waverley housing

Report and Financial Statements
For the year ended
31 March 2018

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 2018

WAVERLEY HOUSING
(A Company Limited by Guarantee)

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for the year ended 31 March 2018

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WAVERLEY HOUSING
(A Company Limited by Guarantee)

COMPANY INFORMATION

For the year ended 31 March 2018

COMPANY NUMBER:	SC115066
R.S.L. NUMBER:	327
PROPERTY FACTORS NUMBER:	PF00271
REGISTERED OFFICE:	51 North Bridge Street Hawick TD9 9PX
CHAIR:	Margaret Stenhouse (Resigned 26 September 2017) David Gordon (Elected 26 September 2017)
DIRECTORS	Margaret Stenhouse David Thomson (Resigned 26 September 2017) William Robson Ian Baxter (Resigned 26 September 2017) George Young Garyth Thomas Eileen Frame Doreen Steele (Resigned 26 September 2017) David Gordon Ronnie Dumma (Appointed 30 May 2017) Christine Stewart (Appointed 26 September 2017) Ray Sneddon (Appointed 26 September 2017) Isla Phillips (Appointed 26 September 2017)
CHIEF EXECUTIVE:	Margaret Ross (Resigned 31 January 2018) Fraser Kelly (Appointed 8 January 2018)
COMPANY SECRETARY:	Cullen Kilshaw 55 High Street Hawick TD9 9BP
BANKERS:	The Royal Bank of Scotland Commercial Banking Borders Commercial Centre 35 Bank Street Galashiels TD1 1EP
	Barclays Commercial Bank Aurora First Floor 120 Bothwell Street Glasgow G2 7JT
SOLICITORS:	TC Young 7 West George Street Glasgow G2 1BA
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 2018.

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 2018 were £20.5 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 2018-2019. It has also recently approved the 2018 Financial Plan incorporating a 30 year cash flow which shows that Waverley Housing is able to service its loan facilities whilst continuing to comply with funder's covenants. Key assumptions underpinning the projections are kept under review and are subject to stress testing and scenario planning. As such it is the opinion of the Board that the Company has a reasonable expectation of having adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Company's financial statements.

Disclosure in the Strategic Report

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

STRATEGIC REPORT

Review of Business and Future Developments

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

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

- Delivering quality services
  ….through continued investment in our people, developing innovative solutions to service challenges and by listening to and learning from our customers and improving their experiences with us, we will let our houses effectively with a compassionate, responsive and well-led approach.

- Creating great places to live
  ….by working together with our tenants, other residents and partners on targeted regeneration programmes, and by working hard to reduce the number of empty properties, we will create great communities that change lives.

- Being a strong and successful organisation.
  ….by better understanding our customers and investing in the future through effective leadership and efficient management of our people and resources, we will be financially secure and develop a workforce that is motivated, skilled and highly professional in all that they do.

These strategic objectives are set out in our 5-year Business Plan for 2016 – 2021 which was recently 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 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.

- At the year-end the percentage of stock vacant and available to let was 2.65% which is slightly lower than last year's figure of 2.75%. Rent loss due to voids was 2.69% the same as the previous year.

- In 2017/18 we re-let 165 properties. The average time to relet properties was 61 days compared to 56 days the previous year. If we exclude those properties in low demand areas the average time taken to re-let is 26 days (21 days in 2016/17).

- 78% of all re-lets sustained a tenancy for more than 12 months, which is slightly poorer than last year at 80%. 90.4% of homeless people sustained their tenancy for more than 12 months compared to last year's figure of 87.5%.

- 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.

- We are also addressing energy efficiency within our properties and have 67% of stock at or above the Energy Efficient Standard for Social Housing (EESSH).

- Complaints monitoring continues to be an integral part of performance management, with reporting on complaints undertaken monthly. In the past year we received 53 complaints. Of these 66% were either partially upheld or upheld in full.

Achievements

- We completed our first property purchase under the terms of the Scottish Government Mortgage to Rent Scheme.

