

WAVERLEY HOUSING
(A Company Limited by Guarantee)
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2021

WAVERLEY HOUSING
(A Company Limited by Guarantee)

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For the year ended 31 March 2021

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WAVERLEY HOUSING
(A Company Limited by Guarantee)

COMPANY INFORMATION

For the year ended 31 March 2021

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: David Gordon

DIRECTORS Margaret Stenhouse
William Robson
George Young
Garyth Thomas
Eileen Frame
David Gordon
Ronnie Dummer
Christina Stewart
Ray Sneddon

CHIEF EXECUTIVE: Fraser Kelly

COMPANY SECRETARY: Fraser Kelly

BANKERS:	The Royal Bank of Scotland	Barclays Commercial Bank
	Kirkstane House	Aurora
	Third Floor	First Floor
	139 St Vincent Street	120 Bothwell Street
	Glasgow G2 5JF	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: 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 2021.

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 2021 were £19.4 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 2021-2022. It has also recently approved the 2021 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:

- 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. 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

KPI Description	Target 2020/21	Actual 2020/21
Net housing debt per unit	<£16,000	£9,748
Asset cover – Basis 1	>110%	272%
Net operating surplus to net interest payable	>90%	227%
Ratio of operating income to operating expenditure plus finance costs	>89%	105%
% of stock vacant and available for let	<1.00%	0.49%
% of rent due lost on available to let properties being empty during the year	<1.20%	0.89%
Average time (in days) taken to relet voids (excl. low demand and unavailable for let)	<28 days	27.5 days
Gross rent arrears (all tenants) as a % of rent due for the reporting year	<2.90%	1.73%
Former tenant rent arrears as a % of rent due for the reporting year	<0.90%	0.50%
% properties with gas which had a gas safety check completed by the anniversary date	=100%	100%
% of reactive repairs carried out in the year completed right first time	>98.0%	98.9%
% of stock targeted for the year, meeting the Energy Efficiency Standard for Social Housing	=100%	100.00%
% of tenants who have had repairs/maintenance carried out in the last 12 months satisfied with the service	>98.0%	100.00%

Achievements

- We obtained grant funding from the Scottish Government to assist us to purchase 5 properties on the open market.
- Our third year of providing a day-to-day repairs and void repairs service to 950 Eildon Housing Association properties in the central Scottish Borders area has been successful even given the impact of Covid-19 on our service delivery.
- Our second year of providing a repairs, maintenance, and voids repairs to 115 properties used by Scottish Borders Council to provide temporary accommodation to homeless household has been successful. Given the nature of these properties our staff were able to work throughout the Covid-19 pandemic to ensure these properties were made available to homeless households.
- We commenced an extensive external refurbishment programme for 68 flats/maisonettes on the Upper Langlee estate in January 2020 and had substantially completed this programme by March 2021.
- We continued to progress our plans for the demolition of 159 properties and provision of 109 new build properties in Upper Langlee. Detailed planning permission for the new build properties has been obtained from Scottish Borders Council. Detailed work on issues relating to our Building warrant application and various technical matters are progressing and plans for the demolition programme are being finalized.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

Achievements (continued)

- We have worked closely with Warmworks and successfully installed air source heat pumps to 20 of our properties with plans to undertake such works to further properties which meet the grant funding criteria.
- We completed a staffing restructure exercise which allowed additional staff resources to be provided to some customer facing roles and this was undertaken on a cost neutral basis.
- We have been successful in being appointed as Factors for the Broom Drive, Whin Court, Larkspur Court feu area in Galashiels.

