

Report and Financial Statements
For the year ended
31 March 2017

Company No. SC115066 Charity No. SC026231 R.S.L No. 327

WAVERLEY HOUSING (A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2017

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for the year ended 31 March 2017

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COMPANY INFORMATION

For the year ended 31 March 2017

COMPANY NUMBER: SC115066

R.S.L. NUMBER: 327

PROPERTY FACTORS NUMBER: PF00271

REGISTERED OFFICE: 51 North Bridge Street

Hawick TD9 9PX

CHAIR: Margaret Stenhouse

DIRECTORS Margaret Stenhouse

David Thomson William Robson Ian Baxter George Young Garyth Thomas Eileen Frame Doreen Steele David Gordon

Ronnie Dumma (appointed 30 May 2017)

CHIEF EXECUTIVE: Margaret Ross

COMPANY SECRETARY: Haddon & Turnbull, W.S.

55 High Street Hawick TD9 9BP

BANKERS: The Royal Bank of Scotland Barclays Commercial Bank

Commercial Banking Aurora
Borders Commercial Centre First Floor

35 Bank Street 120 Bothwell Street Galashiels TD1 1EP Glasgow G2 7JT

The Co-Operative Bank

P.O. Box 101 1 Balloon Street Manchester M60 4EP

SOLICITORS: TC Young HBJ Gateley

7 West George Street Exchange Tower
Glasgow G2 1BA 19 Canning Street
Edinburgh EH3 8EH

EXTERNAL AUDITOR: Chiene + Tait LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street Edinburgh EH3 6NL

INTERNAL AUDITORS: Scott Moncrieff

Exchange Place 3 Semple Street Edinburgh EH3 8EH

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 2017.

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 2017 were £20.8 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 2017-2018. It has also recently approved the 2017 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.

REPORT of the DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- 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 reviewed 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 funders 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.

- At the year-end the percentage of stock vacant and available to let was 2.7% which is slightly outwith our target of 2.6%. Rent loss due to voids was 2.7% which was also outwith our target of 2.3%.
- In 2016/17 we re-let 200 properties (120 properties excluding those in low demand areas). The average turnover timescale for these was 56 days compared to 47 days the previous year. If we exclude those properties in low demand areas the average time taken to re-let is 21 days (29 days in 2015/16).
- 80% of all re-lets sustained a tenancy for more than 12 months, which is slightly better than last year at 76% and 87.5% of homeless people sustained their tenancy for more than 12 months a substantial increase on last year's figure of 65%.
- We are working hard to ensure that tenants' homes are well maintained and 99% of repairs reported during the last year were completed right first time.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- We are also addressing energy efficiency within our properties and have 56% of stock at or above the Energy Efficient Standard for Social Housing (EESSH).
- Complaints monitoring is now an integral part of performance management, with reporting on complaints undertaken monthly. In the past year we received 62 complaints. Of these 71% 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 used to install external wall insulation to 21 of our properties in Tweedbank, Galashiels.
- We were delighted to see some of our young talent recognised at the 2016 Scottish Federation of Housing Association's Apprentice Challenge, with our 2nd year Business and Administration apprentice being awarded runner-up.
- We signed up to the "Keep Safe Scheme" which is a Scottish Borders initiative developed in partnership with Safer Communities and people with disabilities. Keep Safe aims to ensure that vulnerable people can enjoy day to day life and activities free from fear, abuse or intimidation.

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 and grounds maintenance service.
- We attended Careers Fairs at some of the secondary schools within our region, which were aimed at informing students on jobs available within our organisation.
- Communication and consultation with tenants and other stakeholders is still high on our agenda. During 2016/17 we consulted on a range of matters includingrent increase proposals, tenant incentives, ground maintenance, common repairs and various Policies.
- Philiphaugh Community Primary School in Selkirk is situated within one of the most deprived estates in the Scottish Borders and as such struggles to fund extra curricular activities. So we were happy to help the school by providing support towards school excursions
- Our Customer Review Panel examined our void relet standards and brought forward several recommendations most of which have been accepted; these include undertaking more painting works and a higher level of cleaning to some void properties.
- 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.
- We recently completed our three yearly Satisfaction Surveys for tenants, owner occupiers and employees. The outcome of these will be considered by the Board.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- As part of the Selkirk Flood Prevention initiative a number of employees from Waverley worked alongside representatives from other local organisations in a Garden Challenge in the Bannerfield area of Selkirk, to tidy up the gardens of those in need, who were struggling with gardens that were overgrown or which had garden waste needing disposed of.
- Estate Walkabouts we organised three multi-agency walkabouts during 2016, with all involved having input into how they would like to see their neighbourhoods improved.
- We consulted with owners to whom we provide a Factoring service about the content of their grounds maintenance contract and undertook an exercise to select a suitable contractor to provide a 3 year contract to these owners.
- We have continued with our efforts to encourage mobile working and our Trades Staff now use such technology to undertake customer satisfaction surveys.
- We have introduced a stair cleaning service to blocks of flats in Upper Langlee, Galashiels.