- We obtained grant funding from the Scottish Government to purchase a property in Hawick and have in principle, agreement for grant funding to assist with the purchase of a further two properties in the open market.

- Our tender submission to undertake a day to day repairs and void repairs service to 950 Eildon properties in the central Scottish Borders area was successful. The contract for this service commences on 1 April 2018 and runs for an initial period of at least 3 years.

Other activities during the year

- We undertook preparations for the introduction of the General Data Protection Regulations on 25 May 2018.

- 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 2017/18 we consulted on a range of matters including rent increase proposals, tenant incentives, ground maintenance, common repairs and various policies.

- We evaluated a computerised rent account management system, RentsenseLite and decided to purchase this product for an initial one year period after which a decision will be made on whether or not we should continue to use this product.

- Our Customer Review Panel has carried out a review of our communication relating to Allocations and tenant information on our website. A number of their recommendations in this respect have been agreed. Other areas reviewed by the Panel include the Tenant Reward Scheme, Customer Care Charter and Anti-Social Behaviour Targets.

- We completed the implementation of our new Choice Based Lettings system.

- We started to plan for our three yearly Satisfaction Surveys for tenants to be undertaken later in 2018. The results of these Surveys will be considered by the Board.

- We undertook a fire safety risk assessment of blocks of flats which are fully owned by Waverley Housing and have actioned any issues arising which require attention.

- Estate Walkabouts – we organised three walkabouts during the year in Galashiels, Hawick and Newtown St Boswells, 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 and have agreed to produce an annual newsletter specifically catering for these owners.

- We have reached agreement with Eildon Housing Association to purchase 4 new houses to be built as part of their new development at Howdenburn Court Jedburgh in 2019/20.

- Our repairs service was featured in a positive manner in a study carried out by the Scottish Housing Regulator entitled Repair Services in Scotland which was published in February 2018.

The Future

- Consultants have been appointed to undertake a master planning exercise in Upper Langlee, Galashiels and as part of their brief they have carried out research on the wishes of tenants for any future redevelopment or remodelling of the housing stock on the estate. The final report from the consultants is expected to be prepared for submission to our Board in June 2018.

- 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 April 2019.

- A revised Code of Conduct for Registered Property Factors is likely to be introduced later in 2018 and this will have implications for the way in which we deliver services to owner occupiers.

- We will be undertaking a review of our website and social media content and our current and future use of these.

- We will be reviewing and updating our current arrangements for the delivery of an Occupational Health Service to support our staff.

- We will continue with our preparations for the full roll out of Universal Credit in the Scottish Borders in June 2018.

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 2017/18:

- We promoted our apprentice electrician to the post of permanent electrician as a means of reducing the amount of electrical work that we issue to sub-contractors and we will monitor the results of this.

- We have maintained our bronze and silver award status in relation to our status with the Healthy Working Lives initiative.

- A pilot project where our own trades staff fit new bathrooms has been successful and as a result going forward these staff will fit most of the new bathrooms installed each year as part of our ongoing planned maintenance programme.

- Two employees gained their Level 3 Certificate in Housing, one is currently working towards a level 4 Certificate and another an HNC in Construction Management.

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, 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.

During 2017/8 we recruited four new members to the Board and a new Chair was appointed. 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 2017/18 was £6,197,753 (2016/17: £6,395,974) against operating costs of £5,134,149 (2016/17: £5,014,531). The main source of income was rental income of £6,108,293. Depreciation charges relating to housing property was £750,566 in the year. Following a review of Housing Properties, an impairment adjustment of £1,035,623 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 2018 is shown on page 16. Following the implementation of Financial Reporting Statement 102 the Company took the option to value the Housing and Garage stock on a "deemed cost" basis going forward.

Statement of Cash Flows
Waverley Housing's cash flows are shown on page 18. The main sources of cash inflows were rental income and grant support, with net cash inflow from operating activities of £2,867,762 (2016/17: £2,720,583).

