only 1 was upheld). All 24 were resolved within timescale.

The Scottish Housing Regulator's key arrears indicator is "gross arrears" which excludes technical arrears but includes arrears written off in the year. WGHC came in below benchmark at 1.29% which was lower than last year's figure of 1.36%. In fact, WGHC's prepayment figure was significantly higher (by £14k) when compared with the previous year.

Further analysis shows that more tenants are sitting with larger credit balances on their rent accounts at year end and wish for their accounts to remain in this position due to the uncertainties of furlough payments and the job market. In addition, when Universal Credit rolled out back in 2018, WGHC began claiming third party payments from the Department of Work and Pensions for those tenants in arrears and in receipt of Universal Credit at that time. Successful collections through the period have resulted in those tenants now holding a rent account balance of one month in credit. As at 31st March 2021, WGHC had 68 tenants (out of 372 tenants) in receipt of Universal Credit compared with only 22 the previous year.

WGHC is a member of the Scottish Housing Association Pension Scheme (SHAPS). At 31 March 2021, WGHC's share of the pension deficit was £271k (2020: £57k).

Cash and bank deposits at 31 March 2021 were £1,821,346 (2020: £1,615,803). Interest receivable from our deposit accounts is slightly less than last year (£4,745 in 2021: £9,409 in 2020). This is due to less cash being held on deposit as well as lower than anticipated interest rates.

Overall, WGHC has performed remarkably well despite Scotland entering into lockdown on 23rd March 2020. Following on from the previous year, it continued to be a busy period for WGHC. Workload pressures were once again high and Committee continued to have a busy period holding 11 meetings within the year but both staff and Committee coped admirably demonstrating resilience and commitment to the tenants and service provision. Moving into the new financial year, WGHC continues to perform well and remains in a financially strong position.

Risk management

The Co-operative has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - welfare reform impacts, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best-practice advice on IT security and data protection matters.

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 seek opportunities of joint working and joint procurement through our membership of the Alliance of Registered Housing Associations and Co-operatives in Edinburgh (ARCHIE).

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2021

Maintenance policies

The Co-operative aims to maintain its properties to a high standard. To this end programmes of cyclical maintenance are carried out and programmes of major repairs to cover for such works. Key identified components are capitalised when replaced.

Treasury management

The Co-operative, as a matter of policy, does not enter into transactions of a speculative nature. The surplus funds of the Co-operative are managed carefully using long established banks or building societies.

Employee involvement and Health & Safety

The Co-operative encourages employee involvement in all initiatives. A comprehensive Health & Safety Manual backed up by regular inspections and checks is in operation. There are updates every year from our consultants.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Co-operative may continue.

It is the policy of the Co-operative that training, career development and promotion opportunities should be available to all employees.

Reserves

The Co-operative needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its properties. The revenue reserve of £3.8m reflects primarily the past investment in the housing stock and reserves for future major repairs. The Co-operative has a cash level of £1.8m to support its future plans and operating requirements. The Co-operative reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows.

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.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Committee of Management at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Co-operative's auditor is unaware and
- They have taken all steps that they ought to have taken as a Committee member in order to make themselves aware of any relevant information, and to establish that the Co-operative's auditor is aware of the information.

Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation requires that the Committee of Management 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 members are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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; and
- prepare a Statement on Internal Financial Control.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2021

Statement of Committee of Management's Responsibilities (continued)

The Committee Members are also responsible for:

- keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Co-operative;
- ensuring that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010 and the Determination of the Accounting Requirements December 2019; and
- maintaining a satisfactory system of control over accounting records and transactions, and for safeguarding all assets of the Co-operative and, hence, take reasonable steps to prevent and detect fraud and other irregularities.

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.

Insofar 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.

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;
- experiences 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 2021. 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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2021

Donations

During the year the Co-operative made charitable donations amounting to £4,148 (2020: £4,980).

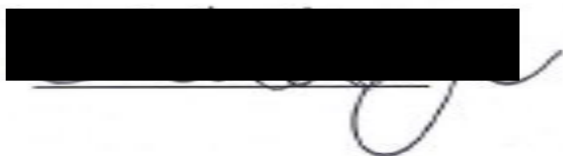
Auditor

Chiene + Tait LLP were appointed as auditor during the year following a competitive tender process.

