

Company No: SP1937RS

Charity No: SC012739

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**SCOTTISH VETERANS HOUSING ASSOCIATION  
LIMITED**

**ANNUAL REPORT  
and  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**ANNUAL REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

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**Committee of Management**

Brigadier (Retd) G Lowder MBE (Chairman)  
Mr J Tweedie FSI BA (Hons) (Vice-Chairman)  
Ms S Bomphray  
Reverend N N Gardner MA BD  
Ms E Pelham Burn (retired 1 June 2018)  
Mrs P A Shields  
Lieutenant Commander K Conway RD RNR  
Major L Shearer (retired 1 June 2018)  
Squadron Leader D Morrison  
Mr C Masson  
Major R Laing (appointed 7 September 2018)

**Chief Executive**

Brigadier (Retd) Martin N Nadin OBE (appointed 25 September 2018)  
Group Captain (Retd) P H Cox MA FCMI (retired 31 October 2018)  
53 Canongate, Edinburgh, EH8 8BS  
Tel No 0131-556-0091 Fax No 0131-557-8734  
E-mail: [ceo@svronline.org](mailto:ceo@svronline.org)

**Treasurers**

Chiene + Tait LLP  
61 Dublin Street  
Edinburgh  
EH36NL

Tel No 0131-558-5800

**Auditor**

RSM UK AUDIT LLP  
Statutory Auditor  
Third Floor, Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

**Bankers**

Royal Bank of Scotland  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Investment Managers**

Rathbones Investment Management Limited  
Pier Head  
Port of Liverpool Building  
Liverpool  
L3 1NW

**Registration information**

Financial Conduct Authority

The Scottish Housing Regulator

Recognised Scottish Charity

**Registered Office**

53 Canongate  
Edinburgh  
EH8 8BS

**Solicitors**

Turcan Connell  
Princess Exchange  
1 Earl Grey Street  
Edinburgh  
EH3 9EE

Balfour & Manson  
56-66 Frederick Street  
Edinburgh  
EH36NL

Co-operative and Community Benefit Societies Act 2014  
Registered Number 1937 R(s)  
Housing (Scotland) Act 2010  
Registered Number 180  
Charity Number SC012739

**REPORT OF THE COMMITTEE OF MANAGEMENT**

**For the year to 31 December 2018**

The Committee of Management presents their Annual Report and audited Financial Statements for the year ended 31 December 2018.

**ACTIVITIES**

The Association is solely and particularly concerned with the management and operation of 3 housing support services; Rosendael in Dundee, Whiteford House in Edinburgh and Bellrock Close in Glasgow, and the provision of 46 affordable rented houses and flats in the same 3 cities. The Association is also responsible for developing and implementing a strategy to assist with the future housing needs of the vulnerable ex-service/merchant personnel.

The Association is a member of Veterans Scotland and the Confederation of Service Charities, individually and collectively helping to shape policy and legislation affecting veterans. In Scotland, the Association liaises with the Cross Party Group for Armed Forces and the Veterans Community, the Veterans Commissioner and the Veterans Minister to identify and address key issues affecting veterans.

**REVIEW OF OPERATIONS**

The Association has had a change in leadership. Group Captain (Retired) Phil Cox retired after 5 years as Chief Executive and Brigadier (Retired) Martin Nadin OBE took over as Chief Executive of both Scottish Veterans' Residences (SVR) and Scottish Veterans' Housing Association (SVHA) in September 2018.

It has been an extremely busy and challenging year for the Association. Considerable time was spent on contingency planning for UK Government proposed changes to the way housing support services are funded. The Association responded in detail to the consultation and was relieved that the proposals were not taken forward which allowed attention to return to the short, medium and long term strategy for the organisation.

For the first time the Association was required to tender for the *'homeless accommodation with support'*<sup>3</sup> contract for City of Edinburgh Council which is worth approximately £106k per annum. The Association submitted an extremely high quality tender and was able to demonstrate the breadth of partners it works with to deliver a comprehensive support package for veterans. The Association has been informed that it has been accepted onto the council's framework although confirmation of the level of funding drawdown is not expected before May 2019.

Consideration is now being given to the future plans for both SVR and SVHA, which subject to achieving regulatory approval and final agreement from the governing bodies, will result in combining the two charities into a single entity in 2019.

