

WAVERLEY HOUSING
(A Company Limited by Guarantee)



Company Registered No. SC115066
Scottish 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 2024

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For the year ended 31 March 2024

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COMPANY INFORMATION

For the year ended 31 March 2024

COMPANY REGISTERED NUMBER:	SC115066	
SCOTTISH CHARITY NUMBER:	SC026231	
R.S.L. NUMBER:	327	
PROPERTY FACTORS NUMBER:	PF00271	
REGISTERED OFFICE:	51 North Bridge Street Hawick TD9 9PX	
CHAIR:	Ronnie Duma	
DIRECTORS	William Robson Garyth Thomas David Gordon Christina Stewart Kate Christie Ian Davidson Julie Watson Alan Brown (Appointed 26/9/23) Margaret Stenhouse (Retired 26/9/23) George Young (Retired 26/3/24)	
CHIEF EXECUTIVE:	Paul Scott (Appointed 18/3/24) Fraser Kelly (Retired 31/3/24)	
COMPANY SECRETARY:	Lorna Notman	
BANKERS:	The Royal Bank of Scotland 35 Bank Street Galashiels TD1 1EP	Barclays Commercial Bank Barclays Glasgow Campus 1-4 Clyde Place Lane Glasgow G5 8DP
	Unity Trust Bank plc PO Box 7193 Planetary Road Willenhall WV1 9DG	
SOLICITORS:	TC Young 7 West George Street Glasgow G2 1BA	
EXTERNAL AUDITOR:	Chiene + Tait LLP (trading as CT) Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL	
INTERNAL AUDITORS:	Wylie & Bisset 168 Bath Street Glasgow G2 4TP	

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 2024.

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 Scottish charity; a registered social landlord and its principal activity is the provision of affordable social rented housing.

Financial Instruments

Borrowings at 31 March 2024 were £18.1million. This debt is borrowed from a UK banks. 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 Sterling Overnight Index Average (SONIA). The board approved a new £10m facility which is expected to be used in future years.

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.

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 2024-2025. It has also recently approved the 2024 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.

REPORT of the DIRECTORS (INCLUDING STRATEGIC REPORT) continued

STRATEGIC REPORT

Review of Business and Future Developments

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

- To deliver quality homes
...Through active asset management, targeted investment planning and cyclical maintenance, 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.
- To deliver quality services
...Through continued investment in our people, developing 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 responsive and tenant led approach.
- To be a strong and successful organisation.
...Waverley Housing strives to be a well governed, well managed and high performing company. To achieve this, 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 2021–2026. 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 has 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.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

Summary Key Performance Indicators

	2023/24	2023/24
KPI Description	Target	Actual
Net housing debt per unit	<£16,000	£7,954
Asset cover – Basis 1	>110%	402%
Net operating surplus to net interest payable	>90%	308%
Ratio of operating income to operating expenditure plus finance costs	>90%	116%
% of stock vacant and available for let	<0.80%	0.21%
% of rent due lost on available to let properties being empty during the year	<0.90%	0.52%
Average days taken to relet voids (excl. low demand and unavailable for let)	<20 Days	14.8 days
Gross rent arrears (all tenants) as a % of rent due for the reporting year	<2.00%	1.52%
Former tenant rent arrears as a % of rent due for the reporting year	<.0.70%	0.28%
% properties with gas which had a gas safety check completed by the anniversary date	=100%	99.6%
% of reactive repairs carried out in the year completed right first time	>98%	99.0%
% of tenants who have had repairs/maintenance carried out in the last 12 months satisfied with the service	>98%	99.6%
% of tenants satisfied with the standard of their home when moving in	>93.0%	95.5%

