

**SCOTTISH VETERANS HOUSING ASSOCIATION
LIMITED**

**ANNUAL REPORT
and
FINANCIAL STATEMENTS**

For the year ended 31 December 2017

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

ANNUAL REPORT and FINANCIAL STATEMENTS

For the year ended 31 December 2017

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SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

Committee of Management

Brigadier G Lowder MBE (Chairman)
Mr J Tweedie FSI BA (Hons) (Vice-Chairman)
Ms S Bomphray
Joanna, Lady Bruntisfield JP (retired January 2017)
Reverend N N Gardner MA BD
Ms E Pelham Burn
Mrs P A Shields
Lieutenant Commander K Conway RD RNR
Major L Shearer
Squadron Leader D Morrison
Mr C Masson

Chief Executive

Group Captain (Retd) P H Cox MA FCMI
53 Canongate, Edinburgh, EH8 8BS
Tel No 0131-556-0091 Fax No 0131-557-8734
E-mail: phil@svronline.org

Treasurers

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

Tel No 0131-558-5800

Auditor

RSM UK AUDIT LLP
Statutory Auditor
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Investment Managers

Rathbones Investment Management Limited
Pier Head
Port of Liverpool Building
Liverpool
L3 1NW

Registration information

Financial Conduct Authority
The Scottish Housing Regulator
Recognised Scottish Charity

Registered Office

53 Canongate
Edinburgh
EH8 8BS

Solicitors

Turcan Connell
Princess Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Balfour & Manson
54-66 Frederick Street
Edinburgh
EH3 6NL

Co-operative and Community Benefit Societies Act 2014
Registered Number 1937 R(s)
Housing (Scotland) Act 2010
Registered Number 180
Charity Number SC012739

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

For the year to 31 December 2017

The Committee of Management present their Annual Report and audited Financial Statements for the year ended 31 December 2017.

ACTIVITIES

The Association is solely and particularly concerned with the management and operation of 3 housing support services, Rosendael in Dundee, Whitefoord House in Edinburgh, Bellrock Close in Glasgow and the provision of 45 affordable rented houses and flats in the same 3 cities. The Association is also responsible for developing and subsequently implementing a strategy to assist with the future housing needs of vulnerable ex-service/merchant marine men and women.

REVIEW OF OPERATIONS

It was another busy year for the Association with all of the mainstream tenancies fully occupied and the residences experiencing a significant upturn in the number of veterans coming through our services for accommodation and support. The increase in referrals is largely down to the extremely good work being carried out by the Head of External Relations and the Voids and Allocations Officers to expand the awareness of the charity both in terms of digital footprint (through things such as Google Ads) and on the ground with over 600 individuals and referral agencies across the UK now receiving regular updates. Of note, it was particularly pleasing to be declared an official referral partner for the Veterans Gateway. The Gateway is a 24 hour online and telephone support service to help the Armed Forces Community.

Whilst demand for housing support services is on the increase there have been proposals tabled for changes to funding to the sector. During 2017 the SVHA Executive/Board have responded to consultation papers and been proactive in engaging with the Scottish Government on matters that may be devolved. The aim is to protect the interests of veterans and the good work already achieved through the Armed Forces Covenant.

There have been a wide range of activities and events for the veterans throughout the year with trips to Buckingham Palace (hosted by the Not Forgotten Association) and Royal Garden Parties being particular highlights. Armed Forces Day Events held at Bellrock Close and Whitefoord House were kindly supported by former Scottish International Footballer, Ally McCoist and personnel from HMS Prince of Wales, respectively. Volunteers from Blackrock joined the veterans in a number of events including organising quiz nights and the creation of vegetable plots and MAST Architects once again chose SVHA as their charity of the year raising funds and awareness through initiatives including a football tournament also attended by members from 4th Battalion, Parachute Regiment.

The major infrastructure development during the year was the refurbishment of the Grampian and Dining Rooms at Rosendael. With the assistance of Malcolm Duffin Design (who had previously advised on the Whitefoord House refurbishment of communal areas in 2009) the well-used but tired areas were transformed into beautiful, functional and welcoming facilities. The project was supported by a number of generous donors including The Wolfson Foundation, ABF The Soldiers' Charity, the Royal Navy and Royal Marines Charity, The Northwood Trust and the Leng Charitable Trust. Our residents were actively involved in the design process and were extremely pleased with the finished product. The new facilities were formally opened by Councillor Bill Campbell, the Depute Lord Provost of Dundee on 29th September at an event attended by many of the key funders who contributed to the project and who were extremely impressed with the refurbishment.

