

SCOTTISH VETERANS RESIDENCES
(formerly Scottish Veterans Housing Association)

**ANNUAL REPORT
and
FINANCIAL STATEMENTS**

For the year ended 31 December 2019

SCOTTISH VETERANS RESIDENCES

ANNUAL REPORT and FINANCIAL STATEMENTS

For the year ended 31 December 2019

Contents	Page
Reference and administration	1
Report of the Governing Body	2 – 7
Chairman's statement	8
Independent auditor's report	9 - 10
Report of the auditor to the Governing Body on corporate governance matters	11
Statement of comprehensive income	12
Statement of changes in capital and reserves	13
Statement of financial position	14
Statement of cash flows	15
Notes to the financial statements	16 - 28

SCOTTISH VETERANS RESIDENCES

Governing Body

Brigadier (Retd) G Lowder MBE (Chairman)
Mr J Tweedie FSI BA (Hons) (Vice-Chairman)
Ms S Bomphray
Reverend N N Gardner MA BD
Mrs P A Shields
Lieutenant Commander K Conway RD RNR
Squadron Leader D Morrison
Mr C Masson
Major R Laing
Tony Jones (appointed 6th September 2019)
Richard Edlmann (appointed 6th September 2019)
Troy Johnson (appointed 6th September 2019)

Chief Executive

Brigadier (Retd) Martin N Nadin OBE
53 Canongate, Edinburgh, EH8 8BS
Tel No 0131-556-0091 Fax No 0131-557-8734
E-mail: ceo@svronline.org

Treasurers

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

Tel No 0131-558-5800

Auditor

RSM UK AUDIT LLP
Statutory Auditor
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

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
56-66 Frederick Street
Edinburgh
EH3 6NL

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY

For the year to 31 December 2019

The Governing Body presents its Annual Report and audited Financial Statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

SVR is solely and particularly concerned with the management and operation of three housing support services for military veterans and former members of the Merchant Marine; Rosendael in Dundee, Whitefoord House in Edinburgh and Bellrock Close in Glasgow, and the provision of 45 Scottish Secure Tenancy, affordably rented houses and flats in the same three cities. SVR is also responsible for developing and implementing a strategy to assist with the future housing needs of the vulnerable ex-service/Merchant Marine personnel.

SVR is a Registered Social Landlord and is regulated principally by the Scottish Housing Regulator (SHR), the Care Inspectorate and the Office of the Scottish Charity Regulator. It is a member of Veterans Scotland and the Confederation of Service Charities, individually and collectively helping to shape policy and legislation affecting veterans. In Scotland, SVR is a member of the Scottish Federation of Housing Associations, and the Scottish Housing Network, it liaises with the Cross Party Group of the Scottish Parliament for Armed Forces and the Veterans Community, the Scottish Veterans Commissioner and the Veterans Minister to identify and address key issues affecting veterans.

REVIEW OF OPERATIONS

Overview.

Brigadier (Retired) Martin Nadin OBE became the Chief Executive in September 2018 and the senior management of SVR has remained unchanged since then. 2019 was a very significant year for the SVR:

- Scottish Veterans' Residences and Scottish Veterans' Housing Association merged to become a single charity under the name Scottish Veterans Residences. The merger and changes to the Charity's governance structure is commented on later in the report.
- It was the first year that the Governing Body was required to submit an Annual Assurance Statement, in addition to its Annual Report on the Scottish Social Housing Charter, to the SHR. This too, is addressed later in the report.
- Following significant internal and external consultation, SVR published its strategy. The strategy describes the Why, What and How of the support provided by SVR. In its development, the period 2019 – 2050 was considered as a truly generational review was considered necessary. The activity required in support of the strategy has been divided into Near (2019 – 24); Medium (2025 – 34); and Long Terms (2035 – 50).

Occupancy Levels.

The 45 Scottish Secure Tenancies have remained almost continuously occupied throughout the year. When vacancies have occurred, there have been multiple applications. Tenancy turnover remains low with only 1 or 2 properties becoming vacant annually. This reflects the excellent value for money of our tenancies and the reactive and planned maintenance provided, which continues to exceed the standards set by the Scottish Housing Regulator. We plan to refurbish a number of tenancy bathrooms and kitchens during 2020 and have made provision in the budget to do so.

Occupancy of the Residences was more changeable, with void levels slightly higher than the 10% budgetary and sector appropriate target, during several months. This was counterbalanced by some particularly high occupancy levels at other times. Overall, we provided housing support services for 240 veterans during 2019, the same number as 2018. Our Voids & Allocations Officers have contact with around 700 different individuals and agencies on a weekly basis to make them aware of the vacancies and services offered by SVR. Additionally, the Chief Executive visited a number of Local Authority Armed Forces and Veterans Champions and associated housing staff, to brief them on SVR and the services available. During the coming year, we are developing an engagement plan with the 18 Local Authorities that over the previous 10 years, have had the highest numbers of homeless Veterans. We have continued to receive referrals and contacts as a Referral Partner of the Veterans Gateway.

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY (continued)

For the year to 31 December 2019

REVIEW OF OPERATIONS (continued)

Activities.