Current Liquidity
At 31 March 2018 Waverley Housing had cash and short-term deposits of £4,854,008. Our future investment programme in Waverley Housing properties will see this cash balance reduce over the forthcoming years.

Capital Structure and Treasury Policy

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

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

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

LOOKING AHEAD

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

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

Challenges and risks

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

Risk	Control Measures & Actions
Low demand for housing stock.	Monitoring and management of void budgets and KPIs. Clear policies & procedures in place. Minimum lettable standard. Looking at retention, disposal and investment needs of stock as part of Asset Management Strategy Review.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. Master planning exercise underway for our housing stock in Upper Langlee.
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/Department of Work and Pensions 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 six Board members. Meetings are attended by the Chief Executive, Operations Director, internal auditors and external auditors. The Board has delegated powers to the Audit & Internal Control Committee to approve the internal audit plans, reports and follow-up reviews.

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

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

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

Internal Control systems
The systems of internal controls reviewed by our internal auditors Scott Moncrieff, in 2017/18 included Financial Sustainability, Choice Based Letting System Review, Governance, Energy Efficiency Standards for Social Housing (EESSH) and Regulatory Standards. There were no areas of very high risk. There were 17 recommended actions. 12 of these have been implemented, 4 are ongoing and 1 is not yet due for completion.

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 26 June 2018. 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.

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 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 - 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

[redacted]

Cullen Kilshaw, W.S.
Secretary

[redacted] 2018

Opinion
We have audited the financial statements of Waverley Housing for the year ended 31 March 2018, 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 2018 and of its incoming resources and application of resources, including 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.

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.

Who we are reporting to
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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

Opinions on other matters 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 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
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 Report of the Directors.

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.

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.

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.

[redacted]

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

[redacted] 2018

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 8 to 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 8 to 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.

[redacted]

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

[redacted] 2018

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2018

	Note	2018	2017
		£	£
Turnover	2	6,197,753	6,395,974
Operating expenditure	2/14a	(5,134,149)	(5,014,531)
Operating surplus	6	1,063,604	1,381,443
Gain on disposal of tangible fixed assets		15,978	-
Interest receivable and similar income	7	19,633	17,651
Interest payable and similar charges	8	(973,776)	(993,562)
Surplus on ordinary activities before taxation		125,439	405,532
Tax on surplus on ordinary activities	13	-	-
Surplus on ordinary activities after taxation		125,439	405,532
Total comprehensive income for the year		125,439	405,532

In each of the years ended 31 March 2018 and 31 March 2017, the surplus for the year is in respect of continuing activities of the company.

The notes on pages 19 to 33 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL POSITION

As at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets			
Housing properties	14(a)	36,603,705	37,627,251
Other fixed assets	14(b)	1,487,925	1,545,681
Investment in subsidiary	15	1	1
		38,091,631	39,172,933
Current assets			
Debtors	16	210,374	230,726
Cash in hand and at bank		4,854,008	4,047,908
		5,064,382	4,278,634
Creditors: amounts falling due within one year	17	(613,141)	(737,362)
Net current assets		4,451,241	3,541,272
Total assets less current liabilities		42,542,872	42,714,205
Creditors: amounts falling due after more than one year	18	(20,135,430)	(20,432,202)
		22,407,442	22,282,003
Reserves			
Revaluation reserve	21	15,810,734	16,640,193
Income and expenditure reserve	21	6,596,708	5,641,810
Total reserves		22,407,442	22,282,003

[redacted] issue by the Board of Directors on [redacted] 2018 and signed on their behalf by:

David Gordon, Chair

George Young, Director

Garyth Thomas, Director

Company Registration Number: SC115066

The notes on pages 19 to 33 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2018

	Income and Expenditure Reserve	Revaluation Reserve	Total Unrestricted Funds
	£	£	£
At 1 April 2017	5,641,810	16,640,193	22,282,003
Surplus from statement of comprehensive income	125,439	-	125,439
Transfer from revaluation reserve to income and expenditure reserve	829,459	(829,459)	-
Other movements	-	-	-
Balance at 31 March 2018	**6,596,708**	**15,810,734**	**22,407,442**