The Future

- Consultants are to be appointed to undertake a master planning exercise in Upper Langlee, Galashiels
 and as part of their brief they will be asked to carry out research on the wishes of tenants for any future
 redevelopment or remodelling of the housing stock on the estate.
- A 15% stock survey sample has been completed by Savills and our Clerk of Works has been seconded to undertake surveys of the remaining 85% of our stock. The target date for completion of the full stock survey is November 2018.
- We have registered with the Scottish Government to participate in the Mortgage to Rent Scheme and are due to acquire our first property in this connection.

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.

During 2016/17:

- We increased our estates team by a further two employees, to assist in grounds maintenance works as well as keeping our estates clean and tidy.
- A review of our planned maintenance team who primarily undertake kitchen replacements was carried
 out which concluded that it would be cost effective to continue with the team.
- We are currently undertaking a pilot project where our own Trades Staff are fitting new bathrooms and this project will be evaluated at the conclusion of the project during 2017.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

- We have recruited a painter on a six month contract to carry out works to void properties and the impact
 of this will be assessed towards the end of the contract. We have also recruited a cleaner to undertake
 a "sparkle clean" of some void properties.
- Four employees gained their Level 3 Certificate in Housing, whilst our IT Assistant gained his Diploma for IT and Telecommunications (SCQG level 8).

We continue to support the apprenticeship programme with a total of 7 apprentices.. Two of our office-based apprentices gained their SVQ in Business and Administration, both went on to permant employment with Waverley, one as a trainee housing anssistant and the other as a trainee administration assistant. We also plan to offer a permanent post to our apprentice electrician, which will reduce our reliance on subcontractors to undertake electrical work.

Health and 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 near misses, 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 have recently recruited a new member of the 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 2016/17 was £6,395,974 (2015/16: £5,917,120) against operating costs of £5,014,531 (2015/16: £4,726,689). The main source of income was rental income of £6,318,926. Depreciation charges relating to housing property was £722k in the year. Following a review of Housing Properties, an impairment adjustment of £621,283 was made in respect of stock in an area of Galashiels which is being affected by low demand.

Statement of Financial Position

Waverley Housing's Statement of Financial Position as at 31 March 2017 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.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

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 £2,720,585 (2015/16: £2,139,497).

Current Liquidity

At 31 March 2017 Waverley Housing had cash and short-term deposits of £4,047,908. 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.

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

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.Void Management Policy in place. Now offering furnished lets. Tenant scrutiny of relet standards completed and most recommendations accepted. 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 Scottish Borders Council 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 and 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.

REPORT of the DIRECTORS INCLUDING THE STRATEGIC REPORT) (continued)

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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 2016/17 included equality & diversity, expenditure & creditors, gas servicing, payroll and risk management. There were no areas of high risk and few recommendations all of which have been actioned.

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 27 June 2017. 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

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27 JUNE 2017

INDEPENDENT AUDITOR'S REPORT

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



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We have audited the financial statements of Waverley Housing for the year ended 31 March 2017, 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 (who are also the trustees for the purpose of charity law) 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/auditscopeukprivate.

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 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

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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

7 JULY 2017

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 pages 9 and 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 pages 9 and 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

Chartered Accountants and Statutory Auditors

Chieve . Tait LLA

61 Dublin Street Edinburgh

EH3 6NL

7 JULY 2017

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2017

2017 Note 2016 £ 6,395,974 5,917,120 Turnover 2 Operating expenditure 2/14a (5,014,531) (4,726,689) Other income **Operating surplus** 1,381,443 1,190,431 6 40,927 Gain/(loss) on disposal of tangible fixed assets Interest receivable and similar income 7 17,651 18.344 Interest payable and similar charges (993,562) (1,017,329) 8 Surplus on ordinary activities before taxation 405,532 232,373 Tax on surplus on ordinary activities 13 Surplus on ordinary activities after taxation 405,532 232,373 405,532 232,373 Total comprehensive income for the year

In each of the years ended 31 March 2017 and 31 March 2016, the surplus for the year is in respect of continuing activities of the company.