Other activities during the year

- We developed our Asset Management Strategy 2021-26 and will consider how best to take forward the various actions detailed in the Strategy.
- We achieved a position where nearly 99% of our housing stock meets ESSH1 by December 2020.
- Communication and consultation with tenants and other stakeholders is still high on our agenda. During 2020/21 we consulted on a range of matters including rent increase proposals and various policies. Particular emphasis has been given to undertaking focused communications and consultation with residents living in Upper Langlee who will be affected by our estate regeneration plans.
- Following submission of our Annual Assurance Statement to the Scottish Housing Regulator we drew up a Compliance Action Plan to progress various items where we felt there was room for improvement. We have progressed most of the items on this Action Plan.
- After a trial period we have decided to keep in operation a Local Lettings Plan for our housing stock in the Stonefield area of Hawick.
- We have contributed to the work carried out by Scottish Borders Council to progress their Rapid Rehousing Transition Plan.
- We carried out a lessons learned exercise following the cyberattack on our computer systems in April 2020 and various actions identified from this exercise have now been implemented.
- We undertook a 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 continue to keep under review our arrangements for dealing with the impact of welfare benefits reform on our tenants and in particular in relation to rent arrear levels.

The Future

- We will carry out a review of our Factoring service to ensure that we will be compliant with the Revised Code of Practice for Factors which comes into force in August 2021.
- We will undertake a procurement exercise to appoint a suitable contractor to assist us in ensuring all our properties have an electrical condition inspection report and compliant fire/smoke detection systems in place by February 2022.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

The Future (continued)

- 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 will keep under review our operational practices and response to the Covid -19 pandemic and evaluate new and different ways of working to ensure we continue to provide high quality services to our customers. To this end we have developed a Working from Home Policy to set out how new working arrangements will operate

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.

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. In addition, we recruited another two Modern Apprentices during the year further reinforcing our commitment to providing employment opportunities for young people in our area.

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 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 AXA Insurance UK.

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

Financial Review

Statement of Comprehensive Income (including Income and Expenditure Account)

Waverley Housing's turnover for 2020/21 was £7,485,217 (2020/21: £7,230,918) against operating costs of £6,161,751 (2019/20: £5,851,428). The main source of income was rental income of £6,731,102. Depreciation charges relating to housing property was £728,533 in the year. Following an impairment review an adjustment of £257,675 was made to Housing Properties in respect of properties in an area of Galashiels which are due to be demolished as part of a regeneration plan.

Statement of Financial Position

Waverley Housing's Statement of Financial Position as at 31 March 2021 is shown on page 18. 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 19. The main sources of cash inflows were rental income and grant support, with net cash inflow from operating activities of £2,155,146 (2019/20: £3,049,138).

Current Liquidity

At 31 March 2021 Waverley Housing had cash and short-term deposits of £5,269,890. 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 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. 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. Three key risks to the organisation going forward are:

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

Risk	Potential Implications	Review of Risk and Controls in Place	Actions Required
Upper Langlee Demolition and New Build Programme.	Programme of demolition and new build is not met on time and/or within budget. Specific concern around timescale required for pre-planning application process. Lack of project management capacity and experience within the WH Management Team. Lack of interest from suitably experienced contractors to undertake the demolition/new build phases of work. Failure to identify site constraints. Failure to establish a robust Scheme Appraisal. Lack of clarity in the relationship and sequence of appointment between design consultants and engineer. Failure to achieve a sufficiently progressed scheme design to allow HARP registration. Uncertainty over Housing Association Grant levels after March 2021. Failure to timeously secure alternative permanent or temporary accommodation for households who need to move as their homes are earmarked for demolition with resultant delay in demolition programme commencing.	Business Plan and Asset Management Strategy. Financial Plan. Appointment of Camerons Architects. Appointment of MB Langmuir Hay as Employers Agent. Appointment of Wardell Armstrong as Civil and Structural Engineers. Appointment of Thomson Gray as Principal Designers. Appointment of David Murray as Mechanical and Electrical Consultants. Support from Ark Consultancy. SBC Strategic Housing Investment Plan. Scottish Government Affordable Housing Supply Programme. Upper Langlee Development Programme and Action Plan and Cost Plan. Regular reporting on progress to the Board. New Development Policy approved by Board.	Continue to consult with the local community when appropriate to do so. Updated cost plan and pre-contract programme prepared and regularly updated. Demolition phasing plan options being reviewed. Option of using procurement option, other than SPA, being considered. Ongoing liaison with the 17 households identified as priority for moves to permanent or temporary accommodation. Programme of repair, redecoration and fitting of floor coverings works underway to Waverley Housing properties to enable these to be offered to these households. Leases of an SBHA property and an Eildon Housing Association for use as temporary accommodation being arranged. Purchase of 3 properties for use as alternative accommodation completed. Value Engineering exercise to be undertaken in relation to budget costs for the demolition/new build phase of the estate regeneration project. An appraisal of options for securing private finance to fund the new build programme will be undertaken.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT) continued