In addition to the housing support services offered to Veterans in the residences, a wide range of activities and opportunities continue to be made available. Building on our successful veteran-led art club at Bellrock Close, which continues to be generously funded by Glasgow City Council Area Partnerships, we were able to secure funding from the Scottish Veterans Fund to establish clubs at Rosendael and Whitefoord House; all of which are flourishing and revealing the hidden artistic talent of many of the Residents.

After the initial trial and success in 2018, Residents from all 3 Residences are now able to undertake a week's adventurous outdoor activities at Gulabin Outdoor Centre. This has become a regular and sought-after activity, providing a tremendous opportunity for confidence building, camaraderie and peer to peer support. We are grateful to the Royal Caledonian Ball Trust and Scott (Eredine) Trust for their continued support of these activity weeks.

We have been keen to promote healthy lives and lifestyles for our Residents. We were able to secure a grant from Cycling Scotland, which has allowed us to purchase cycles and cycling equipment for the three Residences.

Once again, a number of Residents and support staff were able to attend a Buckingham Palace Garden Party as guests of the Not Forgotten Association. Other Residents and staff attended a Reception attended by the Princess Royal and hosted by the Royal Caledonian Ball Trust at The Archers' Hall, Edinburgh. The Residences all held, or participated in, local Armed Forces Day Events.

Property Development and Maintenance.

The fire alarm systems at Rosendael and Whitefoord House were upgraded, partially funded through the generosity of the Queen Mary's Roehampton Trust. Both Residences also had their warden call systems modernised, significantly improving communication between Residents and support staff. A number of general maintenance projects were undertaken at Rosendael as part of House in Multiple Occupancy licencing.

On 11 December 2019, the Lord Provost of the City of Edinburgh officially opened the re-furbished Whitefoord House Dining Room. This was the culmination of a 5-month refurbishment project which included the installation of a bespoke servery, new furniture and redecoration. The redecoration included some magnificent photographs taken by Teresa Geissler, of a number of Residents, which now occupy pride of place within the Dining Room. The refurbishment was made possible through funding from ABF The Soldiers' Charity; BlackRock UK; RAF Benevolent Fund; Trinity House; Poppyscotland; The MacRobert Trust; and Queensberry House Trust, for which we were extremely grateful.

Quality.

Our Residences continue to provide high quality support. Whitefoord House and Rosendael are each graded by the Care Inspectorate as VERY GOOD in 3 areas and GOOD in 2 areas. Bellrock Close also received a VERY GOOD Grade and 2 GOOD Grades. We have recognised that since our last inspections, Health and Social Care standards have been updated and operate within a new quality framework to support the Care Inspectorate's scrutiny of regulated services.

Living Wage Employer.

Following a submission from the Chief Executive, the Governing Body was pleased to direct that as an employer, we wished to ensure all our employees received a fair salary. Following an application to Living Wage Scotland, we were accredited as a Living Wage employer on 15 March 2019.

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY (continued)

For the year to 31 December 2019

GOVERNANCE (continued)

Merger

Following unanimous decisions made by the Trustees of Scottish Veterans' Residences (SVR) and the Committee of Management of Scottish Veterans Housing Association (SVHA) on 7 December 2018, it was decided to merge the two Charities into a single entity, subject to the approval of the appropriate regulators. Approval having been achieved, the single charitable entity came into effect on 1 July 2019 with the transfer of engagements from SVR to SVHA for £nil consideration (as detailed in note 19). On the same date, SVHA changed its name to Scottish Veterans Residences. The principal reasons for undertaking the merger were:

- To improve corporate governance;
- To streamline and achieve greater efficiency in business processes;
- To achieve better organisational and financial resilience; and
- To be able to play a stronger and more supportive role within the social housing and Veterans' sectors.

Organisation.

Responsibility and accountability for SVR is now vested in its Governing Body. This consists of the former Trustees of SVR and the former Committee Members of SVHA, which with the ex-officio members from the three Armed Services and the Merchant Marine completes a Governing Body of 13 Members. The Governing Body has delegated authority to 3 Sub-Committees for the governance of specific business areas:

- Audit and Risk Committee;
- Investment, Remuneration and Finance Committee; and
- Quality Committee.

Adoption of this governance architecture, the programmed meeting cycle and improved business processes have resulted in the Governing Body being able to focus on key strategic issues, oversee and apply judgement more effectively, and with greater assurance to the entirety of SVR's activity, and provide the necessary assurances to regulators and those we support. The last aspect of being able to provide assurance to regulators is particularly germane to the SHR and the Governing Body's requirement to submit an Annual Assurance Statement (AAS) that SVR complies with the relevant requirements of its regulatory framework.

The Governing Body submitted its first AAS as required by 31 October 2019. This confirmed compliance with caveats to the regulatory framework. The AAS was supported by an action plan setting out the actions required to achieve full compliance. The actions required are on track to be completed, which if the other areas remain compliant, will allow the Governing Body to submit an un-caveated AAS in 2020.

The Governing Body has recognised that it would be helped in reaching an objective and evidence-based judgement on compliance if it had access to independent assurance. Consequently, it has authorised the Chief Executive to tender for an internal audit service delivered by an external provider, to commence during 2020. This will deliver 15 days of annual audit activity.