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STATEMENT of FINANCIAL POSITION

As at 31 March 2017

	Note	2017 £	2016 £
FIXED ASSETS		~	~
Tangible fixed assets			
Housing properties	14(a)	37,627,251	38,107,422
Other fixed assets	14(b)	1,545,681	1,568,792
Investment in subsidiary	15	1	.040433394
		39,172,933	39,676,215
Surrent assets			
Current assets Debtors	16	230,726	447,258
Cash in hand and at bank	10	4,047,908	
		4,278,634	3,573,593
Creditors: amounts falling due within one year	17	(737,362)	(644,363)
Net current assets		3,541,272	2,929,230
Total assets less current liabilities		42,714,205	42,605,445
Creditors: amounts falling due after more than one year	18	(20,432,202)	(20,728,974)
		22,282,003	21,876,471
Reserves			
Revaluation reserve	21	16,640,193	17,218,140
Income and expenditure reserve	21	5,641,810	4,658,331
Total reserves		22,282,003	21,876,471

Approved and authorised for issue by the Board of Directors on 27 June 2017 and signed on their behalf by:

M- Stenhouse, Chair

David Thomson, Director

George Young, Director

Company Registration Number: SC115066

STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2017

	Income and Expenditure Reserve £		Total Unrestricted Funds £
At 1 April 2016	4,658,331	17,218,140	21,876,471
Surplus from statement of comprehensive income	405,532	-	405,532
Transfer from revaluation reserve to income and expenditure reserve	577,947	(577,947)	-
Other movements	-	-	-
Balance at 31 March 2017	5,641,810 ======	16,640,193 ======	22,282,003 ======
For the year ended 31 March 2016			
	Income and Expenditure Reserve £		Total Unrestricted Funds £
At 1 April 2015	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

STATEMENT of CASH FLOWS

for the year ended 31 March 2017

	Note	2017 £	2016 £
Cashflow from operating activities	20	2,720,583	2,139,497
Cash flow from investing activities Purchase of tangible fixed assets Proceeds from sale of tangible fixed assets Grants received Interest received		411,622	(906,935) 219,915 95,180 18,344
Net cash flow used in investing actvities		(505,448)	(573,496)
Cash flow from financing activities Interest paid New secured loans Repayment of borrowings		-	(1,017,329) - (300,000)
Net cash flow used in financing activities			(1,317,329)
Net change in cash and cash equivalents		921,573	248,672
Cash and cash equivalents at beginning of the year		3,126,335	======
Cash and cash equivalents at end of the year		4,047,908	

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

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 2017

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 and 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 2017

(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

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

(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 2017

(I) 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:

- 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.
- 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 2017

(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) Cash and 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.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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2. Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover £	Operating Costs £	2017 Operating Surplus/ (Deficits) £	2016 Operating Surplus/ (Deficits) £
Affordable letting activities Other activities	6,318,926 77,048	4,952,991 61,540	1,365,935 15,508	1,273,238 (82,807)
Total 2017	6,395,974 ======	5,014,531 ======	1,381,443 ======	
Total 2016	5,917,120 ======	4,726,689 ======		1,190,431 =====

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2017

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

	General Needs Social Housing £	Supported Social Housing Accomm'n £	Shared Ownership Housing £	Ownership Other	2017 Total £	2016 Total £
Rent receivable net of service charges Service charges	6,033,371 37,529	- - -	- - -	- - -	6,033,371 37,529	5,868,404 34,548
Gross income from Rents and service charges	6,070,900	-	-	-	6,070,900	5,902,952
<u>Less</u> : Voids	(163,596)	-	-	-	(163,596)	(125,935)
Net income from rents and service charges	5,907,304	-	-	-	5,907,304	5,777,017
Grants released from Deferred income	-	-	-	-	-	-
Revenue grants from Scottish Ministers	411,622	-	-	-	411,622	95,180
Other revenue grants	-	-	-	-	-	-
Total turnover from affordable letting activities	6,318,926	-	-	-	6,318,926	5,872,197
Management and maintenance administration costs Service costs	1,705,913		 - -	 - -	1,705,913	1,683,849
Planned and cyclical maintenance including major repairs costs	1,018,078	-	-	-	1,018,078	549,186
Reactive maintenance costs Bad debts – rents and service	786,013	-	-	-	786,013	930,524
charges Depreciation of affordable let	73,989	-	-	-	73,989	75,070
Properties Impairment of affordable let	747,715	-	-	-	747,715	670,576
Properties	621,283	-	-	-	621,283	689,754
Operating costs for affordable letting activities	4,952,991	-	-	-	4,952,991	4,598,959
Operating surplus for affordable lettings 2017	1,365,935	-			1,365,935	
Operating surplus for affordable lettings 2016	1,273,238		-	-		1,273,238

