

WAVERLEY HOUSING
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2016

Company No. SC115066

Charity No. SC026231

R.S.L No. 327

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for the year ended 31 March 2016

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WAVERLEY HOUSING
(A Company Limited by Guarantee)

COMPANY INFORMATION

for the year ended 31 March 2016

COMPANY NUMBER:	SC115066	
R.S.L. NUMBER:	327	
REGISTERED OFFICE:	51 North Bridge Street Hawick TD9 9PX	
CHAIR:	Margaret Stenhouse	
DIRECTORS	Margaret Stenhouse David Thomson William Robson Ian Baxter Niall White (resigned 25 August 2015) George Young Garyth Thomas Eileen Frame (appointed 28 April 2015) James Little (appointed 26 May 2015, resigned 9 November 2015) Doreen Steele (appointed 26 January 2016) David Gordon (appointed 23 February 2016)	
CHIEF EXECUTIVE:	Margaret Ross	
COMPANY SECRETARY:	Haddon & Turnbull, W.S. 55 High Street Hawick TD9 9BP	
BANKERS:	The Royal Bank of Scotland Commercial Banking Borders Commercial Centre 35 Bank Street Galashiels TD1 1EP	Barclays Commercial Bank Aurora First Floor 120 Bothwell Street Glasgow G2 7JT
	The Co-Operative Bank P.O. Box 101 1 Balloon Street Manchester M60 4EP	
SOLICITORS:	TC Young 7 West George Street Glasgow G2 1BA	HBJ Gateley Exchange Tower 19 Canning Street Edinburgh EH3 8EH
EXTERNAL AUDITOR:	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL	
INTERNAL AUDITORS:	Findlay & Company 11 Dudhope Terrace Dundee DD3 6TS (resigned 28 April 15)	Scott Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8EH (appointed 28 April 2015)

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT)

The Directors of Waverley Housing present their report, including the Strategic Report, and the audited financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

Waverley Housing is a company limited by guarantee and is governed by its Memorandum and Articles of Association. Accordingly, the company does not have share capital. It is a registered charity, a registered social landlord and its principal activity is the provision of affordable social rented housing.

FINANCIAL INSTRUMENTS

Borrowings at 31 March 2016 were £21.1 million. This debt is borrowed from a UK bank. 70% of the debt is fixed at 4.96% (before margins) for the life of the facility. The remaining 30% is variable interest based on London Interbank Offered Rate (LIBOR).

Waverley Housing borrows only in sterling, and therefore does not have any currency risk. Any surplus cash is invested with approved UK institutions meeting approved credit rating criteria.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events since the balance sheet date.

RESEARCH AND DEVELOPMENT

There was no spending on Research & Development in the year.

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made by Waverley Housing within the year.

GOING CONCERN

The Board has reviewed and approved the Annual Budget for 2016-2017. It has also recently approved the 2016 Financial Plan incorporating a 30 year cash flow which shows that Waverley Housing is able to service its loan facilities whilst continuing to comply with funder's covenants. Key assumptions underpinning the projections are kept under review and are subject to stress testing and scenario planning. As such it is the opinion of the Board that the Company has a reasonable expectation of having adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Company's financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

Certain matters which are required to be disclosed in the director's report have been omitted as they are included below in the strategic report.

STRATEGIC REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Waverley Housing's vision is "Working together to make a difference". This will be achieved by:

- Delivering quality homes
....through delivering active asset management, targeted at investment planning and efficient procurement methods, we will improve and maintain our properties, providing the best comfort at the lowest cost, ensuring our rents remain affordable.

- Delivering quality services
....through continued investment in our people, developing innovative solutions to service challenges and by listening to and learning from our customers and improving their experiences with us, we will let our houses effectively with a compassionate, responsive and well-led approach.
- Creating great places to live
....by working together with our tenants, other residents and partners on targeted regeneration programmes, and by working hard to reduce the number of empty properties, we will create great communities that change lives.
- Being a strong and successful organisation.
....by better understanding our customers and investing in the future through effective leadership and efficient management of our people and resources, we will be financially secure and develop a workforce that is motivated, skilled and highly professional in all that they do.

These strategic objectives are set out in our 5-year Business Plan for 2016 – 2021 which was recently approved by the Board. In developing this plan Waverley Housing has taken into account the Business Planning Recommended Practice published by the Scottish Housing Regulator in December 2015.

THE YEAR UNDER REVIEW

Performance

Waverley Housing is committed to improving performance across all of our services and have continually reviewed our performance management framework to ensure it is both robust and effectively measures our progress towards meeting our targets.

Monthly management information is produced which includes measure of outputs against Key Performance Indicators (KPIs), trend analysis, commentary on key and material areas, comparison with budgets and compliance with statutory and financial covenants. This information is presented to the Board at its monthly Board meeting. KPIs are set annually and reviewed six-monthly by the Board and Management Team.

- Effort has been made to minimise the number of vacant properties and at the year-end the percentage of stock vacant and available to let was 1.3% which is better than our revised target of 2.6% with rent loss due to voids also slightly ahead of target (2.3%) at 2.1%.
- In 2015/16 we re-let 209 properties (169 properties excluding those in low demand areas). The average turnover timescale for these was 47 days compared to 49 days the previous year. If we exclude those properties in low demand areas the average time taken to re-let is 29 days (26 days in 2014/15).
- 76% of all re-lets sustained a tenancy for more than 12 months, which is below our target of 85% and 65% of homeless people sustained their tenancy for more than 12 months (target 75%).