In terms of accommodation, the mainstream tenancies have been at full occupancy. There has been a continued high demand for the housing support services with 240 veterans using the accommodation and support during 2018 (2017: 259). Rosendael and Bellrock Close have had high occupancy levels across the year. Whiteford House occupancy levels were less than target, due in part to the decision to upgrade a number of rooms during the year, which were not therefore available to let. The Voids & Allocations Officers have contact with around 700 different individuals and agencies on a weekly basis to make them aware of the vacancies and services offered by the Association. They are now receiving referrals and contacts as a Trusted Partner of the Veterans Gateway, which went live last year.

In addition to the housing support services offered to veterans in the residences, a wide range of exciting activities and opportunities has been offered during the year. A new veteran-led art club, funded by a grant from Glasgow City Council, is proving to be extremely popular at Bellrock Close and has attracted much positive media attention. The Scottish Veterans Fund granted funding for residents to undertake training in household cooking, which has been well received by residents and will hopefully continue. Residents again had the opportunity to attend Buckingham Palace as guests of the Not Forgotten Association, and the sites all held or participated in local Armed Forces Day Events. In November, the centenary of the signing of the Armistice was marked at all three sites with moving and poignant art installations. Bellrock Close and Rosendael incorporated silhouettes from the *'There But Not There'* project at their Remembrance events. A number of veterans were supported to attend an outdoor activities week in Glenshee, providing a tremendous opportunity for confidence building, camaraderie and peer to peer support.



**REVIEW OF OPERATIONS (continued)**

It was a relatively light year in terms of infrastructure development, due in part to the uncertainty of future funding referenced earlier. Work was undertaken to bring a number of rooms up to a higher standard at Whitefoord House and prepare the site for the successful renewal of its House of Multiple Occupancy licence. Phase 2 of the communal flooring project was fully funded and completed during the year thanks to generous donations received from Queen Mary's Roehampton Trust, the Merchant Navy Welfare Board and the Queensberry House Trust all received in Scottish Veterans Residences and granted to Scottish Veterans Housing Association. Additional office space was created with the conversion of the Old Gatehouse at Whitefoord House, thanks to financial support from BlackRock UK. An office was created for the housing and support staff giving the residents more immediacy of access to the staff. The Association also undertook over £30k of works to adapt flats for tenants to help them manage more easily with their disabilities.

Whitefoord House and Rosendael were inspected by the Care Inspectorate in July 2018 and received 3 VERY GOOD Grades and 2 GOOD Grades across the areas inspected. Bellrock Close was last inspected in 2017 and also received a VERY GOOD Grade and 2 GOOD Grades. Further to last year's report, the Better Futures Outcome Monitoring System (which is recognised in Scotland as the best tool for measuring outcomes for those in housing support services) has been rolled out to all the residences and every resident has a support plan on the system.

**KEY PERFORMANCE INDICATORS\***

The Association reports on its performance against a series of indicators defined in the Scottish Social Housing Charter. Despite a challenging year in terms of uncertainty over future funding the Association continued to perform well.

The percentage of residents and tenants satisfied with the overall service is 84.7% and 79.2% for value for money. These results are down on the previous years and this is partly due to residents transitioning more quickly through the services therefore not staying long enough to formulate any strong opinions. The Association recognises the need to improve continually. As part of that process the Chief Executive now meets with the tenants every 6 months for open discussion to address their desire to be more informed and involved in the decision making process.

91.67% of tenants were satisfied with the quality of their home. 100% of the Association's general use properties meet the Scottish Housing Quality Standard and National Home Energy Rating/Standard Assessment Procedure. 98% meet or, in most instances, exceed the Energy Efficiency Standards for Social Housing, which is required to be met by 2020.

\*(Based on 72 questionnaires from residents/tenants for the Annual Return on the Social Housing Charter 2017/18)

**Principal Risks & Uncertainties**

The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

The principal risks facing the Association are:

- Government policy
- Welfare reform
- Business continuity and disaster recovery
- Development and growth
- Financial risk management

**REPORT OF THE COMMITTEE OF MANAGEMENT (continued)**

**For the year to 31 December 2018**

**Governance**

The Committee of Management are listed on page 1. The Committee of Management meet quarterly where they are advised by the Chief Executive and Treasurers.