The Report of the Committee of Management has been approved on behalf of the Management Committee by:

LARKE ADGER

Secretary

A black rectangular redaction box covers the signature of Larke Adger. A handwritten signature in blue ink is visible below the redaction, extending to the right.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

REPORT of the AUDITOR on CORPORATE GOVERNANCE MATTERS

For the year ended 31 March 2021

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 within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

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

Through our 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 Controls appropriately reflects the Co-operative's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

27 July 2021

Opinion

We have audited the financial statements of West Granton Housing Co-operative Limited (the Association) for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 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 association 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 which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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 Management Committee are 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 we do not express any form of assurance conclusion thereon.

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.

For the year ended 31 March 2021

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on pages 5 to 6, the Management Committee 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 Management Committee determine 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 Management Committee are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

For the year ended 31 March 2021

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

27 July 2021

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT of COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | Notes | 2021 £ | 2020 £ |
|--|--------------|------------------|-------------|
| Revenue | 2 | 2,061,821 | 2,042,569 |
| Operating costs | 2 | (1,736,374) | (1,725,144) |
| Operating surplus | | 325,447 | 317,425 |
| Interest receivable and other income | | 4,745 | 9,409 |
| Interest payable and similar charges | 7 | (94,695) | (117,995) |
| Other finance charges | 10 | (1,000) | (7,000) |
| | | (90,950) | (115,586) |
| Surplus on ordinary activities before taxation | | 234,497 | 201,839 |
| Tax on surplus on ordinary activities | 9 | (902) | (1,991) |
| Surplus for the year | | 233,595 | 199,848 |
| Other comprehensive income | | | |
| Actuarial (losses)/gains on defined benefit pension plan | 24 | (268,000) | 237,000 |
| Total comprehensive income for the year | | (34,405) | 436,848 |

The results relate wholly to continuing activities.

The notes on pages 16 to 29 form part of these financial statements


WEST GRANTON HOUSING CO-OPERATIVE LIMITED


STATEMENT OF FINANCIAL POSITION


As at 31 MARCH 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|------------------------|------------------------|
| Non-current assets | | | |
| Housing properties – depreciated cost | 11(a) | 17,553,451 | 18,237,807 |
| Other non-current assets | 11(b) | 278,960 | 272,934 |
| | | <hr/> | <hr/> |
| | | 17,832,411 | 18,510,741 |
| Current assets | | | |
| Receivables | 13 | 41,288 | 32,003 |
| Cash at bank and in hand | | 1,821,346 | 1,615,803 |
| | | <hr/> | <hr/> |
| Creditors: amounts falling due within one year | 14 | 1,862,634 (347,368) | 1,647,806 (333,606) |
| | | <hr/> | <hr/> |
| Net current assets | | 1,515,266 | 1,314,200 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 19,347,677 | 19,824,941 |
| Creditors: amounts falling due after more than one year | | | |
| | 15 | (3,194,869) | (3,459,859) |
| Pensions and other provisions for liabilities and charges | | | |
| Scottish Housing Association Pension Scheme | 25 | (271,000) | (57,000) |
| Deferred income | | | |
| Social Housing Grants | 17 | (12,357,243) | (12,749,112)) |
| | | <hr/> | <hr/> |
| Net assets | | 3,524,565 | 3,558,970 |
| | | <hr/> | <hr/> |
| Equity | | | |
| Share capital | 18 | 371 | 371 |
| Revenue reserves | | 3,795,194 | 3,615,599 |
| Pension reserves | | (271,000) | (57,000) |
| | | <hr/> | <hr/> |
| | | 3,524,565 | 3,558,970 |
| | | <hr/> | <hr/> |

The financial statements were approved by the Committee of Management and authorised for issue on 21 July 2021 and signed on its behalf by:


Wendy Riordan
Committee Member


Lorna Brown
Committee Member


Larke Adger
Secretary

The notes on pages 16 to 29 form part of these financial statements

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2021

| | Notes | £ | 2021 £ | £ | 2020 £ |
|--|-------|-----------|-----------|-----------|-----------|
| Net cash inflow from operating activities | 16 | | 562,311 | | 659,301 |
| Investing activities | | | | | |
| Acquisition and constructions of properties | | (9,060) | | (810,229) | |
| Purchase of other fixed assets | | (28,151) | | (23,382) | |
| Social Housing Grant repaid | | - | | - | |
| Proceeds on disposal of other tangible assets | | 112 | | - | |
| | | ----- | | ----- | |
| Net cash inflow/(outflow) from investing activities | | | (37,099) | | (833,611) |
| Financing activities | | | | | |
| Loan Advances Received | | - | | 148,000 | |
| Interest received on cash and cash equivalents | | 4,745 | | 9,409 | |
| Interest paid on loans | | (94,695) | | (117,995) | |
| Loan principal repayments | | (229,731) | | (188,838) | |
| Share capital issued | | 13 | | 16 | |
| | | ----- | | ----- | |
| Net cash outflow from financing activities | | | (319,668) | | (149,408) |
| | | | ----- | | ----- |
| Increase/(decrease) in cash | | | 205,544 | | (323,718) |
| Opening cash and cash equivalents | | | 1,615,803 | | 1,939,521 |
| | | | ----- | | ----- |
| Closing cash and cash equivalents | | | 1,821,346 | | 1,615,803 |
| | | | ===== | | ===== |
| Cash and cash equivalents as at 31 March | | | | | |
| Cash | | | 1,821,346 | | 1,615,803 |
| | | | ===== | | ===== |

The notes on pages 16 to 29 form part of these financial statements

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

STATEMENT of CHANGES in EQUITY

For the year ended 31 March 2021

| | Share Capital £ | SHA Pension Reserves £ | Revenue Reserves £ | Total Reserves £ |
|---------------------------------|-----------------------|---------------------------------|-----------------------------|-----------------------------|
| Balance at 31 March 2019 | 370 | (3,13,000) | 3,434,751 | 3,122,121 |
| Issue of shares | 16 | - | - | 16 |
| Cancellation of shares | (15) | - | - | (15) |
| Other comprehensive income | - | 237,000 | - | 237,000 |
| Other movements | - | 19,000 | (19,000) | - |
| Surplus for the year | - | - | 199,848 | 199,848 |
| Balance at 31 March 2020 | ----- 371 | ----- (57,000) | ----- 3,615,599 | ----- 3,558,970 |
| Issue of shares | 13 | | | 13 |
| Cancellation of shares | (13) | | | (13) |
| Other comprehensive income | | (268,000) | | (268,000) |
| Other movements | | 54,000 | (54,000) | - |
| Surplus for the year | | | 233,595 | 233,595 |
| Balance at 31 March 2021 | ----- 371 ===== | ----- (271,000) ===== | ----- 3,795,194 ===== | ----- 3,524,565 ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. Principle 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 2018. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 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 11. Impairment reviews are carried out if events or circumstances

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.

| 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 useful economic life 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

NOTES to the FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

1. Principle 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.

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.

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.

1. Principle accounting policies (continued)

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.

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. 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

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

2. Particulars of turnover, operating costs and operating surplus

| | 2021 | | | 2020 | | |
|--|-----------------|------------------------|--------------------------|-----------------|------------------------|--------------------------|
| | Turnover | Operating Costs | Operating Surplus | Turnover | Operating Costs | Operating Surplus |
| | £ | £ | £ | £ | £ | £ |
| Affordable letting activities (note 3) | 2,059,300 | 1,736,374 | 322,926 | 2,041,645 | 1,725,144 | 316,501 |
| Other activities (note 4) | 2,521 | - | 2,521 | 924 | - | 924 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 2,061,821 | 1,736,374 | 325,447 | 2,042,569 | 1,725,144 | 317,425 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

