

**WAVERLEY CARE**  
**(a company limited by guarantee)**  
**Company Number SC253043**  
**Charity Number SC036500**

**Report and Financial Statements**  
**For the year ended 31 March 2016**

**WAVERLEY CARE**  
**(a company limited by guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2016**

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**WAVERLEY CARE**  
(a company limited by guarantee)  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2016**

**Reference and Administrative Details**

Charity Number: SC036500  
Company Number: SC253043  
Registered Office: 3 Mansfield Place, Edinburgh EH3 6NB

**Our Advisors:**

Accountants	Scott Moncrieff, Exchange Place 3, Sempie Street, Edinburgh EH3 8B:
Auditor	Chiene + Tait LLP, 61 Dublin Street, Edinburgh EH3 6NL
Bankers	Bank of Scotland, 20-22 Shandwick Place, Edinburgh, EH2 4RN Royal Bank of Scotland, 61 Forrest Road, Edinburgh, EH1 1QP
Investment managers	Brewin Dolphin, Sixth Floor, Atria One, 144 Morrison Street, Edinburgh EH3 8EX
Solicitors	Law at Work, 19 Thistle Street, Edinburgh EH2 1DF

**Directors and Trustees**

The Directors of the charitable company (the charity) are its trustees for the purpose of charity law. The Directors and officers serving during the year and since the year end were as follows:

**Patrons:**

Sir Tom Farmer CBE KCSG  
Mr Christopher Bell  
Mr Christopher Richardson  
Ms Sheena MacDonald  
Mr Alexander McCall Smith  
Mr Anthony Alderson  
Mr Bob Chilcott

**Key Management Personnel Waverley Care:**

Directors:	Ms Ann Park (Chair) Ms Annabel Mowat (Vice Chair) Ms Lesley Taylor (Treasurer) Mr David Taylor MBE (resigned 13 June 2016) Mr Brian West Dr Alison Richardson Bishop John Armes Mr George Walker Mr Ian Arnot Mr Adam Knight (appointed 29 September 2015) Mr Alex Borthwick (appointed 29 September 2015, resigned 13 June 2016)
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Secretary: Mr Grant Sugden

**Key Management Personnel: Senior managers of Waverley Care**

Chief Executive	Mr Grant Sugden
Deputy Chief Executive	Ms Martha Baillie
Fundraising Manager	Mrs Karen Docwra
Senior Manager Finance	Mr Graham Cross
Senior Manager Residential	Mrs Elizabeth Marr
Senior Manager Glasgow	Ms Mildred Zimunya
Senior Manager Highland	Ms Rachel Hughes
Senior Manager Lothian	Mr David Cameron

**WAVERLEY CARE**  
**(a company limited by guarantee)**  
**Directors' Report**  
**For the year ended 31 March 2016**

The Directors are pleased to present their annual Directors' report together with the financial statements of the charity for the year ending 31 March 2016.

**Chair's report**

Waverley Care has for the last 27 years, prided itself on providing the highest quality care and support to people living with blood borne viruses in Scotland. During the organisation's history, tremendous progress has been made. Today in Scotland, a person living with HIV and on treatment can expect to live a normal life expectancy, while someone living with Hepatitis C can clear the virus through the highly effective new treatments available.

While medicine has made tremendous advances, the need for Waverley Care's services remains as great as ever. We know, for example, that around 15,000 of Scotland's Hepatitis C population is living undiagnosed with the condition, while nearly 20% of people living with HIV in Scotland are undiagnosed and not aware of their status. Blood borne viruses continue to disproportionately affect some of Scotland's most marginalised communities such as gay and bisexual men and our African communities and it is essential that Waverley Care continues to tackle the health inequalities that drive the spread of blood borne viruses.

Our work over the last year has continued to include a focus on prevention and education - encouraging testing and risk reduction - and supporting people to access and engage in treatment. We have sustained our commitment to tackling the stigma and discrimination that surrounds blood borne viruses, working with individuals, young people, families, communities and professional groups to promote a better understanding of blood borne viruses.

Our services have also continued to evolve to meet the changing needs of service users and we have expanded to meet needs in new communities. Among the new developments, we officially launched HIV services for the African community in Forth Valley and our National Faith and Health programme, engaging with faith communities across Scotland to raise awareness of HIV amongst faith leaders and congregations.

In closing, I would like to thank all our generous funders and supporters for making our work possible. These contributions help us make such a difference to people living with and affected by blood borne viruses across Scotland. Thanks to all of you for supporting us – past, present and future.

Ann Park, Chair

**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

## **Our Purposes and Activities**

Waverley Care is Scotland's leading charity providing care and support to people living with or at risk of HIV and Hepatitis C. Through our work, we aim to raise awareness of these conditions, prevent new infections and encourage people and communities at risk to access testing and advice. Our vision is that everyone living with HIV and Hepatitis C should receive the highest standards of care and support to enable them to lead healthy, independent and fulfilling lives free from stigma and prejudice.

Our work is closely aligned with the Scottish Government's Sexual Health and Blood Borne Virus Framework and all our services are focused on delivering the following key outcomes:

### *Reducing new infections*

Through its work, Waverley Care reaches out to communities at greatest risk of blood borne viruses such as people with problem drug use, Africans in Scotland, gay and bisexual men and all men who have sex with men (MSM). We aim to raise awareness and understanding of blood borne viruses through the provision of high quality information on safer sex and risk reduction; peer education; an emphasis on positive prevention; through offering our own accessible testing services in partnership with our NHS colleagues and through encouraging people to access testing and treatment.