Risk	Potential Implications	Review of Risk and Controls in Place	Actions Required
Coronavirus (COVID-19) Viral Epidemic	Substantial disturbance to normal business	Business Recovery & Continuity Plan invoked and CMT monitoring situation	Continue to follow Government guidance and ensure that as restrictions ease plans are in place to permit a smooth transition and relevant control measures are adapted accordingly.
Impact of Welfare Reform	Increase in rent arrears. Higher eviction rates. Increased voids and voids rent loss. Increase in abandonments. Increase in homelessness. Increase in legal costs.	Universal Credit Action Plan. Tenancy Sustainment Strategy, including employing a Tenancy Support Officer. Pre-allocation interviews carried out with potentially vulnerable tenants. Welfare Benefits Advisor appointment on permanent basis. Settling-In Visits undertaken, and responses reviewed. Mobysoft Rensenselite introduced. Staff Participation in external UC working group ongoing. Arrears Policy. Rent and Service Charge Setting Policy. Evictions Procedure. Abandonments Procedure. Void Management Procedure. Financial Plan. Housing management team structure reviewed. Constant review of current practices and ensure that any new DWP implementations are addressed (see UCAPT). Evictions. Automated import of UC payments, and access to individual payment portals.	To continue with focus on provision of support to UC claimants and early intervention when these claimants incur rent arrears.

Covid-19

The Covid-19 pandemic significantly impacted our ability to deliver a number of services to our customers during 2020/2021. We have restarted our services in accordance with the Scottish Government Route Map. Any repairs or cyclical and planned investment projects postponed in 2020/2021 will be carried forward into 2021/2022.

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.

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

Internal Financial Control (continued)

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 Manager, 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 Wylie & Bisset LLP, in 2020/21 included a Follow Up Review, Procurement, Tenant & Resident Safety and Financial Planning. There were no areas of high or critical risk. There were 11 low-grade recommended actions. 10 of these have been implemented and 1 is partially complete.

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 28 September 2021. 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



Fraser Kelly

Secretary

29 June 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Waverley Housing for the year ended 31 March 2021, 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 2021 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. 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.

INDEPENDENT AUDITOR'S REPORT

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the charitable company and considered the risk of acts by the charitable company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

INDEPENDENT AUDITOR'S REPORT

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

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

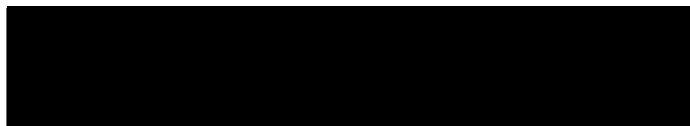
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquires of the senior management;
- review of board meeting minutes throughout the period and since the year end;
- review of legal correspondence and invoices; and
- review of manual adjustments made in coming to the financial statements to identify any unusual adjustments.

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. 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, for our audit work, for this report, or for the opinions we have formed.



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

1 July 2021

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 10 to 11 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 10 to 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Company and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the company's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Chiene + Tait LLP

CHIENE + TAIT LLP

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

1 July 2021

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	2	7,485,217	7,230,918
Operating expenditure	3/14a	(6,161,751)	(5,851,428)
Operating surplus	6	1,323,466	1,379,490
Interest receivable and similar income	7	10,535	40,720
Interest payable and similar charges	8	(933,463)	(991,750)
Surplus on ordinary activities before taxation		400,538	428,460
Tax on surplus on ordinary activities	13	-	-
Surplus on ordinary activities after taxation		400,538	428,460
Total comprehensive income for the year		400,538	428,460

In each of the years ended 31 March 2021 and 31 March 2020, the surplus for the year is in respect of continuing activities of the company.