3. Particulars of income and expenditure from affordable letting activities

| | Other £ | 2021 Total £ | 2020 Total £ |
|---|------------|--------------------|--------------------|
| Revenue from lettings | | | |
| Rent receivable net of service charges | 1,676,280 | 1,676,280 | 1,648,310 |
| | ----- | ----- | ----- |
| Gross income from rents and service charges | 1,676,280 | 1,676,280 | 1,648,310 |
| <u>Less:</u> Rent losses from voids | 6,773 | 6,773 | 7,408 |
| <u>Less:</u> Rent losses from voids – unlettable | 3,845 | 3,845 | 217 |
| | ----- | ----- | ----- |
| Net rents receivable | 1,665,662 | 1,665,662 | 1,640,685 |
| Grants released from deferred income | 391,869 | 391,869 | 391,869 |
| Grants from Scottish Ministers | 1,769 | 1,769 | 9,091 |
| | ----- | ----- | ----- |
| Total turnover from affordable letting activities | 2,059,300 | 2,059,300 | 2,041,645 |
| | ----- | ----- | ----- |
| Expenditure on affordable letting activities | | | |
| Management and maintenance administration costs | 600,602 | 600,602 | 608,096 |
| Planned and cyclical maintenance, including major repairs | 248,542 | 248,542 | 220,492 |
| Reactive maintenance costs | 192,402 | 192,402 | 210,656 |
| Bad debts – rents and service charges | 1,412 | 1,412 | 2,693 |
| Depreciation of affordable let properties | 693,416 | 693,416 | 683,207 |
| | ----- | ----- | ----- |
| Operating costs of affordable letting activities | 1,736,374 | 1,736,374 | 1,725,144 |
| | ----- | ----- | ----- |
| Operating surplus on affordable letting activities | 322,926 | 322,926 | 316,501 |
| | ===== | ===== | ===== |
| 2020 | | 316,501 | |
| | | ===== | |

4. Particulars of revenue, operating costs and operating surplus or deficit from other activities

| | Other Revenue Grants £ | Other Income £ | Total Turnover £ | Operating surplus/ (deficit) 2021 £ | Operating surplus/ (deficit) 2020 £ |
|------------------------------------|---------------------------------|----------------------|------------------------|---|---|
| Expired shares retained | - | 13 | 13 | 13 | 15 |
| SFHA Fuel Poverty Grant | 330 | - | 330 | 330 | |
| Other activities | - | 2,178 | 2,178 | 2,178 | 909 |
| | ----- | ----- | ----- | ----- | ----- |
| Total from other activities | 330 | 2,191 | 2,521 | 2,521 | 924 |
| | ===== | ===== | ===== | ===== | ===== |
| 2020 | | | | 924 | |
| | | | | ===== | |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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.

1 officer of the Co-operative received emoluments greater than £60,000.

| | 2021 | 2020 |
|---|-------------|--------|
| | £ | £ |
| Pension contributions made on behalf of officers with emoluments greater than £60,000 | 6,828 | 5,035 |
| | ===== | ===== |
| Emoluments payable to Chief Executive (excluding pension contributions) | 62,712 | 56,578 |
| | ===== | ===== |
| Total emoluments paid to key management personnel | 69,540 | 61,613 |
| | ===== | ===== |

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

| | No. | No. |
|--------------------|------------|------------|
| £60,001 to £70,000 | 1 | 1 |
| | ===== | ===== |

6. Employee

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

| 2021 | 2020 |
|-------------|-------------|
| No. | No. |
| 8 | 8 |
| ===== | ===== |

The average total number of employees employed during the year was

| | |
|----------|----------|
| 9 | 11 |
| ===== | ===== |
| £ | £ |

Staff costs were:

| | | |
|------------------------------------|---------|---------|
| Wages and salaries | 309,780 | 287,359 |
| National insurance costs | 26,986 | 25,367 |
| Other pension costs | 30,187 | 23,668 |
| Temporary, agency & seconded staff | 1,092 | 37,392 |
| Redundancy costs | 7,742 | 5,834 |
| | ----- | ----- |
| | 375,787 | 379,620 |
| | ===== | ===== |