At Whitefoord House works were undertaken to refurbish the communal floor areas and a project undertaken to upgrade the whole site to LED lighting. The improved lighting will reduce the energy consumption and carbon emissions from the site; it was a pay for itself project and will help keep residents and tenants out of fuel poverty. The works which cost £43K in were funded by generous donations received from Blackrock, Queen Mary's Roehampton Trust which were received in Scottish Veterans Residences and granted to Scottish Veterans Housing Association and also a donation from Scottish Veterans Residences.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (continued)

For the year to 31 December 2017

REVIEW OF OPERATIONS (continued)

The housing support services have continued to operate at very good levels of occupancy during 2017, well up on the numbers supported in 2016. Bellrock Close was inspected by the Care Inspectorate during the year and continues to improve now being graded as very good for quality of care and support and good for staffing, management and leadership: a solid improvement year on year as the service establishes itself. Whitefoord House was also inspected during 2017 and rated as very good; as was Rosendael in August 2016. During 2017 a total of 259 veterans of all ages and varying needs received support across the 3 residences with 61 moving into mainstream tenancies, 18 getting employment and 46 undertaking education, training or volunteering.

2018 will be an interesting and challenging year for the Association as the Chief Executive, working with the Head of Quality & Innovation, reviews the delivery models and rolls out the Better Futures Outcome Monitoring System across our services. This will capture better the great work being undertaken with veterans as we prepare for potentially closer working with local commissioners as part of proposed changes to funding.

Key Performance Indicators

The Association reports on its performance against a series of indicators laid out in the Scottish Social Housing Charter. The Association continues to perform strongly compared to the sector averages which is a testament to the hard work of the staff in this small, specialist charity which is benchmarked against much larger providers.

The percentage of residents and tenants satisfied with the overall service is 95.1% and 88.5% for value for money. These are pleasing results given that 161 of the 206 bed-spaces/flats provided are in housing support services with a high turnover of residents moving on to permanent accommodation so include large numbers of new residents who have often not been in the residences long enough to form opinions on these measures. 95.08% were satisfied with the quality of their home and 89.83% were satisfied with the management of the neighbourhood they live in which is again testament to the safety and security of the sites.

100% of the Associations standalone properties meet the Scottish Housing Quality Standard and National Home Energy Rating/Standard Assessment Procedure and 96% already meet (and in most instances exceed) the Energy Efficiency Standards for Social Housing which are not required to be met until 2020. This is a reflection of the investment made by the Association in the quality and energy efficiency of the dwellings and residences.

*(Based on 61 questionnaires from residents/tenants for the Annual Return on the Social Housing Charter 2016/17)

Principal Risks & Uncertainties

The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

The principal risks facing the Association are:

- Government policy
- Welfare reform
- Business continuity and disaster recovery
- Development and growth
- Financial risk management

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (continued)

For the year to 31 December 2017

Governance

The Committee of Management are listed on page 1. The Committee of Management meet quarterly where they are advised by the Chief Executive and Treasurers.

The Chief Executive is in charge of the day to day management of the Association, with the support of the management team and the Treasurers. He advises the Trustees on strategy. The Trustees are ultimately in charge of decision making. The financial systems have an additional level of assurance through the accounting support from the Treasurers.

Statement of the Committee of Management's Responsibilities

Housing Association legislation requires the Committee of Management to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Committee of Management is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Committee of Management is also responsible for taking adequate steps to safeguard the assets of the Association and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Internal Financial Controls

The Committee of Management is responsible for the Association's system of internal financial controls.

The approach adopted by the Committee of Management to provide effective financial controls can be summarised as follows:

- an appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association;
- management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Committee of Management quarterly;
- major business risks and their financial implications are assessed systematically by reference to established criteria;
- the financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Committee of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records;
- the Committee of Management monitors the operation of the internal financial control system by considering regular reports from management and the external auditor and ensures appropriate corrective action is taken to address any reported weaknesses;
- an additional level of assurance is provided by the provision of accounting support from the Treasurers.