The notes on pages 21 to 35 form part of these financial statements.

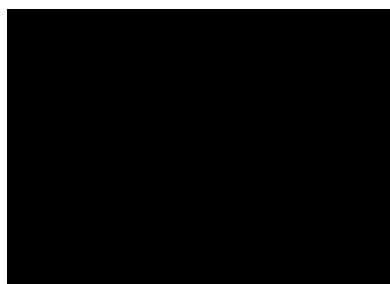
WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL POSITION

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets			
Housing properties	14(a)	37,571,229	37,040,975
Other fixed assets	14(b)	532,491	532,987
		<u>38,103,720</u>	<u>37,573,962</u>
Current assets			
Debtors	15	452,434	463,870
Cash in hand and at bank		4,817,456	5,199,570
		<u>5,269,890</u>	<u>5,663,440</u>
Creditors: amounts falling due within one year	16	(909,193)	(904,492)
Net current assets		<u>4,360,697</u>	<u>4,758,948</u>
Total assets less current liabilities		<u>42,464,417</u>	<u>42,332,910</u>
Creditors: amounts falling due after more than one year	17	(19,277,576)	(19,546,607)
		<u>23,186,841</u>	<u>22,786,303</u>
		<u>=====</u>	<u>=====</u>
Reserves			
Revaluation reserve	20	14,640,469	14,775,668
Income and expenditure reserve	20	8,546,372	8,010,635
Total reserves		<u>23,186,841</u>	<u>22,786,303</u>
		<u>=====</u>	<u>=====</u>

Approved and authorised for issue by the Board of Directors on 29 June 2021 and signed on their behalf by:



David Gordon, Chair

George Young, Director

Garyth Thomas, Director

Company Registration Number: SC115066

The notes on pages 21 to 35 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2021

	Income and Expenditure Reserve	Revaluation Reserve	Total Unrestricted Funds
	£	£	£
At 1 April 2020	8,010,635	14,775,668	22,786,303
Surplus from statement of comprehensive income	400,538	-	400,538
Transfer from revaluation reserve to income and expenditure reserve	135,199	(135,199)	-
Other movements	-	-	-
Balance at 31 March 2021	8,546,372	14,640,469	23,186,841
	=====	=====	=====

For the year ended 31 March 2020

	Income and Expenditure Reserve	Revaluation Reserve	Total Unrestricted Funds
	£	£	£
At 1 April 2019	7,446,974	14,910,869	22,357,843
Surplus from statement of comprehensive income	428,460	-	428,460
Transfer from revaluation reserve to income and expenditure reserve	135,201	(135,201)	-
Other movements	-	-	-
Balance at 31 March 2020	8,010,635	14,775,668	22,786,303
	=====	=====	=====

The notes on pages 21 to 35 form part of these financial statements.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

STATEMENT of CASH FLOWS

for the year ended 31 March 2021

	Note	2021 £	2020 £
Cashflow from operating activities	19	2,155,146	3,049,139
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,618,444)	(1,830,683)
Grants received		404,112	112,407
Interest received		10,535	40,720
Net cash flow used in investing activities		(1,203,797)	(1,677,556)
Cash flow from financing activities			
Interest paid		(933,463)	(991,750)
Repayment of borrowings		(400,000)	(400,000)
Net cash flow used in financing activities		(1,333,463)	(1,391,750)
Net change in cash and cash equivalents		(382,114)	(20,167)
Cash and cash equivalents at beginning of the year		5,199,570	5,219,737
Cash and cash equivalents at end of the year		4,817,456	5,199,570

Analysis of changes in net debt

	At 1 April 2020 £	Cash-flows £	Other non-cash changes £	At 31 March 2021 £
Cash and cash equivalents	5,199,570	(382,114)	-	4,817,456
Loans falling due within one year	(400,000)	400,000	(400,000)	(400,000)
Loans falling due after more than one year	(19,400,000)	-	400,000	(19,000,000)
Total	(14,600,430)	17,886	-	(14,582,544)

The notes on pages 21 to 35 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 (continued)

For the year ended 31 March 2021

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 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
Assets in course of construction	Assets in the course of construction are stated at cost. These assets are not depreciated until they are brought into use
Leasehold improvements	Shorter of the life of the lease and the asset
Landscaping equipment	3 – 5 years
Computer systems	3 – 5 years

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 (continued)

For the year ended 31 March 2021

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.