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- Complaints monitoring is now an integral part of performance management, with reporting on complaints undertaken monthly. In the past year we experienced a reduced level of complaints with 62 received. Of these 45% were either partially upheld or upheld in full.

Achievements

- We were successful in our bid for HEEPS (Home Energy Efficiency Programmes Scotland) government grant funding which we are using to install external wall insulation to our flats in the Halliburton area of Galashiels. This funding is also being used to upgrade cavity wall insulation in homes in Galashiels, Hawick and Kelso, where we are aware that old cavity wall insulation is no longer sufficient.
- At the Skills Development Scotland Modern Apprenticeship Award ceremony held in Edinburgh on 18th November 2015, Waverley was chosen as Scotland's SME Employer of the Year for workplaces with less than 250 employees.
- Increasing costs relative to our participation in Borders Choice Homes forced us to reassess the value of being part of this choice based lettings system. As a result we have now launched our own property lettings system and this has proved to be very successful with 1,264 people currently registered.
- Last year Waverley Housing was accredited as a Living Wage employer; the first employer in the Scottish Borders and the first Registered Social Landlord to receive this accreditation.

Other activities during the year

- We continue to work towards branching out into other areas of activity through our subsidiary company – Waverley Works Limited. We anticipate that the initial services to be offered will be repairs/handyman service, grounds maintenance service and electrical testing service.
- We participated in a Health and Well Being event held at Hawick High School, a Careers Fair at Galashiels Academy and also held information events at Selkirk High School which were aimed at informing students on what having your own tenancy involves.
- Communication and consultation with tenants and other stakeholders is still high on our agenda.
- During 2015/16 we consulted on a range of matters including proposals for a rent increase, demand for an Out of Hours Repairs Service and Stonefield Local Lettings Plan.
- Our Customer Review Panel undertook their first service scrutiny exercise on Customer Service Standards which resulted in a number of the Panel recommendations being actioned. The Panel are now undertaking a review of our voids process.
- We will continue to ensure tenants are consulted on planned maintenance works and that feedback from tenants in relation to satisfaction levels is used to improve our service delivery.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- We are working hard to ensure that tenants' homes are well maintained and 98% of repairs reported during the last year were completed right first time.
- We are also addressing energy efficiency within our properties and have 65% of stock at or above the appropriate NHER or SAP rating.
- We analysed, for the first time, each and every house we own to determine its value in both financial and social value. By doing this we were able to determine how sustainable these assets were which provided a platform for our new five-year Asset Management Strategy.
- We continue to support residents' groups:
 - Langlee Residents Association, Galashiels - our Tenant Participation Officer has worked closely with the Community House sub group of this RTO, assisting with the set up and running of the community house.
 - Stonefield Residents Group, Hawick – supported the establishment of this group and a committee has now been established. The group will shortly be applying for RTO registration as a joint initiative with Scottish Borders Housing Association.
 - The 5th Ward Community Association, Galashiels – we have worked closely with this group during the year, assisting them with the successful funding applications with Scottish Borders Council and Awards for All Lottery to upgrade their community hall.
- Estate Walkabouts - we organised seven multi-agency walkabouts during 2015, with all involved having input into how they would like to see their neighbourhoods improved.
- Pop Up Shops – we held pop up shops in Hawick, Selkirk and Galashiels. Staff were available to provide information on our services and answer any queries. Also, as a result of these activities we recruited two Customer Review Panel members and several tenants signed up for the Tenants' Opinion Panel.
- Community Events – we hosted a community event around our AGM which included information stalls, quizzes, children events etc. Staff also attended Langlee and Burnfoot Community Carnivals. We sponsored local groups and events including Community Youth Voice, Children with Cancer and Leukaemia, Advice and Support for Parents (CCLASP) and Langlee Community Choir.
- Using ring fenced funds from the sale of our previous office we managed to purchase 3 properties to be available to rent to applicants.

OUR PEOPLE

The Board places great emphasis on the importance of improving services to tenants and other customers. The contribution of all employees to this objective is crucial. Accordingly, we have continued to enhance our training and development programme for all staff. Waverley Housing communicates regularly with employees on matters concerning our objectives, progress and activities as well as health, safety and welfare policies. This happens through training courses, regular briefings and team meetings.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

We continue to support the apprenticeship programme and welcomed four new trades apprentices during 2015 and a Business Administration Apprentice to add to the 2 apprentices we currently employ.

We achieved our Healthy Working Lives Silver Award and are working towards Gold, as we continue to promote a healthy workforce.

HEALTH & SAFETY

The health and safety of tenants and staff is a key concern for us, as a Board. We have established a health and safety forum to give advice on policy and set out procedures for carrying out inspections and investigations when required.

We also have access to specialist advice on an on-going basis. The Management Team receives monthly reports on accidents at work and health and safety incidents, and these are reported to the Board on a regular basis.

GOVERNANCE AND THE GOVERNING BODY

The present membership of the Board and those who have served during the year is set out on page 2.

We appointed four new Board members during the year and are currently recruiting for one vacancy on our Board. All Board members receive initial induction training and attend internal and external training which not only build on existing experience but provide an opportunity to develop new skills.

DIRECTORS' INDEMNITY PROVISIONS

Waverley Housing maintains Board members liability insurance through the Scottish Federation of Housing Associations.