The Committee of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial controls as it operated during the year under review. Such a system can provide only reasonable assurance against material misstatement or loss.

Committee of Management

Members of the Committee of Management who have held office during the year and to date are shown on page 1. In accordance with the Association's Rules Emily-Pelham Burn and Sue Bomphray retire in rotation at the Annual General Meeting and offer themselves for re-election.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (continued)

For the year to 31 December 2017

Disclosure of information to the auditor

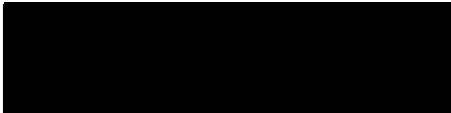
To the knowledge and belief of each of the persons who are members of the Committee of Management at the time the report is approved:

- So far as the Committee members are aware there is no relevant information of which the Association's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of the information.

Auditor

A recommendation will be proposed at the Annual General Meeting to confirm the re-appointment of RSM UK AUDIT LLP as the Association's Auditor for the year commencing 1 January 2018 and to authorise the Committee of Management to fix their remuneration.

Signed on behalf of the Committee of Management



**Brigadier George Lowder MBE
Chairman of the Committee of Management**



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SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

CHAIRMAN'S STATEMENT

For the year ended 31 December 2017

The Committee of Management present their Annual Report and audited Financial Statements for the year ended 31 December 2017.

Chairman's Statement

The Association is solely and particularly concerned with the management and operation of the 3 Houses-in-Multiple Occupation, Rosendael in Glasgow, Whitefoord House in Edinburgh, Bellrock Close in Glasgow and the provision of affordable rented houses and flats in the same 3 cities. The Association is also responsible for developing and subsequently implementing a strategy to assist with the future housing needs of the vulnerable ex-service/merchant marine men and women.

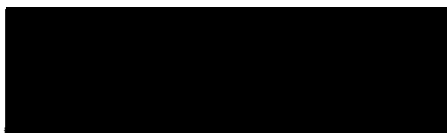
Our supported accommodation at Rosendael and Whitefoord House continue to maintain VERY GOOD ratings with the Care Inspectorate, I am also delighted to report that Bellrock Close is now considered to be delivering a GOOD service with some elements considered VERY GOOD. This reflects exceptionally well on the staff who have worked so very hard to deliver and sustain these standards.

The support we provide to our residents has continued to grow. In 2017 the Housing Association supported over 300 residents which is a 15% increase on the numbers helped in 2016. The number of veterans who left us to live in their own tenancies or supported housing was 61, a reflection of the commitment and perseverance by both staff and the veterans themselves to achieve positive outcomes.

Our modest number of general needs tenancies continue to be almost fully filled. The turnover rate of the properties remains at less than 5% per year which reflects exceptionally well on our tenants' satisfaction with both the quality of our housing and its affordability.

I must publicly acknowledge the work of Lady Bruntisfield who stepped down from the Committee of Management in 2017. Lady Jan has been a great friend to our residents at Whitefoord House and was a strong advocate for issues that concerned them. I thank her for her dedication and commitment and I am delighted that she will continue to visit Whitefoord House and attend the veteran's monthly meetings.

I commend this report to you.



Brigadier G Lowder MBE
Chairman of the Committee of Management



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REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

OF SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

For the year ended 31 December 2017

Opinion

We have audited the financial statements of Scottish Veterans Housing Association (the 'Association') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position and the Statement of Cash Flows and notes to the financial statements, 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 FRS 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 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 – December 2014.

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 relation to which the ISAs (UK) require us to report to you where:

- the Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee is responsible for the other information. 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.

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 requires 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 of the Association; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

OF SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED (continued)

For the year ended 31 December 2017

Responsibilities of the Committee

As explained more fully in the Committee's responsibilities statement set out on page 4, the 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 Committee 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 is 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 Committee either intends 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the Association's members as a body, in accordance with Part 7 of 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.



RSM UK AUDIT LLP
Statutory Auditor
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG



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REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

ON CORPORATE GOVERNANCE MATTERS

For the year ended 31 December 2017

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association'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 of 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 Association'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 Control on page 4 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 enquiry of certain members of the committee of management and officers of the Association and examination of relevant documents.