Achievements

- We were successful in our tender bid to continue to provide a repairs, maintenance, and voids repairs to stock being utilised by Scottish Borders Council to provide temporary accommodation to homeless households. The contract was awarded from October 2023 for 2 years. Scottish Borders Council will then have an option to extend for a period of a further 2 x 12 months. The contract has yielded a positive return of £21,527 in financial year 2023-24.
- The Phase One new build contract was awarded to Clark Contracts Ltd. in December 2023. Phase One will see 25 new properties being built on the Upper Langlee estate. We obtained grant funding from the More Homes Scotland division of the Scottish Government of £3,151,624 and funding from Scottish Borders Council to the value of £961,000 toward the cost of phase 1.
- We secured private funding from Unity Trust Bank Ltd to the value of £10million. This is a general-purpose loan and although some of the loan may be utilised to fund the Upper Langlee project it can also be used to fund other aspects of the business plan. It is unlikely that any private financing will be utilised until financial year 2025-26.
- We continued to work closely with Warmworks and successfully installed air source heat pumps, PV panels and battery storage to 29 of our properties. We were awarded net zero heat funding of £400,000 to part-fund this project.
- We purchased four properties during the year two in Galashiels to assist with Langlee re-development and two in Hawick to increase letting pool in areas where Waverley are majority owners.

Other activities during the year

- We completed extensive Planned, Cyclical and Reactive Maintenance Programmes during the year in line with projected plans.
- In partnership with the other Borders based RSL's, we delivered support to tenants facing fuel poverty and specifically extreme fuel debt and the risk of self-disconnection. During 2023/24 we paid £34,876 from the SFHA Social Housing Fuel Support Fund, helping 73 tenants with extreme fuel debt, and issued 519 fuel bank vouchers to the value of £25,823 helping households which comprised 655 people, 273 adults 382 children.
- We continue to offer hybrid working arrangements which continue to meet the needs of tenants and staff.
- The Audit and Internal Control Committee reviewed a substantial evidence base, as part of the process involved in submitting our Annual Assurance Statement for 2023, to the Scottish Housing Regulator.
- Communication and consultation with tenants and other stakeholders are still high on our agenda. During 2023/24 we consulted on a range of matters including rent increase proposals; annual charter report; communication to owners in our feu areas in relation to the landscape maintenance contract and essential maintenance work; and our planned programmes. We continue to communicate with residents residing in Upper Langlee in relation to the regeneration of the estate.
- We continue our programme of inspections of common areas in feu areas that we own, and information gathered can assist in identifying any priority areas requiring repair or maintenance.
- We met our commitments to achieving Community Benefit Clauses, by recruiting 2 full time Modern Apprentices. We are also providing on the job experience to college and school students.

The Future

- We will continue our joint working with Warmworks to develop a detailed profile of the energy efficiency measures and costs required for each of our properties to meet EESSH2. This exercise will also include an assessment of possible sources of grant funding for these works. This will provide the basis for developing planned investment on energy efficiency measures in our housing stock.
- We recruited a Tenant and Community Benefit Assistant to aid in establishing tenant groups to increase participation from our tenants and other stakeholders residing on the estates we work in.
- Completion of phase 1 of the new build in April 2025. Look to commence phase 2 to build 22 units thereafter. Options appraisal to consider the future of the Upper Langlee development.
- Joint working with other Borders based Registered Social Landlords (RSL) to explore collaborative working in relation to EESSH/Net Zero and other planned programmes.

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, team meetings, occupational health screening and sessions facilitated by external partners.

We have provided an extensive range of training covering a variety of subjects to both our office based and trades staff as part of our commitment to ensure our staff have the desired skills and knowledge to carry out their jobs to the best of their ability. We retained our membership and commitment to the Healthy Working Lives initiative and undertook various health promotion activities for staff including mindfulness sessions.

Health and Safety

The health and safety of tenants and staff is a key concern for us, as a Board. Our health and safety forum continue to meet quarterly to give advice on policy and allow staff to raise issues relating to the operation of health and safety procedures.

We also have access to specialist advice on an on-going basis. The Management Team receives monthly reports on accidents at work, 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.

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 AIG Insurance UK.