Governing Body Members.

The Governing Body recognises that four of its Members have served for over 9 years. It is content with this. All four Members wish to remain actively supporting SVR; all fulfil their roles voluntarily with none being remunerated as Members of the Governing Body; all have competencies and experience that SVR finds extremely useful and could not easily be replaced; and all four continue to add significant value through their membership.

Reserves.

The Members of the Governing Body have reviewed the reserves of SVR. Reserves will continue to be invested within a risk spectrum recommended by the Investment, Remuneration and Finance Committee and agreed by the Governing Body. The review examined the nature of income and expenditure streams and the need to ensure the availability of reserves to meet future demands. The Governing Body concluded that the level of reserves is appropriate to support the current level of work undertaken by the organisation and that it should retain sufficient financial reserve for a twelve-month period, in the event of

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY (continued)

For the year to 31 December 2019

GOVERNANCE (continued)

Reserves. (continued)

a catastrophic reduction in funding. To this end it has set aside:

- £5m as a contingency should significant structural repairs or maintenance be required to our aged listed buildings of Rosendael and Whitefoord House, or for a significant increase in demand to accommodate Veterans;
- £1.7m to provide 12 months staff salaries; and
- £2m to provide 12 months operating costs.

The above amounts set aside have not been recognised in the financial statements and are held within revenue reserves and are internal reserves monitored by the Governing Body.

In addition, the Governing Body has authorised the creation of a special purpose reserve to mitigate the potential costs of reducing the organisation's carbon emissions and establishing a more sustainable footprint in line with expected legislation/regulation.

Key Performance Indicators*

SVR reports on its performance against a series of indicators defined in the Scottish Social Housing Charter. Despite a busy year in terms of activity, SVR continued to perform well. This was the first year that we employed a provider to undertake face to face interviews with our Residents and Tenants, rather than distribute questionnaires for completion. This has resulted in a significant increase in responses, rising from 40.7% in the previous year to 70% in this year's survey.

The percentage of residents and tenants satisfied with the overall service is 80.9% and 75.6% for value for money. These results are a slight reduction on the previous year and this is partly due to residents transitioning more quickly through the services therefore not staying long enough to formulate any strong opinions. SVR recognises the need to improve continually. As part of that process, each Residence holds quarterly meetings for Residents, chaired by a member of the Governing Body. The Chief Executive also meets with the Bellrock Close Tenants every 6 months, and at their request every 3 months with the Gilmerton and Whitefoord House Tenants, for open discussion to address their desire to be more informed and involved in the decision-making process.

91.18% of tenants were satisfied with the quality of their home. 100% of SVR's general use properties meet the Scottish Housing Quality Standard and National Home Energy Rating/Standard Assessment Procedure. 98% meet or, in most instances, exceed the Energy Efficiency Standards for Social Housing, which is required to be met by 2020.

*(Based on 136 interviews of residents/tenants for the Annual Return on the Social Housing Charter 2018/19.)

Principal Risks & Uncertainties

SVR 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 Charity are:

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

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY (continued)

For the year to 31 December 2019

Principal Risks & Uncertainties (continued)

The Coronavirus Pandemic poses potential significant risks to SVR, principally financial, maintenance of service delivery and the health of residents and employees. The Governing Body considers these risks are adequately mitigated through the following circumstances and measures:

- The significant majority of our income is being maintained through payment of Universal Credit, consequently we are able to maintain cash flow;
- We are able to maintain most aspects of service provision through adjustments to practise and adherence to physical distancing; and
- Residents and employees are following the Government's advice regarding preventative measures, we use PPE appropriately, and have due regard to signs and symptoms of the disease and react accordingly.

Governance

The Governing Body are listed on page 1. The Governing Body 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 SVR, with the support of the management team and the Treasurers. He advises the Governing Body on strategy. The Governing Body are ultimately responsible for decision making. The financial systems have an additional level of assurance through the accounting support from the Treasurers.

Statement of the Governing Body's Responsibilities

Housing Association legislation requires the Governing Body to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing those financial statements the Governing Body 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 Charity will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Charity.

The Governing Body is also responsible for taking adequate steps to safeguard the assets of the Charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Internal Financial Controls

The Governing Body is responsible for the Charity's system of internal financial controls.

The approach adopted by the Governing Body 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 Charity;
- 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 Governing Body 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 Governing Body for decision, segregation of duties in appropriate areas and physical controls over assets and access to records;
- the Governing Body 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;

SCOTTISH VETERANS RESIDENCES

REPORT OF THE GOVERNING BODY (continued)

For the year to 31 December 2019

Internal Financial Controls (continued)

- an additional level of assurance is provided by the provision of accounting support from the Treasurers.

The Governing Body confirms that it has reviewed the effectiveness of the Charity'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.

Governing Body

Members of the Governing Body who have held office during the year and to date are shown on page 1. In accordance with the Charity's Rules, Reverend N N Gardner retires in rotation at the Annual General Meeting and offer themselves for re-election.