RSM UK AUDIT LLP
Statutory Auditor
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG



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SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year to 31 December 2017

	Note	2017	2016
		£	£
Turnover	2	3,848,866	3,596,301
Operating expenditure	2	(3,494,165)	(3,332,538)
Operating surplus		354,701	263,763
Interest Receivable		268	898
Surplus before tax	5	354,969	264,661
Taxation	8	-	-
Surplus for the year		354,969	264,661
(Loss)/profit on disposal of investments		(1,645)	13,515
Unrealised profit on investments	9	109,876	83,692
Total comprehensive income for the year		463,200	361,868

There were no discontinued operations during the year. As a consequence, the results relate wholly to continuing activities.

The notes on pages 14 to 22 form part of these financial statements.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

As at 31 December 2017

	Share Capital £	Revenue Reserve £	Total Unrestricted Funds £
Balance at 1 January 2017	15	11,530,209	11,530,224
Surplus from statement of total comprehensive income	-	463,200	463,200
Balance at 31 December 2017	15	11,993,409	11,993,424
Balance at 1 January 2016	14	11,168,341	11,168,355
Surplus from statement of total comprehensive income	1	361,868	361,869
Balance at 31 December 2016	15	11,530,209	11,530,224

The notes on pages 14 to 22 form part of these financial statements.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Investments	9	1,897,784		1,266,147	
Housing properties	10	14,072,273		14,379,384	
Other fixed assets	11	21,751		37,906	
		-----		-----	
			15,991,808		15,683,437
Current assets					
Stocks		1,619		1,619	
Trade and other debtors	12	381,314		338,507	
Cash and cash equivalents	13	1,001,078		894,116	
		-----		-----	
			1,384,011		1,234,242
Creditors: amounts falling due within one year	14	416,622		336,074	
		-----		-----	
Net current assets			967,389		898,168
			-----		-----
Total assets less current liabilities			16,959,197		16,581,605
			-----		-----
Creditors: amounts falling due after more than one year	14	4,965,773		5,051,381	
		-----		-----	
Net assets			11,993,424		11,530,224
		=====	=====		=====
Capital and reserves					
Share capital	15		15		15
Revenue reserves	16	11,993,409		11,530,209	
		-----		-----	
			11,993,424		11,530,224
		=====	=====		=====

Approved and authorised for issue by the Committee of Management and signed on its behalf by:

..... [Redacted] Chairman

..... [Redacted] Vice Chairman

..... [Redacted] Chief Executive

Group Captain P Cox (Retd) MA FCMI

[Redacted] 2018

The notes on pages 14 to 22 form part of these financial statements.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

STATEMENT of CASHFLOWS

For the year ended 31 December 2017

	2017	2016
	£	£
Cash flows from operating activities		
Surplus for the year	354,701	263,763
Government grants utilised in year	(85,607)	(88,929)
Depreciation of tangible fixed assets	307,397	314,573
(Increase)/Decrease in trade and other debtors	(42,807)	42,109
Increase/(Decrease) in trade and other creditors	80,548	(176,352)
Adjustments for investing or financing activities:		
Interest receivable	268	898
	-----	-----
Net cash flow from operating activities	614,500	356,062
	-----	-----
Net cash generated from operating activities	614,500	356,062
	-----	-----
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,522)	(92,278)
Refund of tangible fixed assets	17,391	-
Purchase of investments	(489,048)	(345,106)
Proceeds from sale of investments	106,374	132,214
Increase in funds held by investment managers	(140,733)	(56,876)
	-----	-----
Net change in cash and cash equivalents in the year	106,962	(5,984)
Cash and cash equivalents at the beginning of the year	894,116	900,100
	-----	-----
Cash and cash equivalents at the end of the year	1,001,078	894,116
	=====	=====

The notes on pages 14 to 22 form part of these financial statements.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year to 31 December 2017

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2014" and the Determination of Accounting Requirements 2014.

The presentation currency is £ sterling and the financial statements are rounded to the nearest £.

Legal Status

Scottish Veterans Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No.1937RS and is a registered Scottish charity No.SC012739. Scottish Veterans Housing Association Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity. The registered office is 53 Canongate, Edinburgh, EH8 8BS.