7. Interest payable and similar charges

| | 2021 | 2020 |
|------------------------------|-------------|-------------|
| | £ | £ |
| On bank loans and overdrafts | 94,695 | 117,995 |
| | ===== | ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

| | | |
|---|-------------|---------|
| 8. Surplus for the year | 2021 | 2020 |
| | £ | £ |
| Surplus for the year is stated after charging/(crediting) | | |
| Depreciation – tangible owned fixed assets | 715,429 | 703,337 |
| Auditor’s remuneration – audit services | 7,140 | 6,252 |
| Auditors’ remuneration – other services | 314 | 348 |
| Operating lease rentals – other | 3,510 | 3,494 |
| | ===== | ===== |

| | | |
|--|-------------|-------------|
| 9. Tax on ordinary activities | 2021 | 2020 |
| | £ | £ |
| Analysis of charge in year | | |
| Current tax: | | |
| UK corporation | 902 | 1,788 |
| Adjustments in respect of previous years | - | 203 |
| | ----- | ----- |
| Total current tax | 902 | 1,991 |
| | ===== | ===== |

| | | |
|--|-------------|-------------|
| 10. Other finance/ (income) charges | 2021 | 2020 |
| | £ | £ |
| Net interest on pension obligations | (1,000) | (7,000) |
| | ===== | ===== |

| | | |
|-------------------------------|--|--------------|
| | Housing properties held for letting | Total |
| | £ | £ |
| 11. Non-current assets | | |
| (a) Housing properties | | |
| Cost | | |
| As at 1 April 2020 | 28,396,761 | 28,396,761 |
| Additions | 9,060 | 9,060 |
| Disposals | (7,060) | (7,060) |
| | ----- | ----- |
| As at 31 March 2021 | 28,398,761 | 28,398,761 |
| | ----- | ----- |
| Depreciation | | |
| As at 1 April 2020 | 10,158,954 | 10,158,954 |
| Charge for year | 693,416 | 693,416 |
| Disposals | (7,060) | (7,060) |
| | ----- | ----- |
| As at 31 March 2021 | 10,845,310 | 10,845,310 |
| | ----- | ----- |
| Net book value | | |
| As at 31 March 2021 | 17,553,451 | 17,553,451 |
| | ===== | ===== |
| As at 31 March 2020 | 18,237,807 | 18,237,807 |
| | ===== | ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

11. Non-current assets (continued)

Additions to housing properties include capitalised development administration costs of £Nil (2020: £Nil) and capitalised major repair costs to existing properties of Nil (2020 - Nil).

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

Total expenditure on existing properties in the year amounted to £16,120 (2020 - £1,213,562). The amount capitalised is £9,060 (2020: £810,229) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £9,060 (2020: £810,229) and improvement of Nil (2020: 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 £12,545,686 (2020: £13,054,253).

11(b) Other non-current assets

| | Office Premises £ | Office Furniture & Equipment £ | Playground Equipment £ | White Goods & Fittings £ | Total £ |
|-------------------------------|----------------------------------|---|---------------------------------------|---|--------------------|
| Cost | | | | | |
| As at 1 April 2020 | 311,934 | 86,332 | 40,624 | 13,315 | 452,205 |
| Additions | - | 10,219 | 17,932 | - | 28,151 |
| Disposals | - | - | - | (2,100) | (2,100) |
| | ----- | ----- | ----- | ----- | ----- |
| As at 31 March 2021 | 311,934 | 96,551 | 58,556 | 11,215 | 478,256 |
| | ----- | ----- | ----- | ----- | ----- |
| Aggregate depreciation | | | | | |
| As at 1 April 2020 | 92,228 | 62,803 | 17,220 | 7,020 | 179,271 |
| Charge for year | 6,825 | 8,403 | 4,782 | 2,003 | 22,013 |
| Disposals | - | - | - | (1,988) | (1,988) |
| | ----- | ----- | ----- | ----- | ----- |
| As at 31 March 2021 | 99,053 | 71,206 | 22,002 | 7,035 | 199,296 |
| | ----- | ----- | ----- | ----- | ----- |
| Net book value | | | | | |
| As at 31 March 2021 | 212,881 | 25,345 | 36,554 | 4,180 | 278,960 |
| | ===== | ===== | ===== | ===== | ===== |
| As at 31 March 2020 | 219,706 | 23,529 | 23,404 | 6,295 | 272,934 |
| | ===== | ===== | ===== | ===== | ===== |