WAVERLEY HOUSING
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

	Turnover £	Operating Costs £	2021 Operating Surplus £	2020 Operating Surplus £
Affordable letting activities	6,731,102	5,761,549	969,553	1,059,631
Other activities	754,115	400,202	353,913	319,859
	-----	-----	-----	-----
Total 2021	7,485,217	6,161,751	1,323,466	
	=====	=====	=====	
Total 2020	7,230,918	5,851,428		1,379,490
	=====	=====		=====

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 £	2021 Total £	2020 Total £
Rent receivable net of service charges	6,478,703	-	-	-	6,478,703	6,444,824
Service charges	25,360	-	-	-	25,360	27,369
	-----	-----	-----	-----	-----	-----
Gross income from rents and service charges	6,504,063	-	-	-	6,504,063	6,472,193
<u>Less:</u> Voids	(56,925)	-	-	-	(56,925)	(53,490)
	-----	-----	-----	-----	-----	-----
Net income from rents and service charges	6,447,138	-	-	-	6,447,138	6,418,703
Grants released from Deferred income	12,426	-	-	-	12,426	7,593
Revenue grants from Scottish Ministers	21,538	-	-	-	21,538	45,000
Other revenue grants	250,000	-	-	-	250,000	50,000
	-----	-----	-----	-----	-----	-----
Total turnover from affordable letting activities	6,731,102	-	-	-	6,731,102	6,521,296
	-----	-----	-----	-----	-----	-----
Carried forward	6,731,102	-	-	-	6,731,102	6,521,296
	-----	-----	-----	-----	-----	-----

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 £	2021 Total £	2020 Total £
Brought forward	6,731,102	-	-	-	6,521,296	6,521,296
Management and maintenance administration costs	1,743,755	-	-	-	1,743,755	2,654,678
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	2,090,048	-	-	-	2,090,048	818,464
Reactive maintenance costs	894,225	-	-	-	894,225	976,649
Bad debts – rents and service charges	(21,539)	-	-	-	(21,539)	122,824
Depreciation of affordable let Properties	797,385	-	-	-	797,385	811,968
Impairment of affordable let Properties	257,675	-	-	-	257,675	77,082
Operating costs for affordable letting activities	5,761,549	-	-	-	5,761,549	5,461,665
Operating surplus for affordable lettings 2021	969,553	-	-	-	969,553	
Operating surplus for affordable lettings 2020	1,059,631	-	-	-		1,059,631

WAVERLEY HOUSING
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 £	2021 Operating surplus/ (deficit) £	2020 Operating surplus/ (deficit) £
Wider role activities to support the community	-	-	-	-	-	-	1,700	(1,700)	(6,700)
Care and repair of property	-	-	-	41,632	41,632	44,425	-	(2,793)	(7,899)
Factoring	-	-	-	13,484	13,484	-	13,295	189	(1,879)
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for registered social landlords	-	-	-	500,056	500,056	-	340,782	159,274	311,397
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Development and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Job Retention Scheme	-	-	-	164,618	164,618	-	-	164,618	-
Other activities (Recovery of Court Costs, Insurance Claims, Misc)	-	-	-	34,325	34,325	-	-	34,325	24,940
2021 Total from other activities	-	-	-	754,115	754,115	44,425	355,777	353,913	
2020 Total from other activities	-	-	-	709,622	709,622	96,858	292,905		319,859

WAVERLEY HOUSING
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

5. Turnover

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

6. (Deficit)/surplus before tax	2021	2020
	£	£
(Deficit)/Surplus is stated after charging/ (crediting):-		
External auditor's remuneration – audit services	8,400	8,000
Depreciation – housing properties	797,385	811,968
Depreciation – other	33,626	51,376
Impairment of tangible fixed assets	257,675	932,500
Operating lease rentals	102,260	110,303
	=====	=====