1. Accounting policies

- (a) The financial statements are prepared on the basis of income receivable and expenditure incurred during the year.
- (b) Turnover comprises rental and service charge income receivable in the period and revenue grants receivable in the period.
- (c) The administration expenses other than items of direct cost are allocated on a staff time-cost basis.
- (d) Fixed assets are shown at cost less accumulated depreciation.
- (e) Depreciation and impairment of fixed assets:

Housing properties

Depreciation is provided on a straight line basis over the estimated useful economic lives of component categories.

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	75 years
Roof	50 years
Windows and doors	25 years
Bathrooms	25-30 years
Ensuites	30 years
Kitchens	20-30 years
Boilers	20 years
Lifts	15-20 years
McClaggan Suite	20 years
Electrical system	30 years
Pipework & radiators	15-20 years

Where works to existing housing properties enhance the economic benefit of owning the properties or where a component of the housing property that has been treated separately for depreciation purposes is replaced, the cost of such work is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties. All other works are charged to the statement of comprehensive income when incurred.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

1. Accounting policies continued

Impairment reviews are carried out when there are indicators of impairment. Reviews for indicators of impairment are carried out at each reporting date. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Statement of Comprehensive Income. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Land	-	nil
Equipment	-	10 to 25% per annum - straight line
Computer equipment	-	25% per annum - straight line
Motor vehicles	-	25% per annum - straight line

- (f) Stock is stated at the lower of cost or net realisable value.
- (g) The Association operates a defined contribution pension scheme for certain management staff. The retirement benefits are funded by both employer and employee contributions. The pension contributions are charged to the Statement of Comprehensive Income when payable.
- (h) Housing Association Grant and other Capital grants.
Certain developments have been financed wholly or partly by Housing Association Grant or other Capital grants. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on systematic basis over the useful life of the related housing asset. The Association uses the useful lives of the relevant components that grants were provided for, including structure, to calculate the amortisation.

- (i) Investments have been included at fair value at the balance sheet date. Realised gains and losses are recognised in the Statement of Comprehensive Income in the year in which they arise. Unrealised gains and losses are also recognised in the income and expenditure account in the year in which they arise.
- (j) The Association has a healthy cash position and thus the Committee of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements.
- (k) The Association has basic financial instruments comprising short term debtors, cash and cash equivalents and creditors. These assets and liabilities are initially recorded at cost and in respect of other assets and liabilities at the amount expected to be received or paid.
- (l) In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.
- (m) The members of the management committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

2. Particulars of turnover, operating costs and operating surplus/(deficit)

	Turnover £	Operating Costs £	Operating surplus or (deficit) 2017 £	Operating surplus or (deficit) 2016 £
Affordable letting activities (note 3)	3,706,620	3,335,377	371,243	392,733
Other activities (note 4)	142,246	158,788	(16,542)	(128,970)
Total	3,848,866	3,494,165	354,701	263,763
Total for previous reporting period	3,596,301	3,332,538	263,763	

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Social Housing £	Supported Housing Social Accomm- odation £	2017 Total £	2016 Total £
Turnover				
Rent receivable net of service charges	204,924	3,524,753	3,729,677	3,677,850
Service charges	22,749	-	22,749	22,749
Gross income from rents and service charges	227,673	3,524,753	3,752,426	3,700,599
Less: Voids	(5,912)	(309,489)	(315,401)	(451,062)
Net income from rents and service charges	221,761	3,215,264	3,437,025	3,249,537
Add: Donations				-
Grants released from deferred income	8,841	76,767	85,608	88,927
Other revenue grants	-	183,987	183,987	108,537
Total turnover from social letting activities	230,602	3,476,018	3,706,620	3,447,001
Management and maintenance administration costs	118,377	662,833	781,210	712,484
Services costs	31,153	1,748,085	1,779,238	1,636,058
Planned and cyclical maintenance including major repair costs	11,167	352,805	363,972	241,453
Reactive maintenance costs	24,591	89,385	113,976	113,888
Bad debts - rents and service charges	9,742	(2,480)	7,262	59,955
Depreciation of affordable housing properties	85,152	204,567	289,719	290,430
Operating costs for affordable letting activities	280,182	3,055,195	3,335,377	3,054,268
Operating (deficit)/ surplus for affordable letting activities	(49,580)	420,823	371,243	392,733
Operating surplus for affordable letting activities for previous reporting period	(55,783)	448,516	392,733	

There was no other accommodation other than General Needs Housing and Supported Housing Accommodation.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