FINANCIAL REVIEW

Statement of Comprehensive Income (including Income and Expenditure Account)

Waverley Housing's turnover for 2015/16 was £5,917,120 (2014/15: £5,635,307) against operating costs of £4,726,689 (2014/15: £4,059,881). The main source of income was rental income of £5,872,197. Depreciation charges relating to housing property was £639k in the year.

Statement of Financial Position

Waverley Housing's Statement of Financial Position as at 31 March 2016 is shown on page 16. Following the implementation of Financial Reporting Statement 102 the Company took the option to value our Housing and Garage stock on a "deemed cost" basis going forward.

Statement of Cash Flows

Waverley Housing's cash flows are shown on page 18. The main sources of cash inflows were rental income and grant support, with net cash inflow from operating activities of £2,139,497 (2014/15: £1,777,862).

Current Liquidity

At 31 March 2016 Waverley Housing had cash and short-term deposits of £3,126,335. Our future investment programme in Waverley Housing properties will see this cash balance reduce over the forthcoming years.

Capital Structure and Treasury Policy

Long-term funding is a 30-year loan facility arranged with Barclays Bank plc in 2009. Our financial plan is reviewed and updated on an annual basis, ensuring continuing compliance with our covenants.

Waverley Housing has managed its interest rate risk by entering into a bank loan agreement which fixes its interest rates on 70% of total outstanding debt. The interest rate on the remainder of the debt varies in accordance with market interest rates.

The Board receives regular reports which detail the debt, cash and interest received and paid. All proposed changes to banking arrangements and bank signatories are approved by the Board.

LOOKING AHEAD

As a social landlord, our assets play a vital role in helping us deliver our strategic objectives. These assets, which in the main are residential properties, are our core product and as such are central to our business model. All our services are affected by how well we utilise, maintain, develop and grow these assets. For the first time we have analysed each and every house to determine its financial and social value and thus its sustainability score. Our asset management goals, as defined in our Asset Management Strategy are strongly aligned to our business objectives

Key to providing excellent services is knowing our customers, their needs and priorities. We encourage tenants to be demanding and determined in securing value for money and encourage dialogue with tenants during rent setting. Getting a grip on service cost and performance, asset management and procurement is critical to the success of the business and achieving value for money.

Challenges and risks

Waverley Housing has a robust risk management system in place which runs through every aspect of the business and aims to minimise the impact of risks and their consequences on the continuance of the business. Two key risks to the organisation going forward are:

Risk	Control Measures & Actions
Low demand for housing stock.	Monitoring and management of void budgets and KPIs. Clear policies & procedures in place. Minimum lettable standard. Looking at retention, disposal and investment needs of stock as part of Asset Management Strategy Review. Hard to Let Strategy in Place. Introduced allowances offered on minimum decoration Now offering furnished lets. Tenant scrutiny of relet standards scheduled for Quarter 1 of 2016. Increase in level of decoration allowance.
Continued impact of welfare reform that affects our tenants' ability to cope financially, resulting in possible increase in arrears.	Weekly/Daily monitoring of accounts and arrears. Early identification of those most at risk. Financial Inclusion Officer in place. Settling-Visits used to identify appropriate arrangements in place for payment of rent. Regular liaison with SBC in relation to administration of Housing Benefit/Universal Credit.

INTERNAL FINANCIAL CONTROL

The Board of Waverley Housing is responsible for establishing and maintaining the systems of internal financial control within the organisation. By their nature these systems can provide reasonable but not absolute assurance against material misstatement or loss. The internal control framework is supported by measures including business planning, performance reporting, project management and authorities and responsibilities delegated from the Board to Executive Management.

The key methods by which the Board established the framework for providing effective internal financial control are as follows:-

Management Structure

The organisation for which the Board has overall responsibility is governed by a set of Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Committees. The Board has delegated the responsibility to the Chief Executive for maintaining sound systems of internal control that support the achievement of the organisation's objectives.

Audit & Internal Control Committee

The Audit and Internal Control Committee in Waverley Housing consists of five Board members. Meetings are attended by the Chief Executive, Operations Director, internal auditors and external auditors. The Board has delegated powers to the Audit & Internal Control Committee to approve the internal audit plans, reports and follow-up reviews.

Identification of Business Risk

The Board is responsible for identifying the major business risks faced by the organisation and for determining the appropriate course of action to manage those risks. The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board for decision.

Risk and Compliance

The Board has continued with its Risk Management Plan and has a Key Risk Register, which is reviewed monthly by the Board, as part of the Performance Reports.

Management Information Systems

Management information systems have been established to provide information on key aspects of the business. Management accounts comparing actual results against budget are presented to the Board monthly together with performance against key financial and non-financial indicators.

Internal Control systems

The systems of internal controls reviewed by our internal auditors Scott Moncrieff, in 2015/16 included voids, income, performance management and value for money and tenant engagement and satisfaction. There were no areas of high risk and few recommendations.

Internal Audit

The Internal Auditor reports to the Chief Executive with direct access to the Chair of the Audit and Internal Control Committee. The internal audit function is outsourced and field work is normally carried out by two auditors. The internal audit work programme is determined by applying a risk-based methodology.

Investment Appraisal

Capital expenditure is regulated by a budgetary process and scheme of financial delegation. For expenditure beyond specified levels or out with budget and plans, approval is required by the Board.

Quality and Integrity of Employees

The integrity and competence of personnel is ensured and maintained through high recruitment standards and subsequent training and development initiatives. High quality personnel are seen as an essential part of the control environment and the conduct and ethical standards expected are embodied within the organisation's stated aims and objectives.