The Chief Executive is in charge of the day to day management of the Association, with the support of the management team and the Treasurers. He advises the Committee of Management on strategy. The Committee of Management are ultimately responsible for decision making. The financial systems have an additional level of assurance through the accounting support from the Treasurers.

**Statement of the Committee of Management's Responsibilities**

Housing Association legislation requires the Committee of Management to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those financial statements the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Committee of Management is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Committee of Management is also responsible for taking adequate steps to safeguard the assets of the Association and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

**Internal Financial Controls**

The Committee of Management is responsible for the Association's system of internal financial controls.

The approach adopted by the Committee of Management to provide effective financial controls can be summarised as follows:

- an appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association;
- management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Committee of Management quarterly;
- major business risks and their financial implications are assessed systematically by reference to established criteria;
- the financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Committee of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records;
- the Committee of Management monitors the operation of the internal financial control system by considering regular reports from management and the external auditor and ensures appropriate corrective action is taken to address any reported weaknesses;
- an additional level of assurance is provided by the provision of accounting support from the Treasurers.

The Committee of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial controls as it operated during the year under review. Such a system can provide only reasonable assurance against material misstatement or loss.

**Committee of Management**

Members of the Committee of Management who have held office during the year and to date are shown on page 1. In accordance with the Association's Rules Sue Bomphray retires in rotation at the Annual General Meeting and offer themselves for re-election.

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**REPORT OF THE COMMITTEE OF MANAGEMENT (continued)**

**For the year to 31 December 2018**

**Disclosure of information to the auditor**

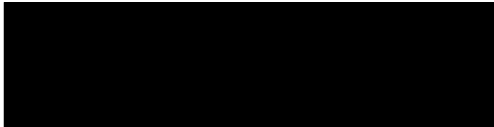
To the knowledge and belief of each of the persons who are members of the Committee of Management at the time the report is approved:

- So far as the Committee members are aware there is no relevant information of which the Association's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the Association's auditor is aware of the information.

**Auditor**

A recommendation will be proposed at the Annual General Meeting to confirm the re-appointment of RSM UK Audit LLP as the Association's Auditor for the year commencing 1 January 2019 and to authorise the Committee of Management to fix their remuneration.

**Signed on behalf of the Committee of Management**



**Brigadier George Lowder MBE**  
**Chairman of the Committee of Management**

10/5/ 2019

**CHAIRMAN'S STATEMENT**

**For the year to 31 December 2018**

The Committee of Management presents their Annual Report and audited Financial Statements for the year ended 31 December 2018.

**Chairman's Statement**

The Association is solely and particularly concerned with the management and operation of 3 housing support services; Rosendael in Dundee, Whitefoord House in Edinburgh and Bellrock Close in Glasgow, and the provision of 46 affordable rented houses and flats in the same 3 cities. The Association is also responsible for developing and implementing a strategy to assist with the future housing needs of vulnerable ex-service and merchant naval personnel. The Association is a member of Veterans' Scotland and the Confederation of Service Charities, individually and collectively helping to shape policy and legislation affecting veterans. In Scotland, the Association liaises with the Cross Party Group for Armed Forces and the Veterans Community, the Veteran's Commissioner and the Veteran's Minister to identify and address key issues affecting veterans.

Our supported accommodation at Rosendael has maintained its VERY GOOD ratings with the Care Inspectorate. I am also very pleased to report that both Whitefoord House and Bellrock Close are graded as GOOD with some elements graded VERY GOOD. This is due to the endeavour and commitment of the staff who work so very hard to deliver exceptional support to our residents. This commitment is reflected in the positive outcomes achieved by a residents. In 2018, 66 residents moved on to take up their own tenancies or supported housing: 34 entered education or training, and 22 were able to take up employment.

Our general needs tenancies continue to be almost fully occupied and highly sought after. The annual turnover rate remains in low single figures, which reflects the quality of the accommodation, its affordability and our tenants' overall satisfaction.

I must publicly acknowledge that after nearly 5 years in post, the Chief Executive, Group Captain (Retired) Phil Cox decided to retire from the post. I am very grateful to Phil for all his hard work during his time as Chief Executive and wish him the best of luck for his new business venture. Phil was replaced by Brigadier (Retired) Martin Nadin OBE at the end of September 2018. Martin has settled in quickly and is driving forward work on Governance, longer term strategy and refreshing our policies. I must also acknowledge that Ms Emily Pelham Burn, retired from The Committee of Management in June 2018, after 8 years' of service and thank her for her dedication and commitment to the Residents during this period. Emily of course maintained the family link with the organisation to Charles Pelham Burn, who co-founded Scottish Veterans Residences in 1910.