Financial Review

Statement of Comprehensive Income (including Income and Expenditure Account)

Waverley Housing's turnover for 2023/24 was £7,828,802 (2022/23: £7,279,115) against operating costs of £5,650,245 (2022/23: £4,802,714). The main source of income was rental income of £7,127,237. Depreciation charges relating to housing property was £984,115 in the year.

Statement of Financial Position

Waverley Housing's Statement of Financial Position as at 31 March 2024 is shown on page 17.

Statement of Cash Flows

Waverley Housing's cash flows are shown on page 20. The main sources of cash inflows were rental income and grant support, with net cash inflow from operating activities of £2,606,815 (2022/23: £ 3,205,036).

Current Liquidity

At 31 March 2024 Waverley Housing had cash and short-term deposits of £6,901,119. 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 comprises a 30-year loan facility arranged with Barclays Bank plc in 2009 and a 25 year facility with Unity Trust Bank in 2023. 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 registered 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. 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. Key risks to the organisation going forward are summarised as follows:

Business Area	Summarised Risk	Summarised Action to Mitigate Risk
New Build Development	Our development programme becomes undeliverable due to financial, staff resource or contractor availability constraints.	<ul style="list-style-type: none"> • Community Consultation on demolition and development. • Successful procurement of demolition and development contractors for phase 1 at Upper Langlee. • Successfully accessing funding from Scottish Government and Scottish Borders Council for phase 1 at Upper Langlee • Successfully obtained additional private finance to assist with future phases of development at Upper Langlee. • Robust project management processes.
Corporate Services	Our IT systems are subject to cyber-attack and/or are unsuitable to deliver a modern efficient service in 2023/24 and beyond.	<ul style="list-style-type: none"> • Staff training plus updated policies and procedures. • External scrutiny and auditing. • Use of external expertise. • Resource planning.
Strategic Investment	Continued changes to standards and requirements for both new housing and retrofit become too onerous and undermine our ability to contribute sustainably to our community.	<ul style="list-style-type: none"> • Asset Management Strategy • Annual Financial Plan • Access to Scottish Government Net Zero Funding. • Partnership working with Warmworks and other local RSL's.

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

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 six Board members. Meetings are attended by the Chief Executive, Operations Director, Finance 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.

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

Internal Financial Control (continued)

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 Wylie & Bisset LLP, in 2023/24 included, a Follow Up Review: Absence Management, GDPR, Void Management and Competitive Tendering. There were no areas of high or medium risk. There were four medium and six low grades 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.

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

Statement

The Board has reviewed the effectiveness of the systems of internal financial controls that have been in operation during the year and until the date upon which this report is signed. 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.

Directors' Responsibilities Statement

The directors, who are also trustees of Waverley Housing for the purposes of charity law, 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 company 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 - February 2019. 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.

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.

In approving the Report of the Directors, the directors also approve the Strategic Report included therein.

By order of the Board

A large black rectangular redaction box covering the signature of the Secretary.

Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAVERLEY HOUSING

Opinion

We have audited the financial statements of Waverley Housing (the 'company') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024, and of its surplus 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 – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAVERLEY HOUSING

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- we have not identified material misstatements in the other information;
- the information given in the Report of the Directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and the Strategic Report has been prepared in accordance with applicable legal requirements.

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.

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAVERLEY HOUSING (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Company operates in and how the Company is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.
- agreement of the financial statement disclosures to underlying supporting documentation;
- review of manual adjustments made in coming to the financial statements to identify any unusual adjustments.

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were but not limited to FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2019, the Companies Act 2006 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.


We also performed audit procedures to inquire of management, and those charged with governance whether the Company is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Directors and relevant sub-committees, and reviewed available online information.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and section 69 of the Housing (Scotland) Act 2010. 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 the company's members as a body and its trustees, for our audit work, for this report, or for the opinions we have formed.



For and on behalf of CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Date: 26/06/2024

**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 the Board's statement on pages 11 to 12 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 11 to 12 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.



Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Date: 26/06/2024

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2024

	Note	2024 £	2023 £
Turnover	2	7,828,802	7,279,115
Operating expenditure	3/4	(5,650,245)	(4,802,714)
Operating surplus	6	2,178,557	2,476,401
Gain on disposal of tangible fixed assets		-	33,715
Interest receivable and similar income	7	125,956	44,333
Interest payable and similar charges	8	(1,153,089)	(1,013,877)
Surplus on ordinary activities before taxation		1,151,424	1,540,573
Tax on surplus on ordinary activities	13	-	-
Surplus on ordinary activities after taxation		1,151,424	1,540,573
Total comprehensive income for the year		1,151,424	1,540,573

In each of the years ended 31 March 2024 and 31 March 2023, the surplus for the year is in respect of continuing activities of the company.

Approved and authorised for issue by the Board of Directors on 25/06/24 and signed on their behalf by:



Company Registration Number: SC115066

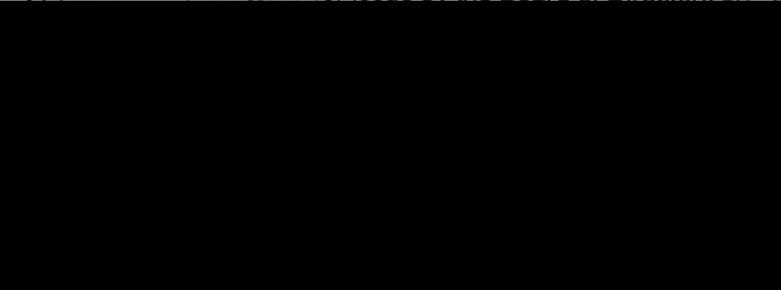
The notes on pages 21 to 34 form part of these financial statements.

STATEMENT of FINANCIAL POSITION

As at 31 March 2024

	Note	2024 £	2023 £
Fixed Assets			
Tangible Fixed Assets			
Housing Properties	14(a)	40,629,429	39,223,597
Other Fixed Assets	14 (b)	<u>510,282</u>	<u>527,642</u>
		41,139,711	39,751,239
Current assets			
Debtors			
Cash in hand and at bank	15	837,325	347,009
		<u>6,901,119</u>	<u>6,767,463</u>
		7,738,444	7,114,472
Creditors: amounts falling due within one year	16	<u>(1,496,841)</u>	<u>(1,115,148)</u>
Net current assets		<u>6,241,603</u>	<u>5,999,324</u>
Total assets less current liabilities		47,381,314	45,750,563
Creditors: amounts falling due after more than one year	17	<u>(20,378,237)</u>	<u>(19,898,910)</u>
		<u>27,003,077</u>	<u>25,851,653</u>
Reserves			
Revaluation reserve		14,210,228	14,345,194
Income and expenditure reserve		<u>12,792,849</u>	<u>11,506,459</u>
Total reserves		<u>27,003,077</u>	<u>25,851,653</u>

Approved and authorised for issue by the Board of Directors on 25/04/24 and signed on their behalf by:



Company Registration Number: SC115066

STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2024

	Income and Expenditure Reserve	Revaluation Reserve	Total Unrestricted Funds
	£	£	£
At 1 April 2023	11,506,459	14,345,194	25,851,653
Surplus from statement of comprehensive income	1,151,424	-	1,154,424
Transfer from revaluation reserve to income and expenditure reserve	134,966	(134,966)	-
Other movements	-	-	-
Balance at 31 March 2024	12,792,849	14,210,228	27,003,077

For the year ended 31 March 2022

	Income and Expenditure Reserve	Revaluation Reserve	Total Unrestricted Funds
	£	£	£
At 1 April 2022	9,814,181	14,496,899	24,311,080
Surplus from statement of comprehensive income	1,540,573	-	1,540,573
Transfer from revaluation reserve to income and expenditure reserve	151,705	(151,705)	-
Other movements	-	-	-
Balance at 31 March 2023	11,506,459	14,345,194	25,851,653