Disclosure of information to the auditor

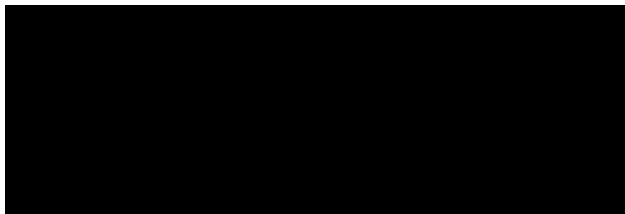
To the knowledge and belief of each of the persons who are members of the Governing Body at the time the report is approved:

- So far as the Governing Body members are aware there is no relevant information of which the Charity's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a member of the Governing Body in order to make himself/herself aware of any relevant audit information and to establish that the Charity'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 Charity's Auditor for the year commencing 1 January 2020 and to authorise the Governing Body to fix their remuneration.

Signed on behalf of the Governing Body



Chairman of the Governing Body

26 June 2020

SCOTTISH VETERANS RESIDENCES

CHAIRMAN'S STATEMENT

For the year to 31 December 2019

The Governing Body presents their Annual Report and audited Financial Statements for the year ended 31 December 2019.

Chairman's Report

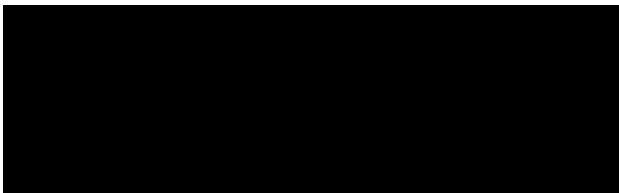
Much has been achieved by Scottish Veterans Residences this year. We have successfully merged the charity, Scottish Veterans' Residences, into Scottish Veterans' Housing Association, which has subsequently changed its name to Scottish Veterans Residences, to become a single charitable housing association; we have researched, consulted and published our strategy; and we have adopted a governance structure that is already demonstrating it provides for greater assurance, and allows the Governing Body better insights into the health and functioning of the Charity. We remain a Registered Social Landlord and continue to provide supported and general housing in Broughty Ferry, Edinburgh and Glasgow.

One of the key benefits and reasons that was identified for the merger, was the greater organisational and financial resilience it would bring. In these wholly exceptional times, so this has proven to be. Despite the many challenges associated with the coronavirus pandemic, I am confident that Scottish Veterans Residences will weather the storm and continue to support our Tenants and Residents with high quality service delivery.

Delivering and maintaining our services does not happen automatically. It is due to the dedication, innovation and commitment of our staff, who continue to go 'the extra mile' on behalf of those the Charity supports. On behalf of the Governing Body, I want publicly to recognise and congratulate them for their effort and endeavour, throughout the previous year.

This report confirms that Scottish Veterans Residences is in a very strong position structurally, organisationally and financially to be able to respond positively to the challenges it will face, particularly in the short term, but also in the mid and longer terms. I am confident we will emerge from the current public health crisis able to continue to play a strong and supportive role within the social housing and Veterans' sectors.

I commend this report to you.



Chairman of the Governing Body

26 June 2020

REPORT OF THE AUDITOR TO THE GOVERNING BODY

OF SCOTTISH VETERANS RESIDENCES

For the year ended 31 December 2020

Opinion

We have audited the financial statements of Scottish Veterans Residences (the 'Charity') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cashflows, 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 Charity's affairs as at 31 December 2019 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 – February 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 Charity 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 Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity'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 Governing Body 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.

REPORT OF THE AUDITOR TO THE GOVERNING BODY

OF SCOTTISH VETERANS RESIDENCES (continued)

For the year ended 31 December 2019

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 Charity has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Charity; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the Statement of the Governing Body's Responsibilities, the Governing Body 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 Governing Body 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 Governing Body is responsible for assessing the Charity'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 Charity 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.

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Statutory Auditor
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

30 June 2020

REPORT OF THE AUDITOR TO THE GOVERNING BODY

ON CORPORATE GOVERNANCE MATTERS

For the year ended 31 December 2019

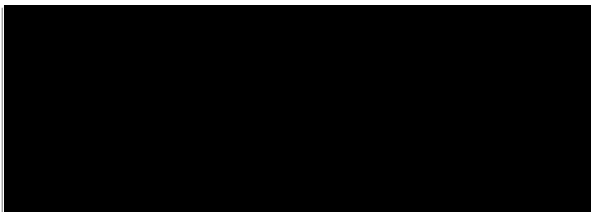
In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Charity's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements of corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Governing Body and officers of the Charity and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Charity'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 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.



**Statutory Auditor
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG**

30 June 2020

SCOTTISH VETERANS RESIDENCES

STATEMENT OF COMPREHENSIVE INCOME

For the year to 31 December 2019

	Note	2019 £	2018 £
Turnover	2	3,845,784	3,609,882
Operating expenditure	2	(3,832,968)	(3,662,891)
Operating (deficit)/surplus		12,816	(53,009)
Interest receivable		1,812	1,027
Investment Income		113,053	51,076
Donation of net assets on merger with SVR charity	19	4,997,729	-
Surplus/(deficit) before tax	5	5,125,410	(906)
Taxation	8	-	-
Surplus/(deficit) for the year		5,125,410	(906)
Gain/(Loss) on disposal of investments		45,657	(2,944)
Unrealised profit/(loss) on investments	9	438,957	(198,347)
Total comprehensive income for the year		<u>5,610,024</u>	<u>(202,197)</u>

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

The notes on pages 16 to 27 form part of these financial statements.