### *Getting people diagnosed*

In Scotland today, there are around 37,000 people living with Hepatitis C and 6,600 living with HIV. However, an estimated 15,000 of those with Hepatitis C, and 1,000 with HIV are undiagnosed. Late diagnosis is a significant issue meaning that those individuals affected are putting their own long term health at risk while also unknowingly increasing the risk of passing the virus on to others.

Through our work, we encourage people to test so that they know their HIV or Hepatitis C status and can access treatment. This involves linking people in with a number of testing options including at a GP surgery or at a sexual health clinic. It can also include our own community based testing services.

### *Providing support*

Waverley Care works to ensure that individuals living with blood borne viruses have access to high quality care that improves their physical, mental and sexual health and well being. We provide services that enable individuals to engage in treatment; that promote recovery and that prevent deterioration in health or avoidable hospital stays. We strive to support individuals with blood borne viruses to enjoy healthy relationships and to access education, volunteering, employment and leisure activities.

### *Challenging stigma*

Our work tackling the stigma associated with HIV and Hepatitis C is a core activity of Waverley Care and is vital in both our prevention and support activities. We aim as a charity to work alongside the NHS and other partners to raise awareness of these conditions through work both with affected communities and the wider public and workforce.

To achieve these outcomes, we provide a range of prevention and support services across Scotland including:

### *Prevention and testing services*

To prevent new and onward infections of blood borne viruses, we provide a range of community based prevention and testing services. These include our Rapid HIV Testing service across the Highlands which provides free, confidential tests and results in just 20 minutes to men who have sex with men. Elsewhere, we have expanded our Dry Blood Spot Testing services, most notably with people at risk of Hepatitis C in Greater Glasgow and Clyde.

### *Work with faith communities*

Recognising the spiritual health of all those who access our services is a core feature of our work and we have strong relationships with many churches. For many Africans living in Scotland, faith is an important part of life. In order to raise awareness of HIV amongst Africans in Scotland, our Faith and Health programme has developed relationships with African churches across Scotland which has enabled our staff to raise awareness of HIV testing and treatment amongst both faith leaders and congregations.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Directors' Report (continued)**  
For the year ended 31 March 2016

**Our Purposes and Activities (continued)**

*Residential support services*

Our Milestone residential support centre based in Edinburgh provides a range of residential services to people living with blood borne viruses who have more complex health and social needs. These services include respite care, step up care (which prevents deteriorations in health or hospital admissions) and step down care (which enables people to be discharged from hospital sooner).

*African health services*

Many Africans living with HIV in Scotland face additional challenges relating to issues such as immigration, poverty, culture or isolation. To ensure Africans living with HIV in Scotland are able to manage the impact HIV and these other issues can have on their lives, we provide distinct services to this community in Greater Glasgow and Clyde, Lanarkshire, Lothian and Forth Valley.

*Community support*

Waverley Care provides a range of services to support people with a blood borne virus at different stages of their lives. These include support with a new diagnosis, advice on how to tell friends, family or employers; life coaching, befriending; advice on healthier choices; assistance with welfare benefits and income maximisation; peer support and outreach services.

*Children, young people and families*

Children and young people living with or affected by HIV or Hepatitis C have very distinct support needs. Our Edinburgh based Children and Families project provides specific individual, group and family services to support children and families to manage the impact that a blood borne virus can have on the child and the whole family. Similarly, our Glasgow based African Children and Families worker provides an equivalent service to African children and their families. Our Poz Youth service supports young people living with HIV across Scotland providing opportunities to connect with others in a similar situation, while enabling them to make a smooth transition from child to adult health services.

*Our volunteers*

Over 100 volunteers regularly assist our services in a range of roles including acting as befrienders; receptionists; group facilitators or through tending our garden at Waverley Care Milestone. These volunteers make a huge difference to the organisation enabling us to provide a wider range of services to support the community.

**Achievements and Performance**

During 2015/16 we continued to develop and refine our self management programmes supporting people with blood borne viruses to move forward through introducing them to self management techniques. Over the last year we redesigned the programme into modules so that individuals could access workshops that were more relevant to their own specific circumstances. We also developed Self Management as Prevention workshops for those at risk of contracting a blood borne virus and designed new 'facilitating progress, not fixing' self management workshops for frontline staff working in the blood borne virus field. We were delighted that the excellence of the programme was recognised when we won a Quality in Hepatitis C Care Award for Best Patient Support Programme in October 2015.

Waverley Care Milestone, our residential support centre continued to be very busy providing residential support to 90 individuals during the year. This included 29 people living with HIV, 56 people living with Hepatitis C and 4 people who were co-infected. We undertook productivity and staffing reviews in partnership with Meridian Productivity who generously provided in kind support to achieve this. This review has enabled us to implement new systems to better manage staff deployment and bed occupancy across the service. We are confident that the implementation of the review's recommendations will enable us to continue providing the highest quality service possible.

Our community services across Scotland supported over 1000 people living with blood borne viruses enabling them to become more engaged in a body of peer support to have more supportive social networks; to have the tools to better manage their condition and to be more likely to engage in and adhere to treatment.

**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

**Achievements and Performance (continued)**

Raising awareness of HIV amongst the African community in Scotland remains a significant priority for Waverley Care. We worked closely with community groups, businesses and faith groups to ensure that Africans are informed about HIV, safer sex and testing. For instance, our national Faith and Health programme connected with over 35 African churches in Scotland's central belt, enabling them to begin developing a dialogue around HIV, including how Waverley Care can work with them to tackle the impact it has on their communities. Our Mwamba programme in Lothian, in collaboration with Relationships Scotland, has trained African hairdressers in counselling skills so that they are better able to respond to their customers about a range of sexual health issues. We also launched a new project working with Africans in Forth Valley and undertook a social network analysis, mapping the African community, to inform how the service can best be delivered.