STATEMENT of CASH FLOWS

for the year ended 31 March 2024

	Note	2024 £	2023 £
Cashflow from operating activities	19	2,606,815	3,205,036
Cash flow from investing activities			
Purchase of tangible fixed assets		(2,416,826)	(1,737,695)
Proceeds from the sale of tangible fixed assets		-	75,000
Grants received		1,470,800	1,569,816
Interest received		125,956	44,333
Net cash flow used in investing activities		<u>(820,070)</u>	<u>(48,546)</u>
Cash flow from financing activities			
Interest paid		(1,153,089)	(1,013,877)
Repayment of borrowings		(500,000)	(400,000)
Net cash flow used in financing activities		<u>(1,653,089)</u>	<u>(1,413,877)</u>
Net change in cash and cash equivalents		133,656	1,742,613
Cash and cash equivalents at beginning of the year		<u>6,767,463</u>	<u>5,024,850</u>
Cash and cash equivalents at end of the year		<u><u>6,901,119</u></u>	<u><u>6,767,463</u></u>

Analysis of changes in net debt

	As at 1 April 2023 £	Cash-flows £	Other Non-cash changes £	As at 31 March 2024 £
Cash and cash equivalents	6,767,463	133,656		6,901,119
Loans falling due within one year	(500,000)	500,000	(500,000)	(500,000)
Loans falling due after more than one year	<u>(18,100,000)</u>		<u>500,000</u>	<u>(17,600,000)</u>
Total	<u><u>(11,832,537)</u></u>	<u><u>633,656</u></u>	<u><u>-</u></u>	<u><u>(11,198,881)</u></u>

The notes on pages 21 to 34 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 Social Landlord 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 on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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 2019 and the Determination of Accounting Requirements – February 2019. The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value.

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) 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 company 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 Statement of Comprehensive Income and the assets original cost is transferred from the revaluation reserve to the income and expenditure reserve.

NOTES to the FINANCIAL STATEMENTS
For the year ended 31 March 2024

1. Summary of significant accounting policies (continued)

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	15-18 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.

(c) 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
Equipment	3 – 15 years
Computer systems	3 – 5 years
Motor Vehicles	3 – 5 years

NOTES to the FINANCIAL STATEMENTS
For the year ended 31 March 2024

1. Summary of significant accounting policies (continued)

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

(k) 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.

(l) 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.

NOTES to the FINANCIAL STATEMENTS
For the year ended 31 March 2024

1. Summary of significant accounting policies (continued)

(m) 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. 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.

(n) 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.

(o) 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
For the year ended 31 March 2024

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

	Turnover £	Operating Costs £	2024 Operating Surplus £	2023 Operating Surplus £
Affordable letting activities	7,574,635	5,448,925	2,125,710	2,288,096
Other activities	254,167	201,320	52,847	188,306
Total 2024	7,828,802	5,650,245	2,178,557	
Total 2023	7,279,115	4,802,713		2,476,402

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

	General Needs Social Housing	
	2024 £	2023 £
Rent receivable net of service charges	7,127,237	6,794,460
Service Charges	21,685	20,924
Gross income from rents and service charges	7,148,922	6,815,384
Less: Voids	(27,154)	(37,429)
Net Income from rents and services charges	7,121,768	6,777,955
Grants released from deferred income	22,879	17,546
Revenue grants from Scottish Ministers	34,000	40,064
Other Revenue Grants	395,988	113,328
Total turnover from affordable letting activities	7,574,635	6,948,893
Management and Maintenance administration	2,150,005	1,997,486
Service Cost	21,685	20,924
Planned and cyclical maintenance including major repairs	1,207,277	726,815
Reactive maintenance costs	1,067,292	959,726
Bad debts - rents and services charges	18,551	47,165
Depreciation of affordable let properties	984,115	908,681
Operating costs for affordable letting activities	5,448,925	4,660,797
Operating surplus for affordable letting activities 2024	2,125,710	
Operating surplus for affordable letting activities 2023		2,288,096