4. Particulars of turnover, operating costs and operating surplus or (deficit) from other activities

	Grants from Scottish Ministers £	Other Supporting revenue grants £	Other Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or (deficit) 2017 £	Operating surplus or (deficit) 2016 £
Support activities	-	-	106,600	-	106,600	-	158,788	(52,188)	(163,470)
Care activities	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	35,646	35,646	-	-	35,646	34,500
Total from other activities	-	-	106,600	35,646	142,246	-	158,788	(16,542)	(128,970)
Total from other activities for the previous period of account	-	-	114,800	34,500	149,300	-	278,270	(128,970)	-

There were no other activities other than the activities disclosed above.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

5. Surplus on ordinary activities before taxation	2017	2016
	£	£
Surplus on ordinary activities before taxation is stated after:		
Depreciation	354,969	264,661
Auditor's remuneration for audit services (excluding VAT)	8,000	8,034
	=====	=====

6. Directors' emoluments and interests

Directors are defined as the members of the Committee of Management, the Chief Executive and Secretary and any other person reporting directly to the Chief Executive or the Committee of Management whose total emoluments exceed £60,000 per annum. No emoluments were paid to any member of the Committee of Management during the year.

	2017	2016
	£	£
Emoluments of the Chief Executive (excluding pension contributions)	63,252	61,614
	=====	=====
Pension contribution of the Chief Executive	9,965	9,770
	=====	=====

There were no other directors whose emoluments, excluding pension contributions, were above £60,000 for the year (2016: £Nil).

£293 of expenses were payable to Committee members for out of pocket expenses (2016: £248).

During the year, the senior officers' emoluments (excluding pension contributions) fell within the following band distributions:

	No.	No.
More than £60,000 but not more than £70,000	1	1
	=====	=====

7. Staff costs/employees

	2017	2016
	£	£
Staff costs during the year:		
Salaries and wages	1,435,754	1,371,198
Social security costs	110,136	106,057
Other pension costs	79,961	63,069
	-----	-----
	1,625,851	1,540,324
	=====	=====
	No.	No.
The average monthly number of full time equivalent persons (including key management personnel)		
Managers	12	12
Other	48	47
	-----	-----
	60	59
	=====	=====

The Association operates a defined contributions pension scheme for certain management staff. The assets of the scheme are held separately from those of the Association in an independently administered fund. There was £9,635 of outstanding pension contributions at the year end (2016: £7,227).

Key management personnel are considered to be the Chief Executive, Phil Cox, whose total remuneration for 2017 was £73,217 (2016: £71,384), including pension contributions of £9,965 (2016: £9,770) and the Deputy Chief Executive, George Corbett, whose total remuneration for 2017 was £59,604 (2016: £57,703) including pension contributions of £11,285 (2016: £7,200).

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

8. Taxation

Scottish Veterans Housing Association Limited is a registered charity, Scottish Charity Number SCO12739, and is not liable to income tax on its income under s478 to s489 CTA 2010.

9. Investments	2017	2016
	£	£
Quoted Investments	1,679,257	1,188,353
Cash held as part of portfolio	218,527	77,794
	-----	-----
	1,897,784	1,266,147
	=====	=====
Fair value		
Opening balance at 1 January 2017	1,188,353	878,252
Additions	489,048	345,106
Disposals at market value	(108,020)	(118,697)
Change in net unrealised losses	109,876	83,692
	-----	-----
Fair value at 31 December 2017	1,679,257	1,188,353
	=====	=====

10. Tangible fixed assets – Housing Properties

	2017	2016
	Total	Total
	£	£
Property rehabilitation and development		
Cost at 1 January 2017	17,313,704	17,255,154
Expenditure during the year	-	70,442
Disposal	(17,391)	(11,892)
	-----	-----
Cost at 31 December 2017	17,296,313	17,313,704
	=====	=====
Depreciation		
At 1 January 2017	2,934,320	2,655,782
Charge for year	289,720	290,430
Depreciation on disposals	-	(11,892)
	-----	-----
At 31 December 2017	3,224,040	2,934,320
	=====	=====
Net depreciated cost	14,072,273	14,379,384
	=====	=====
Net book value at 31 December 2017	14,072,273	14,379,384
	=====	=====
Net book value at 31 December 2016	14,379,384	
	=====	

	Units in Management	
	2017	2016
	No.	No.
The number of units of accommodation in management were as follows:		
General Needs Housing	47	47
Supported Housing Accommodation	159	161
	=====	=====

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

10. Tangible fixed assets – Housing Properties (continued)

Total major repairs costs to existing properties during the year were £203,925 (2016: £115,941) of which £Nil (2016: £70,442) was capitalised.