Over the last year, we have offered community based testing services across Highland, in our Lothian African Health Project and in our Glasgow and Clyde Hepatitis C Project. These services provide easily available testing for people who would prefer not to use more clinical services offered by the NHS. Over the last year, we have tested over 230 people for Hepatitis C and HIV in the Glasgow and Clyde area and have provided HIV tests to 97 men across Highland. Alongside this we used European HIV and Hepatitis C testing week, World Aids Day and World Hepatitis Day to promote the benefits of testing and knowing your status.

We are a national organisation and over the last year we have provided services in the following NHS Board areas – Fife, Forth Valley, Greater Glasgow and Clyde, Highland, Argyll and Bute, Lanarkshire, Lothian and Tayside. We operate from four Waverley Care bases – our Edinburgh based residential centre Waverley Care Milestone, our Head Office in Edinburgh and our offices in Glasgow and Inverness. We are also fortunate to have staff based with partner agencies in Fife and Forth Valley.

**Financial Review**

Our Income and Expenditure Account deficit on activities for the year excluding pension adjustments is £454,822 (2015: £156,287). This is a good result given the continuing challenges faced by charities across the UK. As in previous years, we took a cautious approach to expenditure during the year. We had a number of significant successes securing funding and contracts to continue existing operations as well as winning contracts to deliver new services. For example, we were successful in securing continued funding from NHS Greater Glasgow and Clyde and NHS Highland, following procurement exercises to continue delivering Hepatitis C prevention and support services across the two NHS Board areas. We also won contracts with NHS Forth Valley to begin providing services to the African community and three year funding from the Scottish Government to deliver a National African Faith and Health programme and an HIV educational resource for healthcare professionals.

Our fundraising team raised, through voluntary income and grants received, a total of £441,383 an impressive result in difficult circumstances. To ensure that our fundraising operations remain fit for purpose, we commissioned an experienced fundraising consultant to undertake a review of our fundraising operations and we are working over the next year to implement the report's recommendations.

We have continued to ensure that the charity has a clear and robust approach to financial planning, income generation and financial control through the development of a financial strategy that is monitored by the Board of Directors and the finance sub group.

**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

**Financial Review (continued)**

The key components of the strategy include:

- Preparation of financial projections to support our objectives and activities.
- Accurate costing of all projects and the ongoing review of actual results against budget.
- Ensuring where possible that project funding contributes to organisational overheads such as premises, management, HR and payroll expenses.
- The review and maintenance of a reserves policy in line with best practice.
- A well defined fundraising strategy focused on maintaining and strengthening relationships with our existing funders and supporters as well as identifying new ones.
- Regular review by the Board of the key risks affecting the ongoing viability of the charity, ensuring that we identify and manage the salient risks in a timely way.

Our balance sheet, excluding the pension liability, remains strong, funds held amount to £990,336 excluding the pension liability (2015: £1,279,032). However, our share of the Lothian Pension Fund remains significant although it had reduced markedly at end of March 2016 in comparison with the same point a year ago. This liability remains a source of concern to the Directors who commissioned specialist advice from Mercer in order to inform how best to mitigate the potential risks involved. The report from Mercer has been considered by the Directors and following discussion with Lothian Pension Fund, the Directors have advised the Pension Fund that the scheme will close to new entrants with effect from 1 July 2016.

The principal funding sources for the charity are by way of grant and contract income from the City of Edinburgh Council, NHS Fife, NHS Forth Valley, NHS Greater Glasgow and Clyde, NHS Lanarkshire, NHS Lothian and NHS Tayside, the Scottish Government and West Lothian Council. In 2015/16 the charity also received voluntary income from a large number of charitable trusts and companies including AbbVie, the Alliance, the Baird Trust, BBC Children in Need, Gilead, The Lady Marion Gibson Trust, MAC AIDS Fund, Miss Agnes H Hunter's Trust, The Monument Trust, The Robertson Trust, Voluntary Action Fund and many others.

We continued our long standing relationship with the Pleasance Theatre Trust and Off the Kerb and are very grateful for the support they give us and the valuable funds raised during the Edinburgh Fringe. We were also delighted to benefit from being a chosen charity of the Edinburgh Playhouse and from being Harvey Nichols Charity of the Year. We were also chosen by Paramount Creative to be the beneficiary charity of the first Icon Awards to celebrate the contribution made by Scotland's LGBTI community. Thanks to the Playhouse, Harvey Nichols and Paramount Creative for all their support over the year.

**Investment Powers and Policy**

The Directors, having regard to the liquidity requirements of the charity, have kept available funds in an investment portfolio which is managed by Brewin Dolphin, stockbrokers, on an advisory basis. The objective is one of a balanced portfolio subject to a medium degree of risk. There are no specific investment restrictions or limitations applied to the portfolio. At a time of uncertainty and volatility in the stock market there is no target return set but the value of the portfolio is benchmarked against the WMA Private Investors Balanced Index.

The invested funds achieved a return rate of 1.4% against the benchmarked index of -0.54% for the year.

**Taxation**

The charity is recognised as such by the HM Revenue and Customs for taxation purposes. As a result there is no liability to taxation on any of its income.



**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

### **Reserves Policy and Going Concern**

The Directors' long term aim is to ensure that the charity builds up general funds equivalent to not less than six months' running expenses for the total organisation. At current levels of activity that is equivalent to £700,000. The Directors consider that this level of reserves is one which is prudent considering the level and extent of risks associated with funding streams which the charity is required to manage.