SCOTTISH VETERANS RESIDENCES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

As at 31 December 2019

	Share Capital £	Revenue Reserve £	Restricted Funds £	Total Funds £
Balance at 1 January 2019	9	11,791,212	-	11,791,221
Surplus from statement of total Comprehensive income	-	5,530,784	79,240	5,610,024
Shares issued/(cancelled)	3	-	-	3
Balance at 31 December 2019	12	17,321,996	79,240	17,401,248
	=====	=====	=====	=====
Balance at 1 January 2018	15	11,993,409	-	11,993,424
(Deficit) from statement of total comprehensive income	-	(202,197)	-	(202,197)
Shares issued/(cancelled)	(6)	-	-	(6)
Balance at 31 December 2018	9	11,791,212	-	11,791,221
	=====	=====	=====	=====

The notes on pages 16 to 28 form part of these financial statements.

SCOTTISH VETERANS RESIDENCES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Investments	9	7,735,233		2,234,154	
Housing properties	10	13,495,233		13,782,553	
Other fixed assets	11	276,490		18,018	
			21,506,956		16,034,725
Current assets					
Trade and other debtors	12	286,701		343,756	
Cash and cash equivalents	13	795,542		678,394	
			1,082,243		1,022,150
Creditors: amounts falling due within one year	14	393,391		385,487	
Net current assets			688,852		636,663
Total assets less current liabilities			22,195,808		16,671,388
Creditors: amounts falling due after more than one year	14		4,794,560		4,880,167
Net assets			17,401,248		11,791,221
Capital and reserves					
Share capital	15		12		9
Revenue reserves	16		17,321,996		11,791,212
Restricted reserves	17		79,240		-
			17,401,248		11,791,221

Approved and authorised for issue by the Governing Body and signed on its behalf by:

[Redacted Signature]

Chairman

[Redacted Signature]

[Redacted Signature]

ice Chairman

[Redacted Signature]

Chief Executive

[Redacted Signature]

Company Secretary

26 June 2020

The notes on pages 16 to 28 form part of these financial statements.

SCOTTISH VETERANS RESIDENCES

STATEMENT of CASHFLOWS

For the year ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities		
Surplus/(deficit) for the year	5,125,410	(906)
Interest received	(1,812)	(1,027)
Investment income	(113,053)	(51,076)
Donation of net assets on merger with SVR charity	(4,997,729)	-
Government grants utilised in year	(85,608)	(85,607)
Depreciation of tangible fixed assets	298,559	300,960
Movement in stock	-	1,619
Movement in share capital	3	(6)
Decrease in trade and other debtors	57,055	37,558
Increase/(decrease) in trade and other creditors	7,904	(31,135)
	-----	-----
Net cash flow from operating activities	290,729	221,456
	-----	-----
Net cash generated from operating activities	290,729	221,456
	-----	-----
Cash flows from investing activities		
Purchase of tangible fixed assets	(269,711)	(7,507)
Purchase of investments	(609,696)	(773,923)
Proceeds from sale of investments	456,928	198,874
(Increase)/decrease in funds held by investment managers	(294,378)	37,389
Interest received	1,812	1,027
Investment income	113,053	51,076
Transfer on merger with SVR charity	428,411	-
	-----	-----
Net cash flow from investing activities	(173,581)	(544,140)
	-----	-----
Net change in cash and cash equivalents in the year	117,148	(322,684)
Cash and cash equivalents at the beginning of the year	678,394	1,001,078
	-----	-----
Cash and cash equivalents at the end of the year	795,542	678,394
	=====	=====

Reconciliation of cash and cash equivalents

	2018	Cash flows	2019
	£	£	£
Cash and cash equivalents	678,394	117,148	795,542
	-----	-----	-----
Total	678,394	117,148	795,542
	=====	=====	=====

There is no debt and consequently a reconciliation of net debt is not required.

The notes on pages 16 to 28 form part of these financial statements.

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS

For the year to 31 December 2019

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for Social Housing Providers 2018 and the Determination of Accounting Requirements 2019.

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

Legal Status

Scottish Veterans Residences is registered under the Co-operative and Community Benefit Societies Act 2014 No.1937RS and is a registered Scottish charity No.SC012739. Scottish Veterans Residences is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Charity is the provision of social housing and thus the Charity 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 historical cost basis, modified to include certain instruments at fair value.
- (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. In accordance with the RSL SORP, housing properties are held as property, plant and equipment rather than investment property as the properties are held to fulfil a social housing need.
- (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
Land is not depreciated	

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 RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

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:

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 Charity 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) Social Housing Grant (SHG) is receivable in respect of qualifying development costs as determined by Communities Scotland from time to time. SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the 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 Charity 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 being their quoted market price, 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 Governing Body has reviewed detailed budgets and cashflow forecasts up to 31 December 2021. This has included consideration of any potential impact of COVID-19. From a financial perspective COVID-19 is not expected to significantly impact the Charity, as a significant majority of the Charity's income is being maintained through payment of Universal Credit and consequently cashflow has not been, and is not expected to be, significantly adversely affected. The Charity has a healthy cash position and the investments are readily available to convert to cash if required and thus the Governing Body is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Governing Body therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.
- (k) The Charity 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 Governing Body members 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 RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