11. Tangible fixed assets - Other	Motor Vehicle	Equipment	Garden Room	2017 Total	2016 Total
	£	£	£	£	£
Cost at 1 January 2017	5,500	560,960	8,985	575,445	553,609
Additions	-	1,522	-	1,522	21,836
Cost at 31 December 2017	5,500	562,482	8,985	576,967	575,445
<u>Less: Depreciation</u>					
At 1 January 2017	5,500	531,589	450	537,539	513,396
Charge for year	-	16,779	898	17,677	24,143
At 31 December 2017	5,500	548,368	1,348	555,216	537,539
Net book value at 31 December 2017	-	14,114	7,637	21,751	37,906
Net book value at 31 December 2016	-	29,371	8,535		

12. Debtors

	2017	2016
	£	£
Rental arrears	398,796	405,256
Doubtful debt provision	(90,031)	(124,094)
	308,765	281,162
Sundry debtors and prepayments	23,555	35,543
Amount due from associated charity	48,994	21,802
	381,314	338,507

13. Cash and cash equivalents

	At 1 January 2017	Movement in year	At 31 December 2017
	£	£	£
Cash at bank and in hand	894,116	106,962	1,001,078

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

14. Creditors	2017	2016
	£	£
Amounts falling due within one year:		
Rent prepaid	115,658	108,267
Sundry creditors and accruals	179,483	109,648
Other taxes and social security	35,874	32,552
Deferred Housing Association Grant	85,607	85,607
	-----	-----
	416,622	336,074
	=====	=====
Amounts falling due after one year:		
Deferred Housing Association Grant	4,965,773	5,051,381
	=====	=====
	2017	2016
	£	£
Deferred Housing Association Grant		
Due within one year	85,607	85,607
Due between one and two years	171,214	181,171
Due between three and five years	256,821	266,778
Due after 5 years	4,537,738	4,603,432
	-----	-----
	5,051,380	5,136,988
Less: included in current liabilities above	(85,607)	(85,607)
	-----	-----
	4,965,773	5,051,381
	=====	=====
15. Share capital	2017	2016
	£	£
Shares of £1 each issued and fully paid:		
At 1 January 2017	15	14
Issued	-	1
	-----	-----
At 31 December 2017	15	15
	=====	=====
The shares carry no rights to interest or dividend and are neither withdrawable nor transferable.		
16. Revenue reserves	2017	2016
	£	£
Balance at 1 January 2017	11,530,209	11,168,341
Surplus for the year	463,200	361,868
	-----	-----
Balance at 31 December 2017	11,993,409	11,530,209
	=====	=====

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2017

17. Financial instruments	2017	2016
	£	£
Financial assets		
Financial assets measured at amortised costs	357,784	326,264
Financial assets measured at fair value	1,897,784	1,266,147
	-----	-----
Balance at 31 December 2017	2,255,568	1,592,411
	=====	=====
Financial liabilities		
Financial liabilities measured at amortised costs	304,942	218,250
	-----	-----
Balance at 31 December 2017	304,492	218,250
	=====	=====

Financial assets measured at amortised cost comprise rental arrears, sundry debtors and amount due from associated charity.

Financial assets measured at fair value comprise investments.

Financial liabilities measured at amortised cost comprise trade creditors, sundry creditors and rent prepaid.

18. Associated charity and related parties

The Associated charity referred to in the financial statements is the Scottish Veterans Residences, a related party due to some members of the Committee of Management also being Trustees of the charity. The balance due from the charity within one year at 31 December 2017 (as stated in note 12) was £48,994 (2016: £21,802). During the year a grant of £183,837 (2016: £108,537) was received from the charity of which £162,156 (2016: £78,545) related to development and similar work and £21,681 (2016: £29,992) for other purposes. During the year a recharge of staff costs was made to Scottish Veterans Residences of £50,468 (2016: £51,875). No tenants are members of the Committee of Management.