Statement

The Board has reviewed the effectiveness of the systems of internal financial controls that have been in operation during the year and until 28 June 2016. Improvements in the financial controls and project management are continuously being put in place. These improvements will continue as Waverley Housing progresses. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Insofar as the Directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the company's auditor is aware of that information.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) (continued)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- ensure the financial statements comply with the Statement of Recommended Practice for Regulated Social Landlords; and
- prepare a Statement on Internal Financial Control

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Determination of Accounting Requirements - December 2014. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving the Report of the Directors, we also approve the Strategic Report included therein.
By order of the Board



HADDON & TURNBULL, W.S., Secretary.

28 JUNE 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAVERLEY HOUSING
(A Company Limited by Guarantee)



We have audited the financial statements of Waverley Housing for the year ended 31 March 2016, which comprise of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and charity, and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

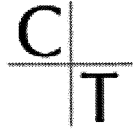
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF WAVERLEY HOUSING (continued)
(A Company Limited by Guarantee)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Malcolm A Beveridge

Malcolm Beveridge BA CA, Senior Statutory Auditor

For and on behalf of
Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

18 July 2016

REPORT BY THE AUDITORS TO THE MEMBERS OF WAVERLEY HOUSING ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the company'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 to 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 company'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 10 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 Management Committee and Officers of the Company and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the company's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Chiene + Tait LLP

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

18 July 2016

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 March 2016

	<u>Note</u>	<u>2016</u> £	<u>2015</u> £
TURNOVER	2	5,917,120	5,635,307
Operating expenditure	2/14a	(4,726,689)	(4,059,881)
Other income		-	-
		-----	-----
OPERATING SURPLUS	6	1,190,431	1,575,426
Gain/(loss) on disposal of tangible fixed assets		40,927	-
Interest receivable and similar income	7	18,344	17,853
Interest payable and similar charges	8	(1,017,329)	(1,023,816)
		-----	-----
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		232,373	569,463
Tax on surplus on ordinary activities	13	-	-
		-----	-----
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		232,373	569,463
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>232,373</u>	<u>569,463</u>
		=====	=====

In each of the years ended 31 March 2016 and 31 March 2015, the surplus for the year is in respect of continuing activities of the company.

The notes on pages 19 to 37 form part of these financial statements.




WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	<u>Note</u>	<u>2016</u> £	<u>2015</u> Restated £
FIXED ASSETS			
Tangible fixed assets			
Housing properties	14(a)	38,107,422	38,656,154
Other fixed assets	14(b)	1,568,792	1,688,815
Investment in subsidiary	15	1	1
		<u>39,676,215</u>	<u>40,344,970</u>
CURRENT ASSETS			
Debtors	16	447,258	386,116
Cash in hand and at bank		3,126,335	2,877,663
		<u>3,573,593</u>	<u>3,263,779</u>
CREDITORS: amounts falling due within one year	17	(644,363)	(938,905)
NET CURRENT ASSETS		<u>2,929,230</u>	<u>2,324,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,605,445</u>	<u>42,669,844</u>
CREDITORS: amounts falling due after more than one year	18	(20,728,974)	(21,025,746)
		<u>21,876,471</u>	<u>21,644,098</u>
		=====	=====
RESERVES			
Revaluation reserve	21	17,218,140	17,384,081
Income and expenditure reserve	21	4,658,331	4,260,017
TOTAL RESERVES		<u>21,876,471</u>	<u>21,644,098</u>
		=====	=====

Approved and authorised for issue by the Board of Directors on 28 JUNE 2016
and signed on their behalf by:

 MARGARET STENHOUSE, Chair
 DAVID THOMSON, Director
 GEORGE YOUNG, Director

Company Registration Number: SC115066

The notes on pages 19 to 37 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2016

	Income and Expenditure Reserve £	Revaluation Reserve £	Total Unrestricted Funds £
At 1 April 2015 as previously stated	4,260,017	15,657,927	19,917,944
Changes on transition to FRS 102	-	1,726,154	1,726,154
At 1 April 2015 date as restated	4,260,017	17,384,081	21,644,098
Surplus from Statement of Comprehensive Income	232,373	-	232,373
Transfer from revaluation reserve to income and expenditure reserve	165,941	(165,941)	-
Other movements	-	-	-
BALANCE AT 31 MARCH 2016	4,658,331	17,218,140	21,876,471

The notes on pages 19 to 37 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	<u>Note</u>	<u>2016</u> £	<u>2015</u> Restated £
CASHFLOW FROM OPERATING ACTIVITIES	20	2,139,497	1,777,862
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(906,935)	(1,708,550)
Proceeds from sale of tangible fixed assets		219,915	-
Grants received		95,180	44,375
Interest received		18,344	17,853
NET CASH FLOW FROM INVESTING ACTIVITIES		(573,496)	(1,646,322)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,017,329)	(1,023,816)
New secured loans		-	-
Repayment of borrowings		(300,000)	(200,000)
NET CASH FLOW FROM FINANCING ACTIVITIES		(1,317,329)	(1,223,816)
NET CHANGE IN CASH AND CASH EQUIVALENTS		248,672	(1,092,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,877,663	3,969,939
CASH AND CASH EQUIVALENTS AT END OF THE YAER		3,126,335	2,877,663

The notes on pages 19 to 37 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information and basis of preparation

Waverley Housing is a company limited by guarantee, registered under the Companies Act 2006 (No. SC115066) and is a registered Scottish charity (No. SC026231). Waverley Housing is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The address of the registered office is 51 North Bridge, Hawick, TD9 9PX. The principal activity is the provision of affordable social rented housing.