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities	Grants from		Other		Total Turnover	Operating Costs		Total Operating Costs	Operating surplus/ (deficit)	
	Scottish Ministers	Other Revenue Grants	Income	Other		Bad Debts	Other		2024	2023
	£	£	£	£	£	£	£	£	£	£
Wider role activities to support the community	44,718	-	-	-	44,718	-	44,718	44,718	0	11,034
Care and repair of property	-	-	49,274	-	49,274	25,956	1,320	27,276	21,998	1,711
Factoring	-	-	15,233	-	15,233	-	17,798	17,798	(2,565)	(1,983)
Contracted out services undertaken for registered social landlords	-	-	134,569	-	134,569	-	108,038	108,038	26,531	154,072
Other activities (Recovery of Court Costs, Insurance Claims, Misc)	-	-	10,373	-	10,373	-	3,490	3,490	6,883	23,472
2024 Total from other activities	44,718	-	209,449	-	254,167	25,956	175,364	201,320	52,847	
2023 Total from other activities	44,519	7,000	285,703	-	330,222	21,728	120,188	141,916		188,306

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

5. Turnover

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

6. Surplus before tax

Surplus is stated after charging:

External auditor's remuneration – audit services

Depreciation – housing properties

Depreciation – other

Operating lease rentals

2024	2023
£	£
11,500	11,500
984,115	908,680
44,241	31,904
101,116	108,630
<u>=====</u>	<u>=====</u>

7. Finance income

Bank interest receivable on deposits in the year

2024	2023
£	£
125,956	44,333
<u>=====</u>	<u>=====</u>

8. Finance charges

Interest on bank loans, overdrafts and other loans:-

Repayable wholly or partly in more than 5 years, by instalments

Release of deferred loan issue costs

2024	2023
£	£
1,147,051	1,010,649
6,038	3,228
<u>=====</u>	<u>=====</u>
1,153,089	1,013,877
<u>=====</u>	<u>=====</u>

9. Employees

Number of employees:-

The average monthly numbers of employees during the year were:

Clerical

Maintenance

Cleaners

2024	2023
No.	No.
31	32
25	24
1	1
<u>=====</u>	<u>=====</u>
57	57
<u>=====</u>	<u>=====</u>

The full-time equivalents of the figures amounted to:

54	55
<u>=====</u>	<u>=====</u>

The aggregate remuneration of employees was as follows:-

Wages and salaries

Social security costs

Other pension costs

2024	2023
£	£
1,714,551	1,567,462
172,318	161,263
167,768	157,491
<u>=====</u>	<u>=====</u>
2,054,637	1,886,216
<u>=====</u>	<u>=====</u>

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

10. Board members emoluments

Board members received £1,311 (2023 - £1,584) 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, Operations Director & Corporate Service Director as well as members of the board of directors. Their aggregate remuneration was as follows:

	2024	2023
	£	£
Wages and salaries (including employers NI contributions)	287,325	199,087
Staff pension costs	24,362	18,317
	<u>311,687</u>	<u>217,404</u>
	=====	=====

The Determination of Accounting Requirements - Statutory Guidance February 2019 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 and Operations Director received more than £60,000.

	2024	2023
	£	£
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000 (excluding employers pension contributions)	255,765	173,624

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
More than £80,000 but not more than £90,000	-	1
More than £90,000 but not more than £100,000	1	
More than £100,000 but not more than £110,000	1	

Emoluments of the Chief Executive:

Excluding employer's pension contributions	103,519	95,071
Employer's pension contributions	9,555	10,910
	<u>113,074</u>	<u>105,981</u>
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

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 £167,768 (2023: £157,491). 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 £24,362 (2023: £17,148).

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 charitable activities.