12. Commitments under operating leases

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

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| Other | | |
| Not later than one year | 3,475 | 3,518 |
| Later than one year and not later than five years | 5,923 | 6,482 |
| | ===== | ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

| 13. Receivables: Amounts falling due within one year | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| Arrears of rent and service charges | 21,266 | 18,593 |
| <u>Less:</u> Provision for doubtful debts | (7,799) | (6,398) |
| | ----- | ----- |
| Other receivable | 13,467 | 12,195 |
| | 27,821 | 19,808 |
| | ----- | ----- |
| | 41,288 | 32,003 |
| | ===== | ===== |

| 14. Payables: Amounts falling due within one year | 2021 | 2020 |
|--|-------------|-------------|
| | £ | £ |
| Housing loans | 257,113 | 221,855 |
| Trade payables | 23,646 | 56,389 |
| Rent received in advance | 31,624 | 17,352 |
| Corporation tax payable | 902 | 1,788 |
| Other taxation and social security | 8,678 | 6,234 |
| Other payables | 582 | 1,464 |
| Accruals and deferred income | 24,823 | 28,524 |
| | ----- | ----- |
| | 347,368 | 333,606 |
| | ===== | ===== |

| 15. Payables: Amounts falling due after more than one year | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| Liability for past service contributions | | - |
| Housing loans | 3,194,869 | 3,459,859 |
| | ----- | ----- |
| | 3,194,869 | 3,459,859 |
| | ===== | ===== |
| Housing loans | | |
| Amounts due within one year | 257,113 | 221,854 |
| Amounts due in one year or more but less than two years | 258,964 | 226,841 |
| Amounts due in two years or more but less than five years | 758,760 | 712,298 |
| Amounts due in more than five years | 2,177,146 | 2,520,721 |
| | ----- | ----- |
| | 3,451,983 | 3,681,714 |
| | ----- | ----- |
| <u>Less:</u> Amount shown in current liabilities | 257,113 | 221,855 |
| | ----- | ----- |
| | 3,194,869 | 3,459,859 |
| | ===== | ===== |

Housing loans are secured by specific charges on the Co-operative's properties. Loans are repayable at current rates of interest ranging from 0.38% to 1.22%.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

| 16. Statement of cashflows | 2021 | 2020 |
|--|-------------|-----------|
| | £ | £ |
| Reconciliation of surplus for the year to net cash inflow from operating activities | | |
| Surplus for the year | (34,405) | 199,848 |
| Depreciation | 715,429 | 703,337 |
| Non-cash adjustments to pension provisions | 214,000 | (19,000) |
| Amortisation of capital grants | (391,869) | (391,869) |
| Change in debtors | (9,285) | 3,714 |
| Change in creditors | (21,496) | 54,700 |
| Interest receivable | (4,745) | (9,409) |
| Interest payable | 94,695 | 117,995 |
| Share capital written off | (13) | (15) |
| | ----- | ----- |
| Net cash inflow from operating activities | 562,311 | 659,301 |
| | ===== | ===== |

| Analysis of changes in net debt | At 1 April 2020 | Cashflows | Other Changes | At 31 March 2021 |
|--|----------------------------|------------------|--------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 1,615,803 | 205,543 | - | 1,821,346 |
| | ----- | ----- | ----- | ----- |
| | 1,615,803 | 205,543 | | 1,821,346 |
| Debt: Due within one year | (221,854) | 229,732 | (264,990) | (257,113) |
| Debt: Due after more than one year | (3,459,859) | - | 264,990 | (3,194,869) |
| | ----- | ----- | ----- | ----- |
| Net debt | (2,065,910) | 435,275 | - | (1,630,636) |
| | ===== | ===== | ===== | ===== |

| 17. Deferred income | Social Housing Grants | Total |
|------------------------------|--------------------------------------|--------------|
| | £ | £ |
| Social Housing Grants | | |
| As at 1 April 2020 | 19,579,260 | 19,579,260 |
| | ----- | ----- |
| As at 31 March 2021 | 19,579,260 | 19,579,260 |
| | ----- | ----- |
| Amortised | | |
| As at 1 April 2020 | 6,830,148 | 6,830,148 |
| Amortisation in year | 391,869 | 391,869 |
| | ----- | ----- |
| As at 31 March 2021 | 7,222,017 | 7,222,017 |
| | ----- | ----- |
| Net book value | | |
| As at 31 March 2021 | 12,357,243 | 12,357,243 |
| | ===== | ===== |
| As at 31 March 2020 | 12,749,112 | 12,749,112 |
| | ===== | ===== |