Waverley Housing is a public benefit entity as defined by Financial Reporting Standard 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014 and the Determination of Accounting Requirements - December 2014. The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of Waverley Housing.

This is the first year the financial statements have been prepared under FRS 102. The impact of this transition is detailed in note 27.

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Consolidation

The financial statements represent the financial statements of Waverley Housing. The subsidiary undertaking as shown at note 15 is dormant. As a result, they have not been consolidated on the grounds of immateriality.

(c) Housing Property

Housing properties are stated at cost (or deemed cost for housing properties held at valuation at the date of transition to FRS 102 which is 1 April 2014) less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Waverley Housing previously adopted a policy of revaluing all housing property but the association has adopted the transition exemption under FRS 102 and has elected to use a previous revaluation as at 31 March 2014 as deemed cost.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the assets original cost is transferred from the revaluation reserve to the income and expenditure reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

Depreciation

Depreciation is provided on all housing properties at rates calculated to write off the cost (or deemed cost) less estimated residual value by equal annual instalments over expected useful economic lives. Housing properties comprise several components with substantially different useful lives and, under the component accounting principle, each major component is accounted for separately and depreciated over its individual useful economic life, with the exception of land which is not depreciated.

Useful economic lives for identified components are as follows:

Component	UEL
Structure	80 years
Windows	30 years
Doors	30 years
Boilers	15 years
Radiators	30 years
Bathroom	30 years
Kitchen	20 years

The residual values and useful economic lives of all tangible fixed assets are reviewed, and adjusted, if appropriate at the end of each reporting period. The effect of any change is accounted for prospectively.

A full year's depreciation is charged in the year in which the property is purchased.

Works to existing housing properties

Where work is carried out to existing properties and results in an enhancement of the economic benefits of the property, they will be accounted for as an improvement and capitalised in note 14. Such circumstances are as follows:-

- (i) Where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored.
- (ii) Where subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance.
- (iii) Where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

(d) Other tangible fixed assets

All other tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all housing properties at rates calculated to write off the cost less estimated residual value by equal annual instalments over expected useful economic lives which are noted below:

Component	UEL
Heritable property	50 years
Assets in course of construction	nil
Leasehold improvements	Life of lease
Landscaping equipment	3 – 5 years
Computer systems	3 – 5 years

(e) Impairment

Assets are reviewed for any indication of impairment at each balance sheet date. If an indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds the recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income.

(f) Turnover

Turnover represents rental income and fees from tenants and revenue based grants received from The Scottish Government. Grant income received is matched with the expenditure to which it relates. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover.

(g) Debtors and creditors receivable/ payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

(h) Loans and borrowings

Loans and borrowings provided by funders are classed as “basic” under FRS 102 and are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate.

(i) Employee benefits

When employees have rendered services to Waverley Housing, short term benefits to which the employees are entitled are recognised at the amount expected to be paid in exchange for that service.

(j) Defined contribution scheme (refer note 12)

The pension costs charged against profits represent the amount of contributions payable to the scheme in respect of the accounting period.

(k) Leased Assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

(l) Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. Properties are disclosed using the cost or deemed cost basis. The directors have a reasonable basis to estimate the cost and deemed cost of individual properties sold each year and accordingly, the directors consider it is reasonable to account for property sales using the cost basis.

(m) Issue Costs

In accordance with the Statement of Recommended Accounting Practice and Financial Reporting Standard 102 such costs have been deferred on the balance sheet and shown as a deduction from the loan balances (see notes 17 and 18). The costs are released to the Income and Expenditure Account over the life of the debt.

(n) Judgements in applying policies and key sources of estimation uncertainty

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.

The following judgements have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements

1. Exemptions on transition to FRS 102.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

1. Useful lives of property, plant and equipment - The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.

2. Main components of housing properties and their useful lives - The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

3. Recoverable amount of rental and other trade receivables - Rental arrears and other trade receivables are reviewed by appropriately experienced senior members of staff on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

(o) Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

(p) Debtors

Short term debtors are measured at transaction price, less any impairment.

(q) Cash & cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(r) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS
AND OPERATING SURPLUS

	<u>Turnover</u> £	<u>Operating Costs</u> £	2016 Operating Surplus/ (Deficits) £	2015 Operating Surplus/ (Deficits) £
Affordable letting activities	5,872,197	4,598,959	1,273,238	1,643,228
Other activities	44,923	127,730	(82,807)	(67,802)
Total 2016	<u>5,917,120</u>	<u>4,726,689</u>	<u>1,190,431</u>	
Total 2015	<u>5,635,307</u>	<u>4,059,881</u>		<u>1,575,426</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Social Housing <u>£</u>	Supported Social Housing Accommodation <u>£</u>	Shared Ownership Housing <u>£</u>	Ownership Other <u>£</u>	2016 Total <u>£</u>	2015 Total <u>£</u>
Rent receivable net of service charges	5,868,404	-	-	-	5,868,404	5,683,101
Service charges	34,548	-	-	-	34,548	33,781
Gross income from rents and service charges	5,902,952	-	-	-	5,902,952	5,716,882
Less voids	(125,935)	-	-	-	(125,935)	(180,548)
Net income from rents and service charges	5,777,017	-	-	-	5,777,017	5,536,334
Grants released from Deferred income	-	-	-	-	-	-
Revenue grants from Scottish Ministers	95,180	-	-	-	95,180	40,000
Other revenue grants	-	-	-	-	-	-
Total turnover from affordable letting activities	5,872,197	-	-	-	5,872,197	5,576,334
Management and maintenance administration costs	1,683,849	-	-	-	1,683,849	1,772,580
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	549,186	-	-	-	549,186	723,877
Reactive maintenance costs	930,524	-	-	-	930,524	875,275
Bad debts – rents and service charges	75,070	-	-	-	75,070	55,458
Depreciation of affordable let Properties	670,576	-	-	-	670,576	505,916
Impairment of affordable let Properties	689,754	-	-	-	689,754	-
Operating costs for affordable letting activities	4,598,959	-	-	-	4,598,959	3,933,106
Operating surplus for affordable lettings 2016	1,273,238	-	-	-	1,273,238	
Operating surplus for affordable lettings 2015	1,643,228	-	-	-		1,643,228