14(a). Tangible fixed assets - housing properties

	Held For let £	Under Construction £	<i>Total</i> £
Cost/Valuation			
At 1 April 2023	43,535,514	1,374,274	44,909,788
Additions – replacement components	1,114,175		1,114,175
Additions – WIP new properties	350,070	925,701	1,275,771
Disposals – replaced components	(237,934)		(237,494)
At 31 March 2024	<u>44,762,264</u>	<u>2,299,975</u>	<u>47,062,240</u>
Depreciation			
At 1 April 2023	5,686,191	-	5,686,191
Charge for the year	905,027		905,027
Disposals – replaced components	(158,407)		(158,407)
At 31 March 2024	<u>6,432,811</u>	<u>-</u>	<u>6,432,811</u>
Net book value			
At 31 March 2024	<u>38,329,454</u>	<u>2,999,975</u>	<u>40,629,429</u>
At 31 March 2023	<u>37,849,323</u>	<u>1,374,274</u>	<u>39,223,597</u>

The net book value of components which have been replaced in the year of £79,088 (2023: £49,616) is included in the depreciation charge of £984,115 (2023: £908,680) in note 6.

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

14.(a) Tangible fixed assets - housing properties (continued)

	2024	2023
	£	£
Additions to housing property comprise:		
Capital works	1,114,175	918,536
New properties and Swaps	1,275,771	796,319
	<u>2,389,946</u>	<u>1,714,855</u>
	=====	=====

Total works carried out on the housing properties for the year end 31 March 2024 was £3,379,934. Of this total £1,114,175 was capitalised above and £2,265,759 was expensed in the income and expenditure statement in line with recommended accounting practice.

The housing properties were valued on 31 March 2019 by qualified external valuers F.P.D. Savills, International Property Consultants, using the Existing Use Value for Social Housing basis. The properties, excluding those which are scheduled for demolition in connection with the Upper Langlee development, were valued at £39,660,000.

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 – 5.25%
- Rent increase – CPI plus 1.00%

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

Cost	£
On 1 April 2023	34,066,371
Additions – replacement components	1,114,175
Additions & open market purchases	1,275,771
Disposals – replaced components	(237,494)
Disposals – non RTB	
	<u>36,218,823</u>
At 31 March 2024	<u>36,218,823</u>
Depreciation	
At 1 April 2023	9,187,729
Charge for the year	905,027
Disposals – replaced components	(158,406)
Disposals – RTB	
	<u>9,934,350</u>
At 31 March 2024	<u>9,934,350</u>
Net book value	
At 31 March 2024	<u>26,284,473</u>
	=====
At 31 March 2023	<u>24,878,642</u>
	=====

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

14(b) Other fixed assets

	Computer Systems £	Equipment Plant & Tools £	Heritable Land & Buildings £	Motor Vehicles £	Total £
b) Tangible fixed assets - other					
Cost					
At 1 April 2023	430,986	32,581	839,962	9,750	1,313,279
Additions	26,880	-	-	-	26,880
Disposals	(15,863)	-	-	-	(15,863)
At 31 March 2024	<u>442,003</u>	<u>32,581</u>	<u>839,962</u>	<u>9,750</u>	<u>1,324,296</u>
Depreciation					
At 1 April 2023	384,926	26,436	373,733	542	785,637
Charge for the year	27,774	1,960	11,257	3,250	44,240
Disposals	(15,863)	-	-	-	(15,863)
At 31 March 2024	<u>396,836</u>	<u>28,396</u>	<u>384,990</u>	<u>3,792</u>	<u>814,014</u>
Net book value					
At 31 March 2024	<u>45,165</u>	<u>4,185</u>	<u>454,972</u>	<u>5,958</u>	<u>510,282</u>
At 31 March 2023	46,060	6,145	466,229	9,208	527,642