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

| | 2021 | 2020 |
|---------------------------------|-------------|------------|
| | £ | £ |
| Amount due within one year | 391,869 | 391,869 |
| Amounts due in one year or more | 11,965,374 | 12,357,243 |
| | ----- | ----- |
| | 12,357,243 | 12,749,112 |
| | ===== | ===== |

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

| | | |
|--|-------------|-------|
| 18. Share capital | 2021 | 2020 |
| | £ | £ |
| Shares at £1 each issued and fully paid | | |
| As at 1 April 2020 | 371 | 370 |
| Issued in year | 13 | 16 |
| Cancelled in year | (13) | (15) |
| | ----- | ----- |
| | 371 | 371 |
| | ===== | ===== |

Each member of the Co-operative holds one share of £1 each. 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.

| | | |
|---|-------------|-------|
| 19. Housing Stock | 2021 | 2020 |
| | No. | No. |
| The number of units of accommodation in management at the year end was: | | |
| General needs housing | 372 | 372 |
| | ----- | ----- |
| | 372 | 372 |
| | ===== | ===== |

20. 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:

| | | |
|--|-------------|-------------|
| | 2021 | 2020 |
| | £ | £ |
| Rent receivable from tenants on the Committee of management and their close family members | 56,606 | 65,856 |
| | ===== | ===== |

At the year-end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £672 (2020: £1,078).

| | | |
|--|-------------|-------------|
| | 2021 | 2020 |
| | No. | No. |
| Members of the Committee of Management who are tenants | 10 | 11 |
| | ===== | ===== |
| Members of the Committee of Management who are local authority employees | 3 | 1 |
| | ===== | ===== |

21. 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.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

22. Committee of Management Member Emoluments

Committee of Management members received £63 (2020: £934) 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.

| 23. Investments | 2021 £ | 2020 £ |
|---------------------|------------------|------------------|
| Short term deposits | 856,809 ===== | 831,187 ===== |

24. Retirement Benefit Obligations

Scottish Housing Association Pension Scheme

The Co-operative participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

At the balance sheet date, there were 7 active member of the scheme employed by the Co-operative. Total pension contributions made by the Co-operative for the year were £80,758. Gross pensionable salaries for the year were £208,912.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Co-operative is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Co-operative to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation for the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward to accounting year-ends for 31 March 2020 to 29 February 2021 inclusive. The liabilities are compared, at the relevant accounting date, with the Co-operative's fair share of the Scheme's total assets to calculate the Co-operative's net deficit or surplus.

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

24. Retirement Benefit Obligations (continued)

| | |
|--|-----------------------------|
| Net pension liability | 2021 £'000 |
| Fair value of employer's assets | 2,367 |
| Present value of scheme liabilities | 2,638 |
| | ----- |
| | (271) |
| | ===== |
| Reconciliation of fair value of employer assets | |
| Opening fair value of employer assets | 2,083 |
| Expected return on assets | 213 |
| Contributions by members | 112 |
| Actuarial gains/(losses) | |
| Estimated benefits paid | (41) |
| | ----- |
| Closing fair value | 2,367 |
| | ===== |
| | 2021 £'000 |
| Opening defined benefit obligation | 2,140 |
| Current service cost | 25 |
| Interest cost | 53 |
| Contributions by members | 30 |
| Actuarial gains | 431 |
| Estimated benefits paid | (41) |
| | ----- |
| Closing defined benefit obligations | 2,638 |
| | ===== |
| Analysis of amount charged to the Statement of Comprehensive Income | |
| Charged to operating costs: | |
| Service cost | 25 |
| | ----- |
| Charged to other finance costs/(income) | 2 |
| Expected return on employer assets | |
| Interest on pension scheme liabilities | 1 |
| | ----- |
| | ----- |
| Net charge to the Statement of Comprehensive Income | 28 |
| | ===== |

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

| 25. SHAPS pension provision | 2021 | 2020 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| As at 1 March 2020 | (57,000) | (313,000) |
| Decrease in provision | (214,000) | 256,000 |
| | ----- | ----- |
| Balance as at 31 March 2021 | (271,000) | (57,000) |
| | ===== | ===== |