In the year under review free reserves, excluding the pension reserve, stood at £562,390 at the year end. At this time last year, the organisation held a number of designated funds totalling £1,136,257 which had been designated by the Directors to support the charity's strategic objectives and key areas of activity. Over the last year, the Directors have reviewed the need to have designated funds for specific purposes and decided to undesignate certain of the funds, releasing them into free reserves.

The charity remains a going concern, having secured all its key funding for the financial year 2016/17. This includes securing contracts with NHS Lothian for existing HIV Support services and contracts for new Hepatitis C and Men who have Sex with Men (MSM) services. The charity also has contracts in place with NHS Greater Glasgow and Clyde, NHS Fife, NHS Forth Valley and NHS Highland for the forthcoming year. Grant funding has also been secured from the City of Edinburgh Council towards both Waverley Care Milestone and community services and the Scottish Government have agreed funding until the end of March 2018.

### **Plans for Future Periods**

The charity plans to continue the activities outlined above in the forthcoming year. An ongoing financial concern for the charity, as for the charitable sector generally, is its reliance on short term and uncertain funding sources, tendering for contracts and the ongoing challenging economic outlook. This means that fundraising in support of existing services as well as new developments will remain a key priority for the charity.

The charity's plans over the forthcoming year include the following areas of activity:

- Developing new services in the Lothian area to promote the sexual health and well-being of men who have sex with men as funded by NHS Lothian from 1 April 2016.
- Implementing a restructuring of our community support services in Lothian in order to provide a single access point for users and referrers. This will enable the organisation to deliver more effective and responsive services, whilst making the most efficient use of staff and management resources.
- Furthering the recommendations of the review of fundraising operations in order to ensure our fundraising activities maximise income and return on investment.
- Project funding – where the current income associated with a project is insufficient to cover the total cost, the organisation will aim to secure alternative funds to ensure financial sustainability.
- Quality assurance and sustainability – the charity will continue to pursue funding opportunities to generate funds to cover organisational costs. This means that funding applications and contracts will be assessed against their ability to bring in contributions towards the costs of central support systems such as finance, payroll, HR and IT support, management and regulatory costs.
- Development and innovation – the charity recognises that the needs of people living with or at risk of blood borne viruses change and our services need to be able to identify and respond to changing needs and circumstances. The charity will seek sources of funding that enable us to respond accordingly.
- Communications and digital technology – the charity recognises that communications, particularly digital and social media, are important means of supporting service delivery, engagement and fundraising. The charity will continue to seek funds to grow opportunities to strengthen our communications capabilities.

In seeking to support these areas we will target the following potential sources of funds:

- Charitable trusts and foundations
- Individual and corporate donors
- Fundraising events (such as a fundraising dinner in November 2016)

**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

**Structure, Governance and Management**  
**Governing Document**

Waverley Care is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 February 2003. It is registered as a Scottish charity with OSCR. A Board of Directors, which must have a minimum of 3 members and a maximum of 12 members, governs the charity.

The charity has commissioned Turcan Connell, Solicitors, to review our Articles of Association and we aim to complete this review by autumn 2016.

**Appointment of Directors**

Directors are appointed at an AGM and can hold office for a three year term which is renewable for a further three years subject to Article 73. Directors are recruited to a skills based specification to ensure that the Board has a good balance of the skills and experience relevant to the work of the organisation.

A list of Directors is on page 4 of the report. In 2015, there were a number of changes in our Board membership. After undertaking a review of Board skills and experience, we embarked on a formal campaign to recruit new Directors and we appointed two new Directors – Alex Borthwick and Adam Knight – to the Board in September 2015. Alex Borthwick then resigned in June 2016.

**Director Induction and Training**

New Directors receive an induction to brief them on their legal and financial responsibilities under charity law; the OSCR guidance on charity trustees; the content of the Memorandum and Articles of Association; the Board decision making processes; the organisation's strategic objectives and the recent financial performance of the charity. During the induction period, new Directors meet key employees and Directors and visit some of the organisation's services.

**Organisation**

The Board of Directors, which can have up to 12 members, administers the charity. The Board normally meets on a bi-monthly basis. A Finance Sub-Committee also meets bi-monthly with the remit of scrutinising the charity's finances. Short life sub groups are established by the Board as required to progress strategic priorities.

A Chief Executive is appointed by the charity's Directors to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the charity's Directors, for operational matters including finance, employment and operational delivery. An experienced senior management team is in place to manage the organisation's diverse range of services and activities. The team comprises the Chief Executive, Deputy Chief Executive, and Senior Managers for Finance, Fundraising, Community Projects, Glasgow Services, Highland Services and Milestone.

**Related Parties and Co-operation with other Organisations**

None of our Directors receive remuneration or other benefit from their work with the charity. Any connection between a Director or senior manager of the charity with a third party organisation that is providing services on the charity's behalf must be disclosed to the full Board of Directors in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Directors' Report (continued)**  
For the year ended 31 March 2016

**Pay Policy for Senior Staff**

The Directors consider the Board of Directors and the senior management team as comprising the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis. All Directors give of their time freely and no Director received remuneration in the year. Details of Directors' expenses and related party transactions are disclosed in note 8 to the accounts.

The pay of the senior staff team is reviewed annually and normally increased in accordance with COSLA cost of living increases. Cost of living awards are approved by the full Board of Directors. Over the next year, the Board of Directors plans to undertake a benchmarking exercise to review senior staff salaries against pay levels in similar sized charities.