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

2019	Turnover	Operating Costs	Operating surplus or (deficit) 2019
	£	£	£
Affordable letting activities (note 3)	3,636,980	3,660,883	(23,903)
Other activities (note 4)	208,804	172,085	36,719
	=====	=====	=====
Total	3,845,784	3,832,968	12,816
	=====	=====	=====

2018	Turnover	Operating Costs	Operating surplus or (deficit) 2018
	£	£	£
Affordable letting activities (note 3)	3,500,691	3,502,680	(1,989)
Other activities (note 4)	109,191	160,211	(51,020)
	=====	=====	=====
Total	3,609,882	3,662,891	(53,009)
	=====	=====	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

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

2019	General Needs Social Housing £	Supported Housing Social Accomm- odation £	2019 Total £
Turnover			
Rent receivable net of service charges	206,671	3,783,289	3,989,960
Service charges	22,694	-	22,694
	-----	-----	-----
Gross income from rents and service charges	229,365	3,783,289	4,012,654
Less: Voids	(12,200)	(464,257)	(476,457)
	-----	-----	-----
Net income from rents and service charges	217,165	3,319,032	3,536,197
Add: Donations			
Grants released from deferred income	8,841	76,766	85,607
Other revenue grants	-	15,176	15,176
	-----	-----	-----
Total turnover from social letting activities	226,006	3,410,974	3,636,980
	-----	-----	-----
Management and maintenance administration costs	82,214	825,891	908,105
Services costs	34,655	1,958,438	1,993,093
Planned and cyclical maintenance including major repair costs	41,341	264,370	305,711
Reactive maintenance costs	25,614	111,711	137,325
Bad debts - rents and service charges	(708)	30,038	29,330
Depreciation of affordable housing properties	82,752	204,567	287,319
	-----	-----	-----
Operating costs for affordable letting activities	265,868	3,395,015	3,660,883
	-----	-----	-----
Operating (deficit)/ surplus for affordable letting activities	(39,862)	15,959	(23,903)
	=====	=====	=====

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

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

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

2018	General Needs Social Housing £	Supported Housing Social Accom- modation £	2018 Total £
Turnover			
Rent receivable net of service charges	200,262	3,611,376	3,811,638
Service charges	21,990	-	21,990
	-----	-----	-----
Gross income from rents and service charges	222,252	3,611,376	3,833,628
Less: Voids	(5,892)	(467,597)	(473,489)
	-----	-----	-----
Net income from rents and service charges	216,360	3,143,779	3,360,139
Add: Donations			
Grants released from deferred income	8,841	76,766	85,607
Other revenue grants	-	54,945	54,945
	-----	-----	-----
Total turnover from social letting activities	225,201	3,275,490	3,500,691
	-----	-----	-----
Management and maintenance administration costs	95,118	694,393	789,511
Services costs	29,970	1,842,033	1,872,003
Planned and cyclical maintenance including major repair costs	21,740	261,350	283,090
Reactive maintenance costs	49,893	124,839	174,732
Bad debts - rents and service charges	(280)	93,905	93,625
Depreciation of affordable housing properties	85,152	204,567	289,719
	-----	-----	-----
Operating costs for affordable letting activities	281,593	3,221,087	3,502,680
	-----	-----	-----
Operating (deficit)/ surplus for affordable letting activities	(56,392)	54,403	(1,989)
	=====	=====	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

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

2019	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or (deficit) 2019 £
Support activities	-	-	106,600	-	106,600	-	172,085	(65,485)
Other activities	-	-	-	102,204	102,204	-	-	102,204
Total from other activities	=====	=====	=====	=====	=====	=====	=====	=====
2018	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or (deficit) 2018 £
Support activities	-	-	106,600	-	106,600	-	160,211	(53,611)
Other activities	-	-	-	2,591	2,591	-	-	2,591
Total from other activities	=====	=====	=====	=====	=====	=====	=====	=====

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

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

5. Surplus/(deficit) on ordinary activities before taxation	2019	2018
	£	£
Surplus/(deficit) on ordinary activities before taxation is stated after:		
Depreciation	298,559	300,960
Auditor's remuneration for audit services (including VAT)	10,284	10,080
	=====	=====

6. Directors' emoluments and interests

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

	2019	2018
	£	£
Emoluments of the Chief Executive (excluding employer's national insurance and pension contributions)	67,650	72,630
	=====	=====
Pension contributions of the Chief Executive	-	8,513
	=====	=====
Total	67,650	81,143
	=====	=====

There were no other directors whose emoluments, excluding pension contributions, were above £60,000 for the year (2018: £Nil).

No expenses were payable to members of the Governing Body for out of pocket expenses (2018: £Nil).