WAVERLEY HOUSING
(A Company Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

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

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating costs - bad debts £	Other operating costs £	2016 Operating surplus/ (deficit) £	2015 Operating surplus/ (deficit) £
Wider role activities to support the community	-	-	-	-	-	-	9,440	(9,440)	(17,405)
Care and repair of property	-	-	-	32,756	32,756	19,194	-	13,562	2,162
Factoring	-	-	-	8,416	8,416	-	13,313	(4,897)	(6,903)
Development and construction of property activities-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	448	448	-	-	448	448
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Development and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Other activities (insurance claims, Tenant Participation Officer, Misc)	-	-	-	3,303	3,303	-	85,783	(82,480)	(46,104)
2016 Total from other activities	-	-	-	44,923	44,923	19,194	108,536	(82,807)	
2015 Total from other activities	4,375	-	-	54,598	58,973	30,616	96,159		(67,802)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

5. TURNOVER

Turnover represents the amounts derived from the provision of housing properties for rent, grant income, recharges, fees and other income.

6. PROFIT BEFORE TAX

	<u>2016</u> £	<u>2015</u> £
Surplus is stated after charging/ (crediting):-		
Auditor's remuneration – external – audit services	9,900	9,700
Auditor's remuneration – external – non audit services	2,640	820
Depreciation – housing properties	670,576	658,876
Depreciation – other	67,070	58,012
Impairment of tangible fixed assets	689,754	-
Operating lease rentals	91,755	87,018
	=====	=====

7. FINANCE INCOME

	<u>2016</u> £	<u>2015</u> £
Bank interest receivable on deposits in the year	18,344	17,853
	=====	=====

8. FINANCE CHARGES

	<u>2016</u> £	<u>2015</u> £
Interest on bank loans, overdrafts and other loans:-		
Repayable within 5 years, otherwise than by instalments	-	-
Repayable wholly or partly in more than 5 years, by instalments	1,014,101	1,020,588
Release of deferred loan issue costs	3,228	3,228
	-----	-----
	1,017,329	1,023,816
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

9. EMPLOYEES

	<u>2016</u>	<u>2015</u>
Number of employees:-		
The average monthly numbers of employees during the year were:		
Clerical	31	30
Maintenance	24	22
Cleaners	2	2
	-----	-----
	57	54
	=====	=====

The full time equivalents of the figures amounted to:	55	52
	=====	=====

The aggregate remuneration of employees was as follows:-

	<u>2016</u> £	<u>2015</u> £
Wages and salaries	1,230,201	1,212,133
Social security costs	113,206	111,427
Other pension costs	123,795	119,799
	-----	-----
	1,467,202	1,443,359
	=====	=====

10. BOARD MEMBERS EMOLUMENTS

Board members received £nil (2015 - £nil) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in Waverley Housing.

11. KEY MANAGEMENT PERSONNEL

Key management personnel comprise the Chief Executive, the Operational Director as well as members of the board of directors. Their aggregate remuneration was as follows:

	<u>2016</u> £	<u>2015</u> £
Wages and salaries	130,130	130,879
Staff pension costs	13,285	16,565
	-----	-----
	143,415	147,444
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

11. KEY MANAGEMENT PERSONNEL (continued)

The Registered Social Landlords Accounting Requirements (Scotland) Determination 2014 requires disclosure of details of the emoluments of the Chief Executive and key management personnel whose total emoluments exceed £60,000 excluding employer's pension contributions. No member of the Board of Directors received emoluments and no officer other than the Chief Executive received more than £60,000.

	<u>2016</u> £	<u>2015</u> £
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000 (excluding employers pension contributions)	76,362	130,879
The number of key management personnel who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
More than £60,000 but not more than £70,000	-	1
More than £70,000 but not more than £80,000	1	1
Emoluments of the Chief Executive:		
Excluding employer's pension contributions	76,362	74,785
Employer's pension contributions	11,172	10,941
	-----	-----
Total emoluments	87,534	85,726
	-----	-----
Compensation payable for loss of office	-	-

12. PENSION COSTS

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £123,795 (2015: £119,799). There are no outstanding or prepaid contributions at the year end.

The total pension contributions made by the company for officers whose emoluments exceeded £60,000 were £11,172 (2015: £10,941).