15. Debtors

	2024 £	2023 £
Rental arrears	128,125	136,935
Less: provision for doubtful debts	(110,002)	(114,549)
	<u>18,124</u>	<u>22,386</u>
Trade debtors	13,931	8,874
Other debtors	805,270	315,748
	<u><u>837,325</u></u>	<u><u>347,008</u></u>

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

16. Creditors: amounts falling due within one year	2024	2023
	£	£
Bank loan (secured - see note 18)	500,000	500,000
Loan issue costs deferred	(6,038)	(3,228)
Prepaid rent	82,820	105,789
Trade creditors	682,858	231,424
Taxation and social security costs	61,704	61,374
Accruals and deferred income	156,668	190,985
Other creditors	18,829	28,804
	<u>1,496,841</u>	<u>1,115,148</u>

17. Creditors: amounts falling due after more than one year	2024	2023
	£	£
Bank loans (secured - see note 18)	17,600,000	18,100,000
Deferred income – Grants	2,882,819	1,847,340
Loan issue costs deferred	(104,582)	(48,430)
	<u>20,378,237</u>	<u>18,898,910</u>

The movement on deferred grants in the year can be analysed as follows:

	2024	2023
	£	£
Brought forward	1,864,887	448,462
Received in the year	1,063,691	1,433,971
Released in the year	(22,879)	(17,546)
Carried forward	<u>2,905,699</u>	<u>1,864,887</u>
Due within one year	22,880	17,546
Due after more than one year	2,882,819	1,847,341
	<u>2,905,699</u>	<u>1,864,887</u>

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

18. Bank loans and overdraft	2024	2023
	£	£
Bank loans and overdraft comprise:-		
Amounts repayable:		
Within one year	500,000	500,000
Between one and two years	700,000	500,000
Between two and five years	2,100,000	2,100,000
Due after five years	14,800,000	15,500,000
	<u>18,100,000</u>	<u>18,600,000</u>
	=====	=====

The above loan was drawn down on 27 July 2009. The loan is made up of a £12,670,000 fixed rate facility and a £5,430,000 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 £18,100,000 (2023: £18,600,000).

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:-

2024 – 2025	£ 500,000 p.a.
2026 – 2029	£ 700,000 p.a.
2030 – 2035	£ 1,500,000 p.a.
2036 – 2038	£ 1,700,000 p.a.

19. Notes to the cash flow statement	2024	2023
	£	£
<u>a. Cash flow from operating activities</u>		
Operating surplus for the year	2,178,557	2,476,402
Adjustments for non-cash items:		
Depreciation	1,028,354	940,584
Decrease/(increase) in debtors	(490,316)	134,922
(Decrease)/increase in creditors	382,398	(193,480)
Adjustments for investing or financing activities:		
Movement in deferred loan issue costs	(62,190)	
Government grant utilised in the year	(429,988)	(153,392)
Net cash inflow from operating activities	<u>2,606,815</u>	<u>3,205,036</u>

NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2024

20. 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.

21. Capital commitments

At 31 March 2024 the company had unspent capital expenditure authorised by the Board of £5,926,589 (2023: £nil)

22. Related party transactions

Tenant Board Member

There was one tenant Board member during the year. Income received during the year amounted to £5,256 (2023: £5,254). There was £89 outstanding at 31 March 2024 (2023: £103).

23. Other commitments

At 31 March 2024 the company had future minimum payments under non-cancellable operating leases as set out below:-

	Motor Vehicles & Office Equipment	
	2024	2023
	£	£
Operating leases that expire:		
Within one year	17,884	10,393
Within two to five years inclusive	150,581	93,248
	<u>168,465</u>	<u>103,641</u>
	=====	=====

24. Housing units in management

	2024	2023
	£	£
General needs	1,412	1,408
	<u>1,412</u>	<u>1,408</u>
	=====	=====

At the 31 March 2024 the company owned 1,455 housing units (2023: 1,451). Units which have been earmarked for demolition as part of the redevelopment of Upper Langlee are being taken out of management as and when they become vacant.