For the year ended 31 March 2017

	Income and Expenditure Reserve	Revaluation 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

The notes on pages 19 to 33 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of CASH FLOWS

for the year ended 31 March 2018

	Note	2018	2017
		£	£
Cashflow from operating activities	20	2,867,759	2,720,583
Cash flow from investing activities			
Purchase of tangible fixed assets		(876,462)	(934,721)
Proceeds from sale of tangible fixed assets		15,978	-
Grants received		52,968	411,622
Interest received		19,633	17,651
Net cash flow used in investing actvities		(787,883)	(505,448)
Cash flow from financing activities			
Interest paid		(973,776)	(993,562)
New secured loans		-	-
Repayment of borrowings		(300,000)	(300,000)
Net cash flow used in financing activities		(1,273,776)	(1,293,562)
Net change in cash and cash equivalents		806,100	921,573
Cash and cash equivalents at beginning of the year		4,047,908	
Cash and cash equivalents at end of the year		4,854,008	

The notes on pages 19 to 35 form part of these financial statements.

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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 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 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.

1. Summary of significant accounting policies

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.

(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

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1. Summary of significant accounting policies (continued)

(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.

(l) Sale of housing properties

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

(m) Issue costs

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

1. Summary of significant accounting policies (continued)

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances.

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

1. 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.

(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.

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

	Turnover £	Operating Costs £	2018 Operating Surplus/ (Deficits) £	2017 Operating Surplus/ (Deficits) £
Affordable letting activities	6,108,293	5,063,750	1,044,543	1,365,935
Other activities	89,460	70,399	19,061	15,508
Total 2018	6,197,753	5,134,149	1,063,604	
Total 2017	6,395,974	5,014,531		1,381,443

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 £	2018 Total £	2017 Total £
Rent receivable net of service charges	6,183,531	-	-	-	6,183,531	6,033,371
Service charges	39,007	-	-	-	39,007	37,529
Gross income from rents and service charges	6,222,538	-	-	-	6,222,538	6,070,900
Less: Voids	(167,213)	-	-	-	(167,213)	(163,596)
Net income from rents and service charges	6,055,325	-	-	-	6,055,325	5,907,304
Grants released from Deferred income	-	-	-	-	-	-
Revenue grants from Scottish Ministers	52,968	-	-	-	52,968	411,622
Other revenue grants	-	-	-	-	-	-
Total turnover from affordable letting activities	6,108,293	-	-	-	6,108,293	6,318,926
Carried forward	**6,108,293**	**-**	**-**	**-**	**6,108,293**	**6,318,926**

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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 £	2018 Total £	2017 Total £
Brought forward	**6,108,293**	**-**	**-**	**-**	**6,108,293**	**6,318,926**
Management and maintenance administration costs	1,772,921	-	-	-	1,772,921	1,705,913
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	570,748	-	-	-	570,748	1,018,078
Reactive maintenance costs	841,217	-	-	-	841,217	786,013
Bad debts – rents and service charges	52,478	-	-	-	52,478	73,989
Depreciation of affordable let Properties	790,763	-	-	-	790,763	747,715
Impairment of affordable let Properties	1,035,623	-	-	-	1,035,623	621,283
Operating costs for affordable letting activities	5,063,750	-	-	-	5,063,750	4,952,991
Operating surplus for affordable lettings 2018	1,044,543	-	-	-	1,044,543	
Operating surplus for affordable lettings 2017	1,365,935	-	-	-		1,365,935