13. TAXATION

The company was granted charitable status for taxation purposes with effect from 1 April 1996 and as a consequence no liability to taxation arises on housing activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

14. (a) TANGIBLE FIXED ASSETS - Housing Properties

	<u>Total</u> Restated £
COST/ VALUATION	
At 1 April 2015	39,131,948
Additions – replacement components	706,476
Additions – open market purchases	151,486
Disposals – replaced components	(126,912)
Disposals – housing stock	(77,030)
Impairment of housing stock	(845,232)

At 31 March 2016	38,940,736

DEPRECIATION	
At 1 April 2015	475,794
Charge for the year	639,878
Disposals – replaced components	(96,214)
Disposals – housing stock	(30,666)
Impairment of housing stock	(155,478)

At 31 March 2016	833,314

NET BOOK VALUE	
At 31 March 2016	38,107,422
	=====
At 31 March 2015	38,656,154
	=====

The net book value of components which have been replaced in the year of £30,698 (2015: £78,421) is included in the depreciation charge of £670,576 (2015: £658,876) in note 6.

	<u>2016</u> £	<u>2015</u> £
Additions to housing property comprise:		
Tenant's choice transfers	-	-
Capital works	706,476	1,334,030
Open market purchases	151,486	-
Housing stock swaps	-	66,000
	-----	-----
	857,962	1,400,030
	=====	=====

Total works carried out on the housing properties for the year end 31 March 2016 was £2,186,186. Of this total £706,476 was capitalised above and £1,479,710 was expensed in the income and expenditure statement in line with recommended accounting practice.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

14. (a) TANGIBLE FIXED ASSETS - Housing Properties (continued)

The housing properties were revalued on 31 March 2014 by qualified external valuers F.P.D. Savills, International Property Consultants, using the Existing Use Value for Social Housing basis. The properties in total were valued at £37,915,000.

The valuation was undertaken in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors using a discounted cashflow method. The key assumptions made were as follows:

- Discount rate – 5.50%
- Rent increase – RPI plus 0.75%

On the historical cost basis, housing property would have been included as follows:

	£
COST	
At 1 April 2015	27,125,387
Additions – replacement components	706,476
Additions – open market purchases	151,486
Disposals – replaced components	(126,912)
Disposals – housing stock	(63,824)
Impairment of housing stock	(845,232)

At 31 March 2016	26,947,381

DEPRECIATION	
At 1 April 2015	5,853,314
Charge for the year	487,143
Disposals – replaced components	(96,214)
Disposals – housing stock	(30,666)
Impairment of housing stock	(155,478)

At 31 March 2016	6,058,099

NET BOOK VALUE	
At 31 March 2016	20,889,282
	=====
At 31 March 2015	21,272,073
	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

14. (a) TANGIBLE FIXED ASSETS - Housing Property (continued)

Disposals consist of housing property sales to tenants who have exercised their right to buy option under current legislation.

(b) TANGIBLE FIXED ASSETS - Other

	Computer Systems £	Equipment Plant & Tools £	Heritable Land & Buildings £	Motor Vehicles £	Total £
COST					
At 1 April 2015	286,388	19,221	1,756,075	-	2,061,684
Additions	40,473	-	-	8,500	48,973
Disposals	(19,179)	(1,428)	(180,992)	-	(202,140)
At 31 March 2016	307,141	17,793	1,575,083	8,500	1,908,517
DEPRECIATION					
At 1 April 2015	214,129	7,847	150,893	-	372,869
Charge for the year	24,116	3,636	30,818	8,500	67,070
Disposals	(16,104)	-	(84,110)	-	(100,214)
At 31 March 2016	222,141	11,483	97,601	-	339,725
NET BOOK VALUE					
At 31 March 2016	85,000	6,310	1,477,482	-	1,568,792
At 31 March 2015	72,259	11,374	1,605,182	-	1,688,815

15. INVESTMENT

	2016 £	2015 £
Subsidiary undertaking	1	1

The Company owns 100% of the share capital in Waverley Works Limited, a company registered in Scotland no. SC423276. The original cost of the investment was £1. The subsidiary was dormant throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

16. DEBTORS

	<u>2016</u> £	<u>2015</u> £
Rental arrears	242,443	201,945
Less provision for doubtful debts	(158,430)	(143,354)
	-----	-----
	84,013	58,591
Trade debtors	4,714	9,207
Other debtors	358,531	318,318
	-----	-----
	447,258	386,116
	=====	=====

17. CREDITORS: amounts falling due within one year

	<u>2016</u> £	<u>2015</u> £
Bank loan (secured - see note 19)	300,000	300,000
Loan issue costs deferred	(3,228)	(3,228)
Prepaid rent	42,523	57,158
Trade creditors	87,310	321,446
Taxation and social security costs	39,485	45,896
Accruals and deferred income	170,354	212,371
Other creditors	7,919	5,262
	-----	-----
	644,363	938,905
	=====	=====

18. CREDITORS: amounts falling due after more than one year

	<u>2016</u> £	<u>2015</u> £
Bank loans (secured - see note 19)	20,800,000	21,100,000
Loan issue costs deferred	(71,026)	(74,254)
	-----	-----
	20,728,974	21,025,746
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

19. BANK LOANS AND OVERDRAFT

	<u>2016</u> £	<u>2015</u> £
Bank loans and overdraft comprise:-		
Amounts repayable:		
Within one year	300,000	300,000
Between one and two years	300,000	300,000
Between two and five years	1,100,000	1,000,000
Due after five years	19,400,000	19,800,000
	-----	-----
	21,100,000	21,400,000
	=====	=====

The above loan was drawn down on 27 July 2009. The loan is made up of a £14,770,000 fixed rate facility and a £6,330,000 variable rate facility. Loans are secured by specific charges on the company's properties and a floating charge over the assets of the company. The amounts secured are £21,100,000 (2015: £21,400,000).