I commend this report to you.

  
**Brigadier (Retd) G Lowder MBE**  
**Chairman of The Committee of Management**

10/5/ 2019

## REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

### OF SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

**For the year ended 31 December 2018**

#### **Opinion**

We have audited the financial statements of Scottish Veterans Housing Association (the 'Association') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cashflows, and notes to the financial statements, 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 Association's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Association 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**

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 Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association'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 Committee of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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.



## REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

### OF SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED (continued)

For the year ended 31 December 2018

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of the Committee of Management

As explained more fully in the Statement of the Committee of Management's Responsibilities, the Committee is 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 Committee determines 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 Committee is responsible for assessing the Association'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 Committee either intends to liquidate the Association 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: <https://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 Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



**RSM UK AUDIT LLP**  
**Statutory Auditor**  
**Third Floor, Centenary House**  
**69 Wellington Street**  
**Glasgow**  
**G2 6HG**

<sup>13</sup> May 2019

## REPORT OF THE AUDITOR TO THE COMMITTEE OF MANAGEMENT

### ON CORPORATE GOVERNANCE MATTERS

#### For the year ended 31 December 2018

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association'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 of the requirements of corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the committee of management and officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

#### **Opinion**

In our opinion the Statement on Internal Financial Control on page 4 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.



**RSM UK AUDIT LLP**  
**Statutory Auditor**  
**Third Floor, Centenary House**  
**69 Wellington Street**  
**Glasgow**  
**G2 6HG**

13 May 2019

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year to 31 December 2018**

	<b>Note</b>	<b>2018</b> £	<b>2017</b> £
<b>Turnover</b>	2	3,660,958	3,848,866
Operating expenditure	2	(3,662,891)	(3,494,165)
<b>Operating (deficit)/surplus</b>		(1,933)	354,701
Interest receivable		1,027	268
<b>(Deficit)/surplus before tax</b>	5	(906)	354,969
Taxation	8	-	-
<b>(Deficit)/surplus for the year</b>		(906)	354,969
(Loss) on disposal of investments		(2,944)	(1,645)
Unrealised (loss)/profit on investments	9	(198,347)	109,876
<b>Total comprehensive income for the year</b>		<u>(202,197)</u>	<u>463,200</u>

There were no discontinued operations during the year. As a consequence, the results relate wholly to continuing activities.

The notes on pages 14 to 22 form part of these financial statements.



**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**As at 31 December 2018**

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total Unrestricted Funds £</b>
Balance at 1 January 2018	15	11,993,409	11,993,424
(Deficit) from statement of total comprehensive income	(6)	(202,197)	(202,203)
<b>Balance at 31 December 2018</b>	<b>9</b>	<b>11,791,212</b>	<b>11,791,221</b>
	=====	=====	=====
Balance at 1 January 2017	15	11,530,209	11,530,224
Surplus from statement of total comprehensive income	-	463,200	463,200
<b>Balance at 31 December 2017</b>	<b>15</b>	<b>11,993,409</b>	<b>11,993,424</b>
	=====	=====	=====

The notes on pages 14 to 22 form part of these financial statements.

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2018**

	Note	£	2018 £	£ £	2017
<b>Fixed assets</b>					
Investments	9	2,234,154		1,897,784	
Housing properties	10	13,782,553		14,072,273	
Other fixed assets	11	18,018		21,751	
			16,034,725		15,991,808
<b>Current assets</b>					
Stocks		-		1,619	
Trade and other debtors	12	343,756		381,314	
Cash and cash equivalents	13	678,394		1,001,078	
			1,022,150		1,384,011
<b>Creditors:</b> amounts falling due within one year	14	385,487		416,622	
<b>Net current assets</b>			636,663		967,389
<b>Total assets less current liabilities</b>			16,671,388		16,959,197
<b>Creditors:</b> amounts falling due after more than one year	14		4,880,167		4,965,773
<b>Net assets</b>			11,791,221		11,993,424
<b>Capital and reserves</b>					
Share capital	15		9		15
Revenue reserves	16		11,791,212		11,993,409
			11,791,221		11,993,424

Approved and authorised for issue by the Committee of Management and signed on its behalf by:

[Redacted Signature]

Brigadier G Lowder MBE

Chairman

[Redacted Signature]

Vice Chairman

Mr J Tweedie FSI BA (Hons)

[Redacted Signature]

Chief Executive

Brigadier (Retd) M N Nadin OBE

10/5/ 2019

The notes on pages 14 to 22 form part of these financial statements.