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

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating costs - bad debts	Other operating costs	2018 Operating surplus/ (deficit)	2017 Operating surplus/ (deficit)
	£	£	£	£	£	£	£	£	£
Wider role activities to support the community	-	-	-	-	-	-	2,500	(2,500)	(5,501)
Care and repair of property	-	-	-	68,026	68,026	55,285	749	11,992	10,765
Factoring	-	-	-	10,177	10,177	-	11,580	(1,403)	668
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	-	-	-	164	164	-	-	164	456
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Development and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Other activities (insurance claims, Tenant Participation Officer, Misc)	-	-	-	11,093	11,093	-	285	10,808	9,120
2018 Total from other activities	**-**	**-**	**-**	89,460	89,460	55,285	15,114	19,061	
2017 Total from other activities	**-**	**-**	**-**	77,048	77,048	42,348	19,192		15,508

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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

	2018	2017
	£	£
Surplus is stated after charging/ (crediting):-		
Auditor's remuneration – external – audit services	7,400	7,200
Auditor's remuneration – external – non audit services	-	-
Depreciation – housing properties	811,011	747,717
Depreciation – other	64,716	69,003
Impairment of tangible fixed assets	1,035,623	621,283
Operating lease rentals	107,136	99,026

7. Finance income

	2018	2017
	£	£
Bank interest receivable on deposits in the year	19,630	17,651

8. Finance charges

	2018	2017
	£	£
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	970,548	990,334
Release of deferred loan issue costs	3,228	3,228
	973,776	993,562

9. Employees

	2018	2017
Number of employees:-		
The average monthly numbers of employees during the year were:		
Clerical	32	31
Maintenance	27	27
Cleaners	1	2
	60	60
The full time equivalents of the figures amounted to:	59	57

	2018	2017
	£	£
The aggregate remuneration of employees was as follows:-		
Wages and salaries	1,383,386	1,292,342
Social security costs	124,494	114,464
Other pension costs	138,149	127,742
	1,646,029	1,534,548

10. Board members emoluments

Board members received £4,294 (2017 - £2,830) 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:

	2018 £	2017 £
Wages and salaries (including employers NI contributions)	170,181	164,421
Staff pension costs	16,327	17,892
	186,508	182,313

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 and Operations Director received more than £60,000.

	2018 £	2017 £
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000 (excluding employers pension contributions)	133,257	146,283
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	2	1
More than £70,000 but not more than £80,000	-	1
Emoluments of the Chief Executive:		
Excluding employer's pension contributions	84,364	79,281
Employer's pension contributions	9,612	11,307
Total emoluments	93,976	90,588
Compensation payable for loss of office	-	-

This disclosure relates to the role of Chief Executive and not the individual. There were two chief executives in the year.

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 £138,149 (2017: £127,742). 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 £16,327 (2017: 17,892).

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.

14(a). Tangible fixed assets - housing properties

	Total
	£
Cost/Valuation	
At 1 April 2017	39,023,128
Additions – replacement components	827,229
Additions – open market purchases	42,273
Disposals – replaced components	(163,267)
Disposals – RTB	(47,836)
Impairment of housing stock	(262,991)
At 31 March 2018	39,418,536
Depreciation	
At 1 April 2017	1,395,877
Charge for the year	750,566
Disposals – replaced components	(102,822)
Disposals – RTB	(1,422)
Impairment of housing stock	772,632
At 31 March 2018	2,814,831
Net book value	
At 31 March 2018	**36,603,705**
At 31 March 2017	37,627,251

The net book value of components which have been replaced in the year of £60,445 (2017: £25,487) is included in the depreciation charge of £811,011 (2017: £747,717) in note 6.

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

	2018	2017
	£	£
Additions to housing property comprise:		
Capital works	827,229	888,829
New properties	42,273	-
	869,502	888,829

Total works carried out on the housing properties for the year end 31 March 2018 was £2,239,194. Of this total £827,229 was capitalised above and £1,411,965 was expensed in the income and expenditure statement in line with recommended accounting practice.