**Risk Management**

The Directors have a risk management strategy in place which is designed to:

- record the significant risks the charity faces
- allocate responsibility for their mitigation along with associated management actions and timescales
- record management processes that already mitigate the risk to some extent.

The organisation has developed a risk management matrix in conjunction with risk management experts from Lloyds Banking Group. The matrix covers all key areas of activity - operational, governance, financial, environmental/external and compliance/regulation. It is recognised that in pursuit of our normal activities we may choose to accept some risks and it is the responsibility of management to identify, report and control these risks. The Senior Management Team looks at this regularly and the risk assessment is reviewed on an annual basis by the Board of Directors.

This work has identified that major risks for the charity are the pension liability with Lothian Pension Fund and our ongoing financial sustainability. We have sought expert advice from Mercer and are now exploring options to mitigate the risks associated with the pension liability. To monitor our financial sustainability, we use a funding risk map to identify when project funding ends or to highlight where there are funding shortfalls. We are also implementing the recommendations of a review of fundraising operations to maximize the yield from fundraising activity going forward.

Attention has also been focused on non-financial risks such as compliance with relevant policies and health and safety regulation. These risks are monitored through regular review of practice policies by our Senior Management Team; audit and update of employment policies by our legal advisors and through our Health and Safety group.

**WAVERLEY CARE**  
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**Directors' Report (continued)**  
**For the year ended 31 March 2016**

**Directors' Responsibilities in Relation to the Financial Statements**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charity for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures as disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of Information to Auditors**

In so far as they are aware at the time of approving our Directors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the Directors, having made enquiries of fellow Directors and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

**Auditor**

Chiene + Tait LLP were appointed as auditor at the AGM in November 2015.

The Directors' report was approved by the Board of Directors on 27 September 2016 and signed on their behalf by:

  
..... Chair  
Ms Ann Park



**WAVERLEY CARE**  
(a company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF  
WAVERLEY CARE (a company limited by guarantee)**

We have audited the financial statements of Waverley Care for the year ended 31 March 2016 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its directors 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 charitable company, the charitable company's members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).



**WAVERLEY CARE**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WAVERLEY CARE (a company limited by guarantee)**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

*Malcolm Beveridge*

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

17 October 2016

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Income and Expenditure Account**  
For the year ended 31 March 2016

	Notes	2016		2015	
		£	£	£	£
<b>Income</b>					
Donations	3		398,671		437,652
Investment income	5		12,632		10,289
Income from charitable activities	4		2,078,989		2,138,649
Amortisation of capital grants			24,500		24,500
<b>Total income</b>			<u>2,514,792</u>		<u>2,611,090</u>
<b>Utilised thus:-</b>					
Raising funds	6	(171,968)		(186,558)	
Charitable expenditure	6	<u>(2,795,570)</u>		<u>(2,646,562)</u>	
			<u>(2,967,538)</u>		<u>(2,833,120)</u>
Realised (loss)/ gain on sale of investments			(452,746) (2,076)		(222,030) 261
<b>(Deficit) for the year</b>			<u>(454,822)</u>		<u>(221,769)</u>
Transfer from capital reserve	17		-		65,482
<b>(Deficit) on activities for the year</b>			<u>(454,822)</u>		<u>(156,287)</u>
Actuarial movement in pension scheme	19a		705,000		(783,000)
<b>Surplus/ (deficit) on activities for the year including pension adjustments</b>			<u>250,178</u>		<u>(939,287)</u>

All results relate to continuing activities.

All gains and losses and actuarial losses on the defined benefit pension schemes, are disclosed in the Statement of Financial Activities.

**Reconciliation of surplus/ (deficit) for the year to total funds**

	2016	2015
	£	£
<b>Surplus / (deficit) on activities for the year including pension adjustments</b>	250,178	(939,287)
Amortisation of grants brought forward	(24,500)	(89,982)
(Losses)/gains on investments	(4,374)	23,972
Total funds brought forward	<u>217,032</u>	<u>1,222,329</u>
Total funds carried forward	<u>14-16</u> <u>438,336</u>	<u>217,032</u>

The notes on pages 19 to 31 form part of these financial statements.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Statement of Financial Activities**  
For the year ended 31 March 2016

		Unrestricted General £	Designated Funds £	Restricted Funds £	2016 Total £	Restated 2015 Total £
<b>Income from:</b>						
Donations	3	398,671	-	-	398,671	437,652
Charitable activities	4	1,485,908	8,728	584,353	2,078,989	2,138,649
Investments	5	12,632	-	-	12,632	10,289
<b>Total income</b>		<u>1,897,211</u>	<u>8,728</u>	<u>584,353</u>	<u>2,490,292</u>	<u>2,586,590</u>
<b>Expenditure on:</b>						
Raising funds	6	(171,968)	-	-	(171,968)	(186,558)
Charitable activities	6	(2,057,103)	(62,579)	(675,888)	(2,795,570)	(2,646,562)
<b>Total expenditure</b>		<u>(2,229,071)</u>	<u>(62,579)</u>	<u>(675,888)</u>	<u>(2,967,538)</u>	<u>(2,833,120)</u>
<b>Net (losses)/ gains on investments</b>	10	-	(6,450)	-	(6,450)	24,233
<b>Net expenditure</b>		<u>(331,860)</u>	<u>(60,301)</u>	<u>(91,535)</u>	<u>(483,696)</u>	<u>(222,297)</u>
<b>Transfers between funds (notes 14 to 16)</b>		667,754	(720,982)	53,228	-	-
<b>Net income/ (expenditure)</b>		<u>335,894</u>	<u>(781,283)</u>	<u>(38,307)</u>	<u>(483,696)</u>	<u>(222,297)</u>
<b>Other recognised gains/(losses)</b>						
Actuarial gains/ (losses) on defined benefit pension schemes	19a	705,000	-	-	705,000	(783,000)
<b>Net movement in funds</b>		<u>1,040,894</u>	<u>(781,283)</u>	<u>(38,307)</u>	<u>221,304</u>	<u>(1,005,297)</u>
<b>Reconciliation of funds</b>						
Balance at 1 April 2015		(1,030,504)	1,136,257	111,279	217,032	1,222,329
<b>Balance at 31 March 2016</b>	18	<u>10,390</u>	<u>354,974</u>	<u>72,972</u>	<u>438,336</u>	<u>217,032</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 19 to 31 form part of these financial statements.