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**STATEMENT of CASHFLOWS**

**For the year ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	£	£
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the year	(1,933)	354,701
Government grants utilised in year	(85,607)	(85,607)
Depreciation of tangible fixed assets	300,960	307,397
Movement in stock	1,619	-
Movement in share capital	(6)	-
Decrease /(Increase) in trade and other debtors	37,558	(42,807)
(Decrease)/Increase in trade and other creditors	(31,135)	80,548
Adjustments for investing or financing activities:		
Interest receivable	1,027	268
	<hr/>	<hr/>
Net cash flow from operating activities	222,483	614,500
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	222,483	614,500
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(7,507)	(1,522)
Refund of tangible fixed assets	-	17,391
Purchase of investments	(773,923)	(489,048)
Proceeds from sale of investments	198,874	106,374
(Decrease)/Increase in funds held by investment managers	37,389	(140,733)
	<hr/>	<hr/>
Net change in cash and cash equivalents in the year	(322,684)	106,962
	<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the year</b>	1,001,078	894,116
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	678,394	1,001,078
	<hr/>	<hr/>

The notes on pages 14 to 22 form part of these financial statements.

# SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS

### For the year to 31 December 2018

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP2014" and the Determination of Accounting Requirements 2014.

The presentation currency is £ sterling and the financial statements are rounded to the nearest £.

#### **Legal Status**

Scottish Veterans Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No.1937RS and is a registered Scottish charity No.SC012739. Scottish Veterans Housing Association Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity. The registered office is 53 Canongate, Edinburgh, EH8 8BS.

#### **1. Accounting policies**

- (a) The financial statements are prepared on the historical cost basis, modified to include certain instruments at fair value.
- (b) Turnover comprises rental and service charge income receivable in the period and revenue grants receivable in the period.
- (c) The administration expenses other than items of direct cost are allocated on a staff time-cost basis.
- (d) Fixed assets are shown at cost less accumulated depreciation.
- (e) Depreciation and impairment of fixed assets:

#### **Housing properties**

Depreciation is provided on a straight line basis over the estimated useful economic lives of component categories.

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	75 years
Roof	50 years
Windows and doors	25 years
Bathrooms	25-30 years
Ensuites	30 years
Kitchens	20-30 years
Boilers	20 years
Lifts	15-20 years
McClaggan Suite	20 years
Electrical system	30 years
Pipework & radiators	15-20 years
Land is not depreciated	

Where works to existing housing properties enhance the economic benefit of owning the properties or where a component of the housing property that has been treated separately for depreciation purposes is replaced, the cost of such work is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties. All other works are charged to the statement of comprehensive income when incurred.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2018

**1. Accounting policies continued**

Impairment reviews are carried out when there are indicators of impairment. Reviews for indicators of impairment are carried out at each reporting date. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Statement of Comprehensive Income. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Equipment	- 10 to 25% per annum - straight line
Computer equipment	- 25% per annum - straight line
Motor vehicles	- 25% per annum - straight line

- (f) Stock is stated at the lower of cost or net realisable value.
- (g) The Association operates a defined contribution pension scheme for certain management staff. The retirement benefits are funded by both employer and employee contributions. The pension contributions are charged to the Statement of Comprehensive Income when payable.
- (h) Housing Association Grant and other Capital grants.  
Certain developments have been financed wholly or partly by Housing Association Grant or other Capital grants. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on systematic basis over the useful life of the related housing asset. The Association uses the useful lives of the relevant components that grants were provided for, including structure, to calculate the amortisation.