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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

G	rants from Scottish Ministers	Other Revenue Grants		Other Income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£	£	£	£	£	£	£	£	£
Wider role activities to support the community	-	-	-	-	_	-	5,501	(5,501)	(9,440)
Care and repair of property	-	-	-	53,113	53,113	42,348	-	10,765	13,562
Factoring	-	-	-	12,451	12,451	-	11,783	668	(4,897)
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	-	-	-	456	456	-	-	456	448
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Development and improvements for sale to other									
organisations	-	-	-	-	-	-	-	-	-
Other activities (insurance claims, Tenant Participation				44.000	44.000		4.000	0.400	(00, 400)
Officer, Misc)	-	-	-	11,028	11,028	-	1,908	9,120	(82,480)
2017 Total from other activities				77.040	77.040	42.240	10.102	15 500	
2017 Total from other activities	-	-	-	77,048	77,048	42,348	19,192	15,508	
2016 Total from other activities	======	======	=====	44,923	44,923	19,194	108,536	======	(82,807)
2010 Total Holli other activities				44,923	44,923	19,194	100,530		(02,007)

2017

2016

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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	2017	2016
		£	£
	Surplus is stated after charging/ (crediting):-		
	Auditor's remuneration – external – audit services	7,200	9,900
	Auditor's remuneration – external – non audit services	-	2,640
	Depreciation – housing properties	747,717	670,576
	Depreciation – other	69,003	67,070
	Impairment of tangible fixed assets	621,283	689,754
	Operating lease rentals	99,026	91,755
		=======	=======
7.	Finance income	2017	2016
		£	£
	Donk interest reseivable on denseits in the year	17.651	10 244
	Bank interest receivable on deposits in the year	17,651	18,344
8.	Finance charges	2017	2016
		£	£
	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	990.334	1,014,101
	Release of deferred loan issue costs	3,228	
		993,562	1,017,329
		=======	=======

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

Employees	2017	2016
Number of employees:-		
The average monthly numbers of employees during the year were: Clerical Maintenance Cleaners	31 27 2 60	31 24 2 57
The full time equivalents of the figures amounted to:	57 =====	55 =====
	2017 £	2016 £
The aggregate remuneration of employees was as follows:-		
Vages and salaries Social security costs Other pension costs	114,464	
		1,467,202
	Number of employees:- The average monthly numbers of employees during the year were: Clerical Maintenance Cleaners The full time equivalents of the figures amounted to: The aggregate remuneration of employees was as follows:- Vages and salaries Social security costs	Number of employees:- The average monthly numbers of employees during the year were: Clerical 31 Maintenance 27 Cleaners 2 60 ===== The full time equivalents of the figures amounted to: 57 ==== The aggregate remuneration of employees was as follows:- Vages and salaries 1,292,342 Social security costs 114,464

10. Board members emoluments

Board members received £2,830 (2016 - £3,058) 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:

	2017 £	2016 £
Wages and salaries Staff pension costs	146,283 17,892	130,130 13,285
	164,175	143,415
	======	======

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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.

	2017 £	2016 £
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000 (excluding employers pension contributions)	146,283	76,362
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	79,281	76,362
Employer's pension contributions	•	11,172
Total emoluments	90,588	87,534
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 £127,742 (2016: £123,795). 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 £17,892 (2016: £11,172).

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 2017

14(a). Tangible fixed assets - housing properties

	Total
Cost/Valuation At 1 April 2016	£
Additions – replacement components Additions – open market purchases	38,940,736 888,829 -
Disposals – replaced components Disposals – housing stock	(143,936)
Impairment of housing stock	(662,501)
At 31 March 2017	39,023,128
Depreciation At 1 April 2016 Charge for the year	833,314 722,230
Disposals – replaced components Disposals – housing stock	(118,449)
Impairment of housing stock	(41,218)
At 31 March 2017	1,395,877
Net book value At 31 March 2017	37,627,251
At 31 March 2016	======= 38,107,422
	=======

The net book value of components which have been replaced in the year of £25,487 (2016: £30,698) is included in the depreciation charge of £747,717 (2016: £670,576) in note 6.