7. Finance income	2021	2020
	£	£
Bank interest receivable on deposits in the year	10,535	40,720
	=====	=====

8. Finance charges	2021	2020
	£	£
Interest on bank loans, overdrafts and other loans:-		
Repayable wholly or partly in more than 5 years, by instalments	930,235	988,522
Release of deferred loan issue costs	3,228	3,228
	-----	-----
	933,463	991,750
	=====	=====

9. Employees	2021	2020
Number of employees:-		
The average monthly numbers of employees during the year were:		
Clerical	32	32
Maintenance	27	29
Cleaners	1	1
	-----	-----
	60	62
	=====	=====

The full time equivalents of the figures amounted to:	57	60
	=====	=====

	2021	2020
	£	£
The aggregate remuneration of employees was as follows:-		
Wages and salaries	1,526,741	1,527,195
Social security costs	151,629	144,542
Other pension costs	153,246	149,659
	-----	-----
	1,831,616	1,821,396
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

10. Board members emoluments

Board members received £244 (2020 - £2,844) 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 Operations Director as well as members of the board of directors. Their aggregate remuneration was as follows:

	2021	2020
	£	£
Wages and salaries (including employers NI contributions)	189,388	189,530
Staff pension costs	15,728	15,345
	-----	-----
	205,116	204,875
	=====	=====

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.

	2021	2020
	£	£
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000 (excluding employers pension contributions)	168,571	168,660

The number of key management personnel who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

More than £70,000 but not more than £80,000	1	1
More than £80,000 but not more than £90,000	1	1
More than £90,000 but not more than £100,000	-	-

Emoluments of the Chief Executive:

Excluding employer's pension contributions	88,694	88,689
Employer's pension contributions	8,459	8,253
	-----	-----

Total emoluments

	97,153	96,942
	-----	-----

Compensation payable for loss of office

	-	-
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 £153,246 (2020: £149,659). 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 £15,728 (2020: £15,345).

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

	Total £
Cost/Valuation	
At 1 April 2020	41,323,349
Additions – replacement components	804,346
Additions – open market purchases	780,968
Disposals – replaced components	(102,474)
Disposals – non RTB	-
Impairment of housing stock	(257,675)

At 31 March 2021	42,548,514

Depreciation	
At 1 April 2020	4,282,374
Charge for the year	770,180
Disposals – replaced components	(75,269)
Disposals – non RTB	-
Impairment of housing stock	-

At 31 March 2021	4,977,285

Net book value	
At 31 March 2021	37,571,229
	=====
At 31 March 2020	37,040,975
	=====

The net book value of components which have been replaced in the year of £27,205 (2020: £83,435) is included in the depreciation charge of £797,385 (2020: £811,967) in note 6.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

	2021	2020
	£	£
Additions to housing property comprise:		
Capital works	804,346	1,225,824
New properties	780,968	597,380
	-----	-----
	1,585,314	1,823,204
	=====	=====

Total works carried out on the housing properties for the year end 31 March 2021 was £3,788,620. Of this total £804,346 was capitalised above and £2,984,274 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	
At 1 April 2020	30,461,316
Additions – replacement components	804,346
Additions – open market purchases	780,968
Disposals – replaced components	(102,474)
Disposals – non RTB	-
Impairment of housing stock	(257,675)

At 31 March 2021	31,686,481

Depreciation	
At 1 April 2020	8,196,013
Charge for the year	634,979
Disposals – replaced components	(75,269)
Disposals – RTB	-
Impairment of housing stock	-

At 31 March 2021	8,755,723

Net book value	
At 31 March 2021	22,930,758
	=====
At 31 March 2020	22,265,303
	=====