- (i) Investments have been included at fair value being their quoted market price, at the balance sheet date. Realised gains and losses are recognised in the Statement of Comprehensive Income in the year in which they arise. Unrealised gains and losses are also recognised in the income and expenditure account in the year in which they arise.
- (j) The Association has a healthy cash position and thus the Committee of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements.
- (k) The Association has basic financial instruments comprising short term debtors, cash and cash equivalents and creditors. These assets and liabilities are initially recorded at cost and in respect of other assets and liabilities at the amount expected to be received or paid.
- (l) 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. Actual results in the future could differ from such estimates.
- (m) The members of the management committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears.

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year to 31 December 2018**

**2. Particulars of turnover, operating costs and operating surplus/(deficit)**

	Turnover £	Operating Costs £	Operating surplus or (deficit) 2018 £	Operating surplus or (deficit) 2017 £
Affordable letting activities (note 3)	3,500,691	3,502,680	(1,989)	371,243
Other activities (note 4)	160,267	160,211	56	(16,542)
<b>Total</b>	<b>3,660,958</b>	<b>3,662,891</b>	<b>(1,933)</b>	<b>354,701</b>
<b>Total for previous reporting period</b>	<b>3,848,866</b>	<b>3,494,165</b>	<b>354,701</b>	

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

	General Needs Social Housing £	Supported Housing Social Accomm- odation £	2018 Total £	2017 Total £
<b>Turnover</b>				
Rent receivable net of service charges	200,262	3,611,376	3,811,638	3,729,677
Service charges	21,990	-	21,990	22,749
<b>Gross income from rents and service charges</b>	<b>222,252</b>	<b>3,611,376</b>	<b>3,833,628</b>	<b>3,752,426</b>
Less: Voids	(5,892)	(467,597)	(473,489)	(315,401)
<b>Net income from rents and service charges</b>	<b>216,360</b>	<b>3,143,779</b>	<b>3,360,139</b>	<b>3,437,025</b>
Add; Donations				-
Grants released from deferred income	8,841	76,766	85,607	85,608
Other revenue grants	-	54,945	54,945	183,987
<b>Total turnover from social letting activities</b>	<b>225,201</b>	<b>3,275,490</b>	<b>3,500,691</b>	<b>3,706,620</b>
<b>Management and maintenance administration costs</b>	<b>95,118</b>	<b>694,393</b>	<b>789,511</b>	<b>781,210</b>
<b>Services costs</b>	<b>29,970</b>	<b>1,842,033</b>	<b>1,872,003</b>	<b>1,779,238</b>
<b>Planned and cyclical maintenance including major repair costs</b>	<b>21,740</b>	<b>261,350</b>	<b>283,090</b>	<b>363,972</b>
<b>Reactive maintenance costs</b>	<b>49,893</b>	<b>124,839</b>	<b>174,732</b>	<b>113,976</b>
<b>Bad debts - rents and service charges</b>	<b>(280)</b>	<b>93,905</b>	<b>93,625</b>	<b>7,262</b>
<b>Depreciation of affordable housing properties</b>	<b>85,152</b>	<b>204,567</b>	<b>289,719</b>	<b>289,719</b>
<b>Operating costs for affordable letting activities</b>	<b>281,593</b>	<b>3,221,087</b>	<b>3,502,680</b>	<b>3,335,377</b>
<b>Operating (deficit)/ surplus for affordable letting activities</b>	<b>(56,392)</b>	<b>54,403</b>	<b>(1,989)</b>	<b>371,243</b>
<b>Operating surplus for affordable letting activities for previous reporting period</b>	<b>(49,580)</b>	<b>420,823</b>	<b>371,243</b>	

There was no other accommodation other than General Needs Housing and Supported Housing Accommodation.

SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year to 31 December 2018

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 £	Operating surplus or (deficit) 2018 £	Operating surplus or (deficit) 2017 £
Support activities	-	-	106,600	-	106,600	-	160,211	(53,611)	(52,188)
Other activities	-	-	-	53,667	53,667	-	-	53,667	35,646
<b>Total from other activities</b>	-	-	106,600	53,667	160,267	-	160,211	56	(16,542)
<b>Total from other activities for the previous period of account</b>	-	-	106,600	35,646	142,246	-	158,788	(16,542)	

There were no other activities other than the activities disclosed above.

# SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year to 31 December 2018

#### 5. (Deficit)/surplus on ordinary activities before taxation

	2018 £	2017 £
(Deficit)/surplus on ordinary activities before taxation is stated after:		
Depreciation	300,960	307,397
Auditor's remuneration for audit services (including VAT)	10,080	9,600
	=====	=====

#### 6. Directors' emoluments and interests

Directors are defined as the members of the Committee of Management, the Chief Executive and Secretary and any other person reporting directly to the Chief Executive or the Committee of Management whose total emoluments exceed £60,000 per annum. No emoluments were paid to any member of the Committee of Management during the year.

	2018 £	2017 £
Emoluments of the Chief Executive (excluding pension contributions)	72,630	63,252
	=====	=====
Pension contributions of the Chief Executive	8,513	9,965
	=====	=====
Total	81,143	73,217
	=====	=====

There were no other directors whose emoluments, excluding pension contributions, were above £60,000 for the year (2017: £Nil).

No expenses were payable to Committee members for out of pocket expenses (2017: £293).

During the year, the senior officers' emoluments (excluding pension contributions) fell within the following band distributions:

	No.	No.
More than £60,000 but not more than £70,000	-	1
	=====	=====

#### 7. Staff costs/employees

	2018 £	2017 £
Staff costs during the year:		
Salaries and wages	1,492,840	1,435,754
Social security costs	116,338	110,136
Other pension costs	90,279	79,961
	=====	=====
	1,699,457	1,625,851
	=====	=====

	No.	No.
The average monthly number of full time equivalent persons (including key management personnel)		
Managers	11	12
Other	48	48
	=====	=====
	59	60
	=====	=====

The Association operates a defined contribution pension scheme for certain management staff. The assets of the scheme are held separately from those of the Association in an independently administered fund. There was £9,888 of outstanding pension contributions at the year end (2017: £9,635).

Key management personnel are considered to be the Chief Executive, Phil Cox and Martin Nadin and the Deputy Chief Executive, George Corbett, whose total remuneration for 2018 was £140,502 (2017: £132,821) including pension contributions of £22,718 (2017: £21,250).



# SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year to 31 December 2018

#### 8. Taxation

Scottish Veterans Housing Association Limited is a registered charity, Scottish Charity Number SC012739, and is not liable to income tax on its income under s478 to s489 CTA 2010.

#### 9. Investments

	2018 £	2017 £
Quoted Investments	2,053,016	1,679,257
Cash held as part of portfolio	181,138	218,527
	=====	=====
	2,234,154	1,897,784
	=====	=====
Fair value		
Opening balance at 1 January 2018	1,679,257	1,188,353
Additions	773,923	489,048
Disposals at market value	(201,817)	(108,020)
Change in net unrealised losses	(198,347)	109,876
	=====	=====
Fair value at 31 December 2018	2,053,016	1,679,257
	=====	=====

#### 10. Tangible fixed assets - Housing Properties

	2018 Total £	2017 Total £
<b>Property rehabilitation and development</b>		
Cost at 1 January 2018	17,296,313	17,313,704
Expenditure during the year	-	-
Disposal	-	(17,391)
	=====	=====
Cost at 31 December 2018	17,296,313	17,296,313
	=====	=====
<b>Depreciation</b>		
At 1 January 2018	3,224,040	2,934,320
Charge for year	289,720	289,720
Depreciation on disposals	-	-
	=====	=====
At 31 December 2018	3,513,760	3,224,040
	=====	=====
<b>Net depreciated cost</b>	13,782,553	14,072,273
	=====	=====
<b>Net book value at 31 December 2018</b>	13,782,553	14,072,273
	=====	=====
<b>Net book value at 31 December 2017</b>	14,072,273	
	=====	

Included in the cost of fixed assets is Land of £127,500 that is not depreciated (2017: £127,500)

	Units in Management	
	2018 No.	2017 No.
The number of units of accommodation in management were as follows:		
General Needs Housing	46	47
Supported Housing Accommodation	159	159
	=====	=====

**SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year to 31 December 2018**

**10. Tangible fixed assets - Housing Properties (continued)**

Total major repairs costs to existing properties during the year were £92,003 (2017: £203,925) of which £Nil (2017: £Nil) was capitalised.