During the year, the senior officers' emoluments (excluding employer's national insurance and pension contributions) fell within the following band distributions:

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

7. Staff costs/employees	2019	2018
	£	£
Staff costs during the year:		
Salaries and wages	1,478,670	1,362,038
Social security costs	124,902	116,338
Other pension costs	107,466	90,279
Agency staff costs	41,208	130,802
	=====	=====
	1,752,246	1,699,457
	=====	=====
	No.	No.

The average monthly number of full time equivalent persons (including key management personnel)

Managers	11	11
Other	52	48
	-----	-----
	63	59
	=====	=====

The Charity operates a defined contribution pension scheme for certain management staff. The assets of the scheme are held separately from those of the Charity in an independently administered fund. There was £Nil of outstanding pension contributions at the year end (2018: £9,888).

Key management personnel are considered to be the Chief Executive, Martin Nadin and the Deputy Chief Executive, George Corbett, whose total remuneration for 2019 was £122,277 (2018: £140,502) including pension contributions of £14,755 (2018: £22,718).

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

8. Taxation

Scottish Veterans Residences is a registered charity, Scottish Charity Number SC012739, and is not liable to income tax on its income under s478 to s489 CTA 2010.

9. Investments

	2019 £	2018 £
Quoted Investments	7,259,717	2,053,016
Cash held as part of portfolio	475,516	181,138
	=====	=====
	7,735,233	2,234,154
	=====	=====
Fair value		
Opening balance at 1 January 2019	2,053,016	1,679,257
Additions	609,696	773,923
Donation of net assets on merger with SVR charity (see note 19)	4,569,318	-
Disposals at market value	(411,270)	(201,817)
Change in net unrealised gains/(losses)	438,957	(198,347)
	=====	=====
Fair value at 31 December 2019	7,259,717	2,053,016
	=====	=====

10. Tangible fixed assets – Housing Properties

	2019 Total £	2018 Total £
Property rehabilitation and development		
Cost at 1 January 2019	17,296,313	17,296,313
Expenditure during the year	-	-
Disposal	-	-
	=====	=====
Cost at 31 December 2019	17,296,313	17,296,313
	=====	=====
Depreciation		
At 1 January 2019	3,513,760	3,224,040
Charge for year	287,320	289,720
Depreciation on disposals	-	-
	=====	=====
At 31 December 2019	3,801,080	3,513,760
	=====	=====
Net depreciated cost	13,495,233	13,782,553
	=====	=====
Net book value at 31 December 2019	13,495,233	13,782,553
	=====	=====
Net book value at 31 December 2018	13,782,553	
	=====	

Included in the cost of fixed assets is Land of £127,500 that is not depreciated (2018: £127,500)

	Units in Management	
	2019 No.	2018 No.
The number of units of accommodation in management were as follows:		
General Needs Housing	46	46
Supported Housing Accommodation	159	159
	=====	=====
	205	205
	=====	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

10. Tangible fixed assets – Housing Properties (continued)

Total major repairs costs to existing properties during the year were £25,005 (2018: £92,003) of which £Nil (2018: £Nil) was capitalised.

11. Tangible fixed assets - Other	Motor Vehicle £	Equipment £	Garden Room £	2019 Total £	2018 Total £
Cost at 1 January 2019	5,500	569,989	8,985	584,474	576,967
Disposals	-	(49,791)	-	(49,791)	-
Additions	-	269,711	-	269,711	7,507
	-----	-----	-----	-----	-----
Cost at 31 December 2019	5,500	789,909	8,985	804,394	584,474
	=====	=====	=====	=====	=====
<u>Less: Depreciation</u>					
At 1 January 2019	5,500	558,710	2,246	566,456	555,216
Depreciation on disposals	-	(49,791)	-	(49,791)	-
Charge for year	-	11,135	104	11,239	11,240
	-----	-----	-----	-----	-----
At 31 December 2019	5,500	520,054	2,350	527,904	566,456
	=====	=====	=====	=====	=====
Net book value at 31 December 2019	-	269,855	6,635	276,490	18,018
	=====	=====	=====	=====	=====
Net book value at 31 December 2018	-	11,279	6,739		
	=====	=====	=====		

12. Debtors	2019 £	2018 £
Rental arrears	277,294	417,777
Doubtful debt provision	(19,632)	(147,921)
	-----	-----
	257,662	269,856
Sundry debtors and prepayments	29,039	39,895
Amount due from associated charity	-	34,005
	-----	-----
	286,701	343,756
	=====	=====

13. Cash and cash equivalents	At 1 January 2019 £	Movement in year £	At 31 December 2019 £
Cash at bank and in hand	678,394	117,148	795,542
	=====	=====	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

14. Creditors	2019	2018
	£	£
Amounts falling due within one year:		
Rent prepaid	44,972	121,122
Trade creditors	104,746	97,233
Accruals	47,820	33,280
Sundry creditors	75,429	14,822
Other taxes and social security	34,817	33,423
Deferred Housing Association Grant	85,607	85,607
	=====	=====
	393,391	385,487
	=====	=====
Amounts falling due after one year:		
Deferred Housing Association Grant	4,794,560	4,880,167
	=====	=====
	2019	2018
	£	£
Deferred Housing Association Grant		
Due within one year	85,607	85,607
Due between one and two years	85,607	85,607
Due between three and five years	256,821	256,821
Due after 5 years	4,452,132	4,537,739
	=====	=====
	4,880,167	4,965,774
Less: included in current liabilities above	(85,607)	(85,607)
	=====	=====
	4,794,560	4,880,167
	=====	=====
15. Share capital	2019	2018
	£	£
Shares of £1 each issued and fully paid:		
At 1 January 2019	9	15
Issued/(Cancelled)	3	(6)
	=====	=====
At 31 December 2019	12	9
	=====	=====

The shares carry no rights to interest or dividend and are neither withdrawable nor transferable.