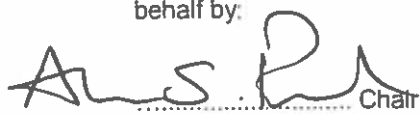


**WAVERLEY CARE**  
(a company limited by guarantee)  
**Balance Sheet**  
As at 31 March 2016

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible Assets	9		384,631		420,621
Investments	10		348,883		347,385
			<u>733,514</u>		<u>768,006</u>
<b>Current assets</b>					
Debtors	11	64,136		270,661	
Cash at bank and in hand		348,123		393,495	
		<u>412,259</u>		<u>664,156</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(155,437)</u>		<u>(153,130)</u>	
<b>Net current assets</b>			<u>256,822</u>		<u>511,026</u>
<b>Net assets excluding pension liability</b>			990,336		1,279,032
Defined benefit pension liability	19a		<u>(552,000)</u>		<u>(1,062,000)</u>
<b>Net assets including pension liability</b>			<u>438,336</u>		<u>217,032</u>
<b>Funds</b>					
Unrestricted funds					
- General	14		562,390		31,496
- Pension reserve	14		(552,000)		(1,062,000)
- Designated	15		354,974		1,136,257
Restricted funds	16		<u>72,972</u>		<u>111,279</u>
			<u>438,336</u>		<u>217,032</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and with the Financial Reporting Standard 102.

The financial statements were authorised for issue by the Directors on 27 September 2016 and signed on their behalf by:

  
..... Chair  
Ms Ann Park

Company number: SC253043

The notes on pages 19 to 31 form part of these financial statements.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Statement of Cash Flows**  
As at 31 March 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
<b>Net cash used in operating activities</b>	21	(43,029)	(165,962)
<b>Cash flows from investing activities</b>			
Dividends and interest from investments		12,632	10,289
Purchase of property, plant and equipment		(7,027)	(37,442)
Proceeds from sale of investments		34,920	4,428
Purchase of investments		(46,126)	(202,397)
Decrease/(increase) in cash balance on investments		3,258	(7,283)
<b>Net cash used in investing activities</b>		<u>(2,343)</u>	<u>(232,405)</u>
<b>Change in cash and cash equivalents in the year</b>		(45,372)	(398,367)
Cash and cash equivalents at the beginning of the year		393,495	791,862
<b>Cash and cash equivalents at the end of the year</b>		<u><u>348,123</u></u>	<u><u>393,495</u></u>

**WAVERLEY CARE**  
**(a company limited by guarantee)**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless stated otherwise in the relevant accounting policy note(s).

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

Before 2016 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Charities and Trustee Investment (Scotland Act 2005, and the Charities Accounts (Scotland) Regulations 2006, and referred to as "previous UK GAAP". The financial effects of the transition to FRS102 are set out in note 1(b) below.

**Going concern**

The charity depends on grant funding from outside sources and fundraising to finance its activities and has committed funding until March 2018. The Board has fully considered the going concern position of the charity at the date of approving the financial statements. As a consequence the Board has prepared the financial statements on the going concern basis.

The volatility in the stock market is an area of financial uncertainty which the Board have mitigated by having a balanced portfolio subject to a medium degree of risk and by benchmarking the portfolio against the WMA Private Investors Balanced Index.

**Grants**

Revenue grants are recognised in the year to which they relate when the charitable company has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably. Any income which relates to a period out with the one under review is treated as deferred.

**Fundraising and donations**

Fundraising and donations income is normally credited in the year in which it is receivable, except in the case of events where net income is recognised when the results are finally ascertained.

**Investments and investment income**

Investments have been included in the balance sheet at market value. Realised gains and losses are recognised in the Income and Expenditure account and the Statement of Financial Activities in the period to which they relate. Unrealised gains and losses are recognised in The Statement of Financial Activities in the period to which they relate.

Income from investments is credited to income in the year in which it is receivable.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2016**

**1. a) Accounting policies – continued**

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Costs of raising funds which comprises all costs associated with generating income from all sources other than from undertaking charitable activities;
- Expenditure on charitable activities which comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries and their associated support costs.

Where possible, expenditure has been charged direct to costs of generating income or charitable expenditure. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

**Allocation of support costs**

Support costs are those functions that assist the work of the charitable company but do not directly undertake charitable activities. Support costs include governance costs which support the activities of the charitable company. These costs have been allocated between the activities under expenditure on charitable activities on a basis of time spent.

**Fixed assets**

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation are calculated so as to write off the cost less residual value of each asset evenly over its expected useful life as follows:

Milestone House	Over the life of the lease (extended to 2030)
Computer equipment	4 years
Furniture and equipment	5 years

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**Financial instruments**

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**WAVERLEY CARE**  
**(a company limited by guarantee)**  
**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2016**

**1. a) Accounting policies – continued**

**Operating leases**

Rentals payable under operating leases are charged to the SOFA as incurred over the term of the lease.