	2017	2016
	£	£
Additions to housing property comprise:		
Tenant's choice transfers	-	-
Capital works	888,829	706,476
Open market purchases	-	151,486
Housing stock swaps	-	-
	888,829	857,962
	======	======

Total works carried out on the housing properties for the year end 31 March 2017 was £2,692,920. Of this total £888,829 was capitalised above and £1,804,091 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 2017

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 2016 Additions – replacement components Additions – open market purchases Disposals – replaced components Disposals – housing stock	26,947,381 888,829 (143,936)
Impairment of housing stock	(281,603)
At 31 March 2017	27,410,671
Depreciation At 1 April 2016 Charge for the year Disposals – replaced components Disposals – housing stock Impairment of housing stock	6,058,099 501,485 (118,449) - (17,520)
At 31 March 2017	6,423,615
Net book value At 31 March 2017	20,987,056 ======
At 31 March 2016	20,889,282 =======

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

At 31 March 2016

Subsidiary undertaking

Investment

15.

Equipment Heritable Computer Plant & Land & Motor 14(b) Tangible fixed assets - other **Tools Buildings Vehicles** Systems Total £ £ £ £ £ Cost 8,500 1,908,517 At 1 April 2016 307,141 17,793 1,575,083 Additions 44,062 1,830 45,892 Disposals (3,466)(4,250)(7,716)At 31 March 2017 4,250 1,946,693 347,737 19,623 1,575,083 **Depreciation** 97,601 At 1 April 2016 222,141 11,483 8.500 339,725 5,267 Charge for the year 33,220 30,516 69,003 Disposals (3,466)- (4,250) (7,716) -----At 31 March 2017 251.895 16.750 128,117 4,250 401.012 ------Net book value At 31 March 2017 95,842 2,873 1,446,966 - 1,545,681

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.

85,000

6,310 1,477,482 - 1,568,792

2017 £

======

1

2016

£

1

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

16.	Debtors	2017 £	2016 £
	Rental arrears Less provision for doubtful debts	195,963 (143,371)	242,443 (158,430)
	Trade debtors Other debtors	7,889 170,245	84,013 4,714 358,531
		230,726	447,258 ======
17.	Creditors: amounts falling due within one year	2017 £	2016 £
	Bank loan (secured - see note 19) Loan issue costs deferred Prepaid rent Trade creditors Taxation and social security costs Accruals and deferred income Other creditors	87,341 120,494 42,902 169,966	300,000 (3,228) 42,523 87,310 39,485 170,354 7,919
		737,362	644,363
18.	Creditors: amounts falling due after more than one year	2017 £	2016 £
	Bank loans (secured - see note 19) Loan issue costs deferred	20,500,000 2 (67,798)	0,800,000 (71,026)
		20,432,2022	

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

19. Bank loans and overdraft Bank loans and overdraft comprise:-	2017 2016 £ £
Amounts repayable: Within one year Between one and two years Between two and five years Due after five years	300,000 300,000 300,000 300,000 1,200,000 1,100,000 19,000,000 19,400,000
	20,800,000 21,100,000

The above loan was drawn down on 27 July 2009. The loan is made up of a £14,560,000 fixed rate facility and a £6,240,000 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 £20,800,000 (2016: £21,100,000).

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.

	2036 – 2038	£ 1,700,000 p.a.		
20	. Notes to the cash flow stater	nent	2017 £	2016 £
	a. Cash flow from operating ac	<u>ctivities</u>	~	~
	Surplus for the year		1,381,443	1,190,431
	Adjustments for non-cash item	s:		
	Depreciation		816,720	706,948
	Decrease/(increase) in debto	rs	216,532	(61,142)
	Increase/(decrease) in credit	ors	96,227	(291,314)
	Impairment of housing stock		621,283	689,754
	Adjustments for investing or fin	ancing activities:		
	Government grant utilised in t		(411,622) (95,180)
	Net cash inflow from operating	activities	2,720,583	2,139,497
			=======	=======

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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

The purchase of 12/5 Earl Street through the Mortgage to Rent Scheme completed in April 2017. The purchase price of the property was £42,273. We received a subsidy through the scheme of £11,160 towards the cost of the purchase.

At 31 March 2017 the company had capital expenditure authorised by the Board but not yet contracted for of £Nil (2017: £Nil).

24. Related party transactions

Tenant Board Member

There were no tenant Board members during the year.

25. Other commitments

At 31 March 2017 the company had future minimum payments under non-cancellable operating leases as set out below:-

		Motor Vehicles & Office Equipment	
		2017	2016
		£	£
	Operating leases that expire:		
	Within one year	5,212	11,802
	Within two to five years inclusive	201,660	155,545
	After five years	-	-
	, , oa. o		
		206,872	167,347
		=====	======
26.	Housing units in management	2017	2016
	gog	£	£
		~	~
	General needs	1,525	1,525
	Supported housing	-	-
	Shared ownership	-	-
	•		
		1,525	1,525
		=====	======