<b>11. Tangible fixed assets - Other</b>	<b>Motor Vehicle £</b>	<b>Equipment £</b>	<b>Garden Room £</b>	<b>2018 Total £</b>	<b>2017 Total £</b>
Cost at 1 January 2018	5,500	562,482	8,985	576,967	575,445
Additions	-	7,507	-	7,507	1,522
	=====	=====	=====	=====	=====
Cost at 31 December 2018	5,500	569,989	8,985	584,474	576,967
	=====	=====	=====	=====	=====
<u>Less: Depreciation</u>					
At 1 January 2018	5,500	548,368	1,348	555,216	537,539
Charge for year	-	10,342	898	11,240	17,677
	=====	=====	=====	=====	=====
At 31 December 2018	5,500	558,710	2,246	566,456	555,216
	=====	=====	=====	=====	=====
Net book value at 31 December 2018	-	11,279	6,739	18,018	21,751
	=====	=====	=====	=====	=====
Net book value at 31 December 2017	-	14,114	7,637		
	=====	=====	=====		

<b>12. Debtors</b>	<b>2018 £</b>	<b>2017 £</b>
Rental arrears	417,777	398,796
Doubtful debt provision	(147,921)	(90,031)
	=====	=====
	269,856	308,765
Sundry debtors and prepayments	39,895	23,555
Amount due from associated charity	34,005	48,994
	=====	=====
	343,756	381,314
	=====	=====

<b>13. Cash and cash equivalents</b>	<b>At 1 January 2018 £</b>	<b>Movement in year £</b>	<b>At 31 December 2018 £</b>
Cash at bank and in hand	1,001,078	322,684	678,394
	=====	=====	=====

# SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year to 31 December 2018

#### 14. Creditors

	2018 £	2017 £
Amounts falling due within one year:		
Rent prepaid	121,122	115,658
Trade creditors	97,233	132,844
Accruals	33,280	26,072
Sundry creditors	14,822	20,567
Other taxes and social security	33,423	35,874
Deferred Housing Association Grant	85,607	85,607
	385,487	416,622
Amounts falling due after one year:		
Deferred Housing Association Grant	4,880,167	4,965,773
	4,880,167	4,965,773
	2018 £	2017 £
Deferred Housing Association Grant		
Due within one year	85,607	85,607
Due between one and two years	85,607	85,607
Due between three and five years	256,821	256,821
Due after 5 years	4,537,739	4,623,345
	4,965,774	5,051,380
Less: included in current liabilities above	(85,607)	(85,607)
	4,880,167	4,965,773

#### 15. Share capital

	2018 £	2017 £
<b>Shares of £1 each issued and fully paid:</b>		
At 1 January 2018	15	15
Issued/(Cancelled)	(6)	-
At 31 December 2018	9	15

The shares carry no rights to interest or dividend and are neither withdrawable nor transferable.

#### 16. Revenue reserves

	2018 £	2017 £
Balance at 1 January 2018	11,993,409	11,530,209
(Deficit)/Surplus for the year	(202,197)	463,200
Balance at 31 December 2018	11,791,212	11,993,409

# SCOTTISH VETERANS HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

### For the year to 31 December 2018

<b>17. Financial instruments</b>	<b>2018</b>	<b>2017</b>
	£	£
<b>Financial assets</b>		
Financial assets measured at amortised costs	326,928	357,784
Financial assets measured at fair value	2,234,154	1,897,784
	=====	=====
Balance at 31 December 2018	2,561,082	2,255,568
	=====	=====
<b>Financial liabilities</b>		
Financial liabilities measured at amortised costs	266,457	295,141
	=====	=====
Balance at 31 December 2018	266,457	295,141
	=====	=====

Financial assets measured at amortised cost comprise rental arrears, sundry debtors and amount due from associated charity.

Financial assets measured at fair value comprise investments.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, sundry creditors and rent prepaid.

### **18. Associated charity and related parties**

The Associated charity referred to in the financial statements is the Scottish Veterans Residences, a related party due to some members of the Committee of Management also being Trustees of the charity. The balance due from the charity within one year at 31 December 2018 (as stated in note 12) was £34,005 (2017: £48,994). During the year a grant of £54,486 (2017: £183,837) was received from the charity of which £29,451 (2017: £162,156) related to development and similar work and £25,035 (2017: £21,681) for other purposes. During the year a recharge of staff costs was made to Scottish Veterans Residences of £41,286 (2017: £50,468). No tenants are members of the Committee of Management.