The repayment of the loan is by way of annual lump sum amounts paid to Barclays Bank PLC. The sizes of these amounts have been agreed with Barclays Bank PLC and are as follows:-

2015 – 2018	£ 300,000 p.a.
2019 – 2022	£ 400,000 p.a.
2023 – 2024	£ 500,000 p.a.
2025 – 2029	£ 700,000 p.a.
2030 – 2035	£ 1,500,000 p.a.
2036 – 2038	£ 1,700,000 p.a.

20. NOTES TO THE CASH FLOW STATEMENT

	<u>2016</u> £	<u>2015</u> £
(a) Cash flow from operating activities		
Surplus for the year	1,190,431	1,575,426
Adjustments for non-cash items:		
Depreciation	706,948	565,492
Decrease/(increase) in debtors	(61,142)	(33,971)
Increase/(decrease) in creditors	(291,314)	(284,680)
Impairment of housing stock	689,754	(44,375)
Adjustments for investing or financing activities:		
Government grant utilised in the year	(95,180)	(44,375)
	-----	-----
Net cash inflow from operating activities	2,139,497	1,777,892
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

21. RESERVES

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of tangible fixed assets.

Income and expenditure

The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

22. CAPITAL COMMITMENTS

At 31 March 2016, the company had capital expenditure contracted for but not provided for in the financial statements of £44,064 (2015: £NIL).

At 31 March 2016 the company had capital expenditure authorised by the Board but not yet contracted for of £Nil (2015: £Nil).

24. RELATED PARTY TRANSACTIONS

Tenant Board Member

James Little, a member of the board of directors before he resigned, was also a tenant of Waverley Housing. All tenancies are on normal commercial terms and his position as director could not be used to his advantage.

Transactions and balances outstanding at 31 March 2016 are as follows:

	£
Rents charged during the year	4,061
Balances outstanding/owed at 31 March 2016	-

25. OTHER COMMITMENTS

At 31 March 2016 the company had future minimum payments under non-cancellable operating leases as set out below:-

	Motor Vehicles & Office Equipment	
	<u>2016</u>	<u>2015</u>
	£	£
Operating leases that expire:		
Within one year	11,802	4,671
Within two to five years inclusive	155,545	191,845
After five years	-	-
	-----	-----
	167,347	196,516
	=====	=====

Lease commitments have been restated under FRS 102 to include the timing of the full payment due under contract.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

26. HOUSING UNITS IN MANAGEMENT

	<u>2016</u>	<u>2015</u>
General needs	1,525	1,527
Supported housing	-	-
Shared ownership	-	-
	-----	-----
	1,525	1,527
	=====	=====

27. FIRST TIME ADOPTION OF SORP/ FRS 102

Waverley Housing has adopted the 2014 SORP for the first time in the year ended 31 March 2016. The effect of transition from the previous financial reporting framework to the new SORP is outlined below.

a) Changes in accounting policies

Consequential changes in accounting policies resulting from the adoption of SORP 2014 were as follows:

Holiday pay accrual

SORP 2014 requires short term employee benefits to be charged to the income and expenditure account as the employee service is received. No adjustments were required because holiday pay accruals were already incorporated into the figures in the prior year.

Revaluation of housing property

Previously Waverley Housing had a policy of revaluing housing stock. On transition to SORP 2014 the Association has elected to use the previous revaluation of housing stock at 31 March 2014 as the deemed cost for the assets. There is no effect on the balance sheet at the transition date. In the year ended 31 March 2015 the revaluation for the year ended 31 March 2015 is no longer recognised in reserves or within tangible fixed assets. As the deemed cost has increased the cost of housing stocks there is an additional depreciation charge for the year ended 31 March 2015.

Statement of cash flows

The statement of cash flows reflects the presentation requirements of FRS 102, which is different to that prepared previously. In addition the cash flow statement reconciles to cash and cash equivalents rather than just cash. Cash and cash equivalents are defined in FRS 102 as "cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value".

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

27. FIRST TIME ADOPTION OF SORP/ FRS 102 (continued)

b) Reconciliation of reserves

Adjustments to previously reported reserves at the date of transition to the new SORP were as follows:

	<u>£</u>
Reserves at 1 April 2014 under previous reporting framework	21,226,061

Reserves at 1 April 2014 under the new SORP	21,226,061
	=====

Adjustments to previously reported reserves at the end of the comparative period were as follows:

	<u>£</u>
Reserves at 31 March 2015 under previous reporting framework	19,917,944
Reversal of March 2015 revaluation on housing stock	1,877,580
Additional depreciation charge due to housing stock being held at deemed cost	(151,426)

Reserves at 31 March 2015 under the new SORP	21,644,098
	=====

c) Reconciliation comparative period tangible fixed assets – housing properties

Adjustments to previously reported tangible fixed assets – housing properties in the comparative period were as follows:

	<u>£</u>
Tangible fixed assets – housing properties for the period ended 31 March 2015 under previous reporting framework	36,930,000
Reversal of March 2015 revaluation on housing stock	1,877,580
Additional depreciation charge due to housing stock being held at deemed cost	(151,426)

Tangible fixed assets – housing properties for the period ended 31 March 2015 under the new SORP	38,656,154
	=====