WAVERLEY HOUSING
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

14(b) Tangible fixed assets - other	Computer Systems £	Equipment Plant & Tools £	Heritable Land & Buildings £	Total £
Cost				
At 1 April 2020	353,275	32,581	839,962	1,225,818
Additions	33,129	-	-	33,129
Disposals	-	-	-	-
Impairment	-	-	-	-
At 31 March 2021	386,404	32,581	839,962	1,258,947
Depreciation				
At 1 April 2020	332,311	20,558	339,962	692,831
Charge for the year	20,408	1,960	11,257	33,625
Disposals	-	-	-	-
Impairment	-	-	-	-
At 31 March 2021	352,719	22,518	351,219	726,456
Net book value				
At 31 March 2021	33,685	10,063	488,743	532,491
At 31 March 2020	20,964	12,023	500,000	532,987

15. Debtors

	2021 £	2020 £
Rental arrears	140,958	229,992
Less: provision for doubtful debts	(120,438)	(196,231)
	20,520	33,761
Trade debtors	9,474	8,164
Other debtors	422,440	421,945
	452,434	463,870

WAVERLEY HOUSING
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

16. Creditors: amounts falling due within one year	2021 £	2020 £
Bank loan (secured - see note 18)	400,000	400,000
Loan issue costs deferred	(3,228)	(3,228)
Prepaid rent	64,827	48,408
Trade creditors	204,108	164,153
Taxation and social security costs	82,224	65,654
Accruals and deferred income	157,400	228,276
Other creditors	3,862	1,229
	-----	-----
	909,193	904,492
	=====	=====

17. Creditors: amounts falling due after more than one year	2021 £	2020 £
Bank loans (secured - see note 18)	19,000,000	19,400,000
Deferred income – Grants	332,462	204,721
Loan issue costs deferred	(54,886)	(58,114)
	-----	-----
	19,277,576	19,546,607
	=====	=====

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

	2021 £	2020 £
Brought forward	212,314	194,907
Received in the year	145,000	25,000
Released in the year	(12,426)	(7,593)
	-----	-----
Carried forward	344,888	212,314
	=====	=====
Due within one year	12,426	7,593
Due after more than one year	332,462	204,721
	-----	-----
	344,888	212,314
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

18. Bank loans and overdraft	2021	2010
	£	£
Bank loans and overdraft comprise:-		
Amounts repayable:		
Within one year	400,000	400,000
Between one and two years	400,000	400,000
Between two and five years	1,700,000	1,400,000
Due after five years	16,900,000	17,600,000
	-----	-----
	19,400,000	19,800,000
	=====	=====

The above loan was drawn down on 27 July 2009. The loan is made up of a £13,580,000 fixed rate facility and a £5,820,000 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 £19,400,000 (2020: £19,800,000).

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:-

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.

19. Notes to the cash flow statement	2021	2020
	£	£
<u>a. Cash flow from operating activities</u>		
Surplus for the year	1,323,466	1,379,490
Adjustments for non-cash items:		
Depreciation	831,011	863,344
Decrease/(Increase) in debtors	11,436	(116,168)
Increase in creditors	3,096	84,972
Loss on disposal of investment	-	1
Impairment of housing stock	257,675	77,082
Impairment of other assets	-	855,418
Adjustments for investing or financing activities:		
Government grant utilised in the year	(271,538)	(95,000)
	-----	-----
Net cash inflow from operating activities	2,155,146	3,049,139
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 2021 the company had unspent capital expenditure authorised by the Board of £nil (2020: £200,800)

22. Related party transactions

Tenant Board Member

There were two tenant Board members during the year. Income received during the year amounted to £9,098 (2020: £8,556). There was £97 (2020: £460) outstanding at 31 March 2021.

25. Other commitments

At 31 March 2021 the company had future minimum payments under non-cancellable operating leases as set out below:-

	Motor Vehicles & Office Equipment	
	2021	2020
	£	£
Operating leases that expire:		
Within one year	2,954	14,513
Within two to five years inclusive	272,242	210,454
After five years	-	-
	-----	-----
	275,196	224,967
	=====	=====
26. Housing units in management	2021	2020
	£	£
General needs	1,425	1,438
Supported housing	-	-
Shared ownership	-	-
	-----	-----
	1,425	1,438
	=====	=====

At the 31 March 2021 the company owned 1,547 housing units (2020: 1,537). 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.