**Pensions**

Defined benefit schemes:-

The charity participates in two multi-employer defined benefit schemes in respect of its employees. The assets of the schemes are held in external funds managed by professional investment managers.

Where the charity's share of the assets and liabilities of a multi-employer scheme can be separately identified, in accordance with FRS102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Financial Activities. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, is also recognised in the Statement of Financial Activities.

The share of a scheme deficit is recognised in full on the balance sheet and the charity's share of a surplus is recognised to the extent that it can be recovered.

Where the charity's share of the assets and liabilities of a multi-employer scheme cannot be separately identified, contributions payable are charged to the income and expenditure account in the period to which they relate.

**VAT**

The charity is not registered for VAT and accordingly expenditure includes VAT where appropriate.

**Funds**

The nature and purpose of funds held are contained in notes 14 to 16.

**1. b) Transition to FRS 102**

These financial statements for the year ended 31 March 2016 are the charity's first financial statements that comply with the FRS 102. The charity's date of transition to FRS 102 is 1 April 2014. The charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The transition to FRS 102 has resulted in some changes in the charity's accounting compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information). It also describes the changes in accounting policies made on first-time adoption of FRS 102. No restatements of funds presented in the balance sheet at the date of transition (1 April 2014) were required.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
For the year ended 31 March 2016

**1. b) Transition to FRS 102 (continued)**

In the table below, amounts determined in accordance with the FRS 102 are reconciled to amounts determined in accordance with previous UK GAAP for the year ended 31 March 2015.

	Notes	Previous UK GAAP	Effect of transition	FRS102
<b>Income from:</b>				
Donations		437,652	-	437,652
Charitable activities		2,138,649	-	2,138,649
Investments	(a)	66,289	(56,000)	10,289
<b>Total</b>		<u>2,642,590</u>	<u>(56,000)</u>	<u>2,586,590</u>
<b>Expenditure on:</b>				
Raising funds		186,558	-	186,558
Charitable activities	(a)	2,636,562	10,000	2,646,562
<b>Total</b>		<u>2,823,120</u>	<u>10,000</u>	<u>2,833,120</u>
<b>Net expenditure</b>		<u>(180,530)</u>	<u>(66,000)</u>	<u>(246,530)</u>
<b>Other recognised gains/losses</b>				
Realised gain/(loss) on investments		261	-	261
Unrealised gains on investments		23,972	-	23,972
Loss on defined benefit pension scheme	(a)	(849,000)	66,000	(783,000)
<b>Net movement in funds</b>		<u>(1,005,297)</u>	<u>-</u>	<u>(1,005,297)</u>

(a) Recognition of the adjustments to the defined benefit pension scheme have been restated under FRS 102.

**2. Legal status of the Charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

**3. Voluntary income**

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2016 £	2015 £
Donations/covenants	261,607	-	-	261,607	205,236
Donations in kind	-	-	-	-	15,000
Events	137,064	-	-	137,064	217,416
	<u>398,671</u>	<u>-</u>	<u>-</u>	<u>398,671</u>	<u>437,652</u>

Voluntary income for the comparative year to 31 March 2015 totals £437,652 of which £431,158 was unrestricted and £6,494 was restricted.

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2016**

**4. Income from charitable activities**

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2016 £	2015 £
Grants	1,320,880	8,728	533,455	1,863,063	1,913,416
Fees	8,553	-	-	8,553	7,381
Other	156,475	-	50,898	207,373	217,852
	<u>1,485,908</u>	<u>8,728</u>	<u>584,353</u>	<u>2,078,989</u>	<u>2,138,649</u>

Income from charitable activities for the comparative year to 31 March 2015 totals £2,138,649 of which £1,533,062 was unrestricted, £8,728 was designated and £596,859 was restricted.

**5. Investment income**

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2016 £	Restated 2015 £
Interest received	1,271	-	-	1,271	2,442
Investment income	11,361	-	-	11,361	7,847
	<u>12,632</u>	<u>-</u>	<u>-</u>	<u>12,632</u>	<u>10,289</u>

Investment income for the comparative year to 31 March 2015 totals £10,289 all of which was unrestricted.

**6. Resources expended**

	Raising Funds £	Charitable activities		Total 2016 £	Restated Total 2015 £
		Residential & Day care £	Community Services £		
Staff costs (note 8)	145,704	982,384	1,205,137	2,333,225	2,157,435
Property costs	-	86,864	96,955	183,819	187,619
Activities	19,576	80,822	86,026	186,424	195,845
Administration	4,411	59,987	100,213	164,611	143,905
Depreciation	-	32,482	9,740	42,222	119,082
Loss on disposal of assets	-	398	397	795	-
Pension finance costs (note 19(a))	2,277	10,246	24,477	37,000	10,000
Governance costs (note 7)	-	11,665	7,777	19,442	19,234
	<u>171,968</u>	<u>1,264,848</u>	<u>1,530,722</u>	<u>2,967,538</u>	<u>2,833,120</u>

Resources expended for the year totals £2,967,538 of which £2,229,071 (2015 - £2,025,849) was unrestricted, £62,579 (2015 - £78,166) was designated, £675,888 (2015 - £663,623) was restricted and £nil was from the capital reserve (2015 - £65,482).