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 2017	27,410,671
Additions – replacement components	827,229
Additions – open market purchases	42,273
Disposals – replaced components	(143,019)
Disposals – RTB	(47,836)
Impairment of housing stock	(262,991)
At 31 March 2018	27,826,327
Depreciation	
At 1 April 2017	6,423,615
Charge for the year	531,900
Disposals – replaced components	(102,822)
Disposals – RTB	(9,776)
Impairment of housing stock	190,442
At 31 March 2018	7,033,359
Net book value	
At 31 March 2018	20,792,968
At 31 March 2017	20,987,056

14(b)	Tangible fixed assets - other	Computer Systems	Equipment Plant & Tools	Heritable Land & Buildings	Motor Vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 April 2017	347,737	19,623	1,575,083	4,250	1,946,693
	Additions	-	6,960	-	-	6,960
	Disposals	-	-	-	-	-
	At 31 March 2018	347,737	26,583	1,575,083	4,250	1,953,653
	Depreciation					
	At 1 April 2017	251,895	16,750	128,117	4,250	401,012
	Charge for the year	32,227	1,973	30,516	-	64,716
	Disposals	-	-	-	-	-
	At 31 March 2018	284,122	18,723	158,633	4,250	465,728
	Net book value					
	At 31 March 2018	63,615	7,860	1,416,450	-	1,487,925
	At 31 March 2017	95,842	2,873	1,446,966	-	1,545,681

15.	Investment	2018	2017
		£	£
	Subsidiary undertaking	1	1

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

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16. Debtors

	2018	2017
	£	£
Rental arrears	168,587	195,963
Less provision for doubtful debts	(134,037)	(143,371)
	34,550	52,592
Trade debtors	7,854	7,889
Other debtors	167,970	170,245
	210,374	230,726

17. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loan (secured - see note 19)	300,000	300,000
Loan issue costs deferred	(3,228)	(3,228)
Prepaid rent	83,533	87,341
Trade creditors	65,626	120,494
Taxation and social security costs	45,801	42,902
Accruals and deferred income	119,762	169,966
Other creditors	1,647	19,887
	613,141	737,362

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

	2018	2017
	£	£
Bank loans (secured - see note 19)	20,200,000	20,500,000
Loan issue costs deferred	(64,570)	(67,798)
	20,135,430	20,432,202

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19. Bank loans and overdraft

	2018	2017
	£	£
Bank loans and overdraft comprise:-		
Amounts repayable:		
Within one year	300,000	300,000
Between one and two years	400,000	300,000
Between two and five years	1,200,000	1,200,000
Due after five years	18,600,000	19,000,000
	20,500,000	20,800,000

The above loan was drawn down on 27 July 2009. The loan is made up of a £14,350,000 fixed rate facility and a £6,150,000 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 £20,500,000 (2016: £20,800,000).

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

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

20. Notes to the cash flow statement

	2018	2017
	£	£
a. Cash flow from operating activities		
Surplus for the year	1,063,604	1,381,443
Adjustments for non-cash items:		
Depreciation	875,727	816,720
Disposal of RTB property	46,414	-
Decrease in debtors	20,352	216,532
(Decrease)/increase in creditors	(120,993)	96,227
Impairment of housing stock	1,035,623	621,283
Adjustments for investing or financing activities:		
Government grant utilised in the year	(52,968)	(411,622)
Net cash inflow from operating activities	2,867,759	2,720,583

21. Reserves

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

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

22. Capital commitments

At 31 March 2018 the company had capital expenditure authorised by the Board of £56,720 (2017: £Nil).

24. Related party transactions

Tenant Board Member
There were two tenant Board members during the year. Income received during the year amounted to £8,212. There were no outstanding balances at the year end.

25. Other commitments

At 31 March 2018 the company had future minimum payments under non-cancellable operating leases as set out below:-

	Motor Vehicles & Office Equipment	
	2018	**2017**
	£	£
Operating leases that expire:		
Within one year	19,342	5,212
Within two to five years inclusive	139,800	201,660
After five years	-	-
	159,142	206,872

26. Housing units in management

	2018	**2017**
	£	£
General needs	1,507	1,525
Supported housing	-	-
Shared ownership	-	-
	1,507	1,525