16. Revenue reserves	2019	2018
	£	£
Balance at 1 January 2019	11,791,212	11,993,409
Donation of net assets on merger with SVR charity (see note 19)	4,877,312	-
Surplus/(deficit) for the year	653,472	(202,197)
	=====	=====
Balance at 31 December 2019	17,321,996	11,791,212
	=====	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

17. Restricted reserves	2019	2018
	£	£
Balance at 1 January 2019	-	-
Donation of net assets on merger with SVR charity (see note 19)	120,417	-
Deficit for the year	(41,177)	-
	=====	=====
	79,240	-
	=====	=====

	Transfer from SVR charity	Incoming Resources	Outgoing Resources	Balance at 31 December 2019
	£	£	£	£
Healthy Lives Officer Post	-	4,500	(4,500)	-
Glasgow Fund	8,863	-	-	8,863
Whitefoord Other	4,804	400	-	5,204
Rosendael Fund	57,955	3,010	(21,915)	39,050
Family Support Fund	295	-	-	295
Whitefoord Dining Room	48,500	55,628	(104,128)	-
Art Clubs Fund	-	25,269	(3,736)	21,533
Cycling Scotland	-	8,617	(4,322)	4,295
	=====	=====	=====	=====
	120,417	97,424	(138,601)	79,240
	=====	=====	=====	=====

Healthy Lives Officers Post

Donations received to fund the salary of a Healthy Lives Officers Post and associated costs.

Glasgow Fund

The purpose of the fund is to hold monies which have been donated to Bellrock Close but for no specific purpose.

Whitefoord Other

The purpose of this fund is to hold monies which have been donated to Whitefoord House but for no specific purpose.

Rosendael Fund

The purpose of the fund is to hold monies which have been donated towards the development work to be carried out at Rosendael, which will be transferred when the work is undertaken.

Family Support Fund

The purpose of the fund is to hold monies which were donated to be used for individuals needing extra funds to keep in touch with their children.

Whitefoord Dining Room

A donation was received in 2014 for the refurbishment of the dining room.

Art Clubs Fund

This is donations to fund the Art Clubs at the three homes.

Cycling Scotland

This is a donation towards funding cycling equipment for the homes.

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

18. Financial instruments	2019	2018
	£	£
Financial assets		
Financial assets measured at amortised costs	268,983	326,928
Financial assets measured at fair value	7,735,233	2,234,154
	-----	-----
Balance at 31 December 2019	8,004,216	2,561,082
	=====	=====
Financial liabilities		
Financial liabilities measured at amortised costs	227,995	266,457
	-----	-----
Balance at 31 December 2019	227,995	266,457
	=====	=====

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, accruals, sundry creditors and rent prepaid.

19. Associated charity and related parties

On 1 July 2019 the associated charity Scottish Veterans' Residences and Scottish Veterans Housing Association merged with the former charity transferring all its assets and liabilities to the housing association amounting to £4,997,729 as detailed below at £nil consideration. There were no specific conditions relating to the transfer and there are no guarantees. Scottish Veterans Housing Association then changed its name from the 1st of July 2019 to Scottish Veterans Residences.

The balance due from the former charity within one year at 31 December 2019 (as stated in note 12) was £nil (2018: £34,005). During the year a grant of £9,921 (2018: £54,486) was received from the charity of which £nil (2018: £29,451) related to development and similar work and £9,921 (2018: £25,035) for other purposes. During the year a recharge of staff costs was made to Scottish Veterans Residences of £22,252 (2018: £41,286).

No tenants are members of the Governing Body.

The breakdown of the amounts transferred to the housing association from the charity are detailed below. No fair value adjustment was deemed to be required.

	£
	Book value being
	Fair value
Investments	4,569,318
Bank	73,519
Cash held by Investment Managers	349,286
Debtors	8,336
Creditors	(930)
Accruals	(1,800)

	4,997,729
	=====
Unrestricted reserves	4,884,812
Restricted reserves	112,917

	4,997,729
	=====

SCOTTISH VETERANS RESIDENCES

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2019

20. Post Balance Sheet Event

Since the year end the organisation has faced a new challenge relating to COVID19. The Board are reviewing all aspects of the ongoing needs of the organisation. Whilst there are short term implications to recovery of income and reduction in investment income the organisation is well placed to support all activities. An estimate of the potential effect is a reduction in investment income for the year of up to £75,000 and a short term cash flow impact on rental income of up to £125,000. At March 2020 an unrealised loss of £1.14million had been recognised on investments being 15% of the value of the portfolio as at 31 December 2019 due to the impact of the pandemic on the stock market. Due to the ongoing positive cash flow the Governing Body continues to adopt the going concern basis.