**7. Analysis of governance costs**

	2016 £	2015 £
Audit	6,522	5,826
Accountancy	12,920	13,408
	<u>19,442</u>	<u>19,234</u>

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2016**

8. Staff numbers and costs	2016	2015
	£	£
Wages and salaries	1,721,788	1,636,303
Social Security costs	113,040	112,357
Pension costs – actual	285,098	251,817
Pension costs – FRS 102 adjustment	158,000	83,000
Other staff costs	55,299	73,958
	<u>2,333,225</u>	<u>2,157,435</u>

The average monthly number of employees during the year was:-	Number	Number
Fundraising	4	4
Administration	6	6
Charitable activities	62	59
	<u>72</u>	<u>69</u>

No employees earned at a rate of over £60,000 per annum.

The Directors received no remuneration or expenses (2015 – £nil).

The key management personnel of the charitable company comprise the directors, the chief executive and the senior management team. The total employee benefits of the key management personnel of the charitable company were £296,311 (2015 - £286,468).

**9. Fixed assets**

	Milestone House £	Computer equipment £	Furniture & equipment £	Total £
<b>Cost</b>				
At 1 April 2015	2,082,216	72,709	49,543	2,204,468
Additions during the year	7,027	-	-	7,027
Disposals during the year	-	(2,603)	-	(2,603)
	<u>2,089,243</u>	<u>70,106</u>	<u>49,543</u>	<u>2,208,892</u>
<b>Depreciation</b>				
At 1 April 2015	1,691,470	53,147	39,230	1,783,847
Charge for year	28,263	8,451	5,508	42,222
On disposals	-	(1,808)	-	(1,808)
	<u>1,719,733</u>	<u>59,790</u>	<u>44,738</u>	<u>1,824,261</u>
<b>Net book value</b>				
At 31 March 2016	<u>369,510</u>	<u>10,316</u>	<u>4,805</u>	<u>384,631</u>
<b>Net book value</b>				
At 31 March 2015	<u>390,746</u>	<u>19,562</u>	<u>10,313</u>	<u>420,621</u>

The ground on which Milestone House is built is leased from Lothian Health Board under a 25 year lease which commenced in March 1990. This was extended in 2014 for a further 16 years. As a result, the property is not a realisable asset. The net book value of Milestone House includes £14,536 relating to furniture and equipment.

All the assets are used for direct charitable purposes.



**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
For the year ended 31 March 2016

10. Investments	2016 £	2015 £
Market value on 1 April 2015	347,385	117,900
Increase/(decrease) in cash held	(3,258)	7,283
Disposal proceeds	(34,920)	(4,428)
Net realised investment (losses)/gains	(2,076)	261
Additions at cost	46,126	202,397
Net unrealised investment (losses)/gains	(4,374)	23,972
	<u>348,883</u>	<u>347,385</u>
Market value at 31 March 2016	<u>348,883</u>	<u>347,385</u>
Cost	<u>312,389</u>	<u>302,840</u>

Included in investments in 2016 is £5,945 (2015 - £9,209) held as cash.

The portfolio is structured as follows:-

	Over 5%	Total %
<b>UK Bonds</b>		14.7%
<b>Global Investment Funds</b>		6.9%
<b>UK Equities</b>		35.2%
Artemis Fund Managers	5.6%	
CF Miton UK	6.5%	
Threadneedle Inv UK	5.7%	
Capita Financial Managers Trojan Income	6.3%	
Edinburgh Investment Trust Ord 25p	5.9%	
<b>North American Equities</b>		19.1%
Findlay Park Funds	7.5%	
JP Morgan AM UK Ltd	7.0%	
<b>European Equities</b>		6.2%
<b>Japanese Equities</b>		2.5%
<b>Asia Pacific Equities</b>		1.8%
<b>Emerging Market Equities</b>		1.4%
<b>Absolute Return</b>		3.9%
<b>Property</b>		3.7%
<b>Other investments</b>		2.7%
<b>Cash</b>		1.9%
<b>Total</b>	<u>44.5%</u>	<u>100%</u>

**WAVERLEY CARE**  
(a company limited by guarantee)  
**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2016**

<b>11. Debtors</b>		<b>2016</b>	<b>2015</b>
		£	£
	Income tax recoverable	5,416	8,085
	Prepayments and accrued income	58,720	262,576
		<u>64,136</u>	<u>270,661</u>
<b>12. Creditors: amounts falling due within one year</b>		<b>2016</b>	<b>2015</b>
		£	£
	Trade creditors	21,190	19,089
	Social Security and other taxes	30,690	33,810
	Other creditors	30,039	31,621
	Accruals	33,705	13,256
	Deferred income	39,813	55,354
		<u>155,437</u>	<u>153,130</u>

The deferred income in 2015 of £55,354 was released in the current year and for the year ending 31 March 2016 deferred income comprises of: Monument Trust £30,000; Children In Need grant £7,313; Stevenson Trust £500 and Ward Family Trust £2,000. This income was received for the year ending 31 March 2017 and will be released to income in the year to which it relates.

**13. Leasing commitments**

**Operating leases**

The charity's commitments for rental payments under non-cancellable operating leases at 31 March 2016 are as set out below:

	<b>2016</b>	<b>2015</b>
	£	£
	<b>Land and buildings</b>	<b>Land and buildings</b>
Operating leases which expire:		
Within one year	7,500	14,167
Between two and five years	48,167	15,000
Over five years	274,000	308,250
	<u>329,667</u>	<u>337,417</u>

The amount of operating lease payments included as an expense in the year was £100,260.

**14. General funds**

	Balance at 1 April 2015		Income		Expenditure		Other recognised gains/(losses)		Transfers		Balance at 31 March 2016
	£		£		£		£		£		£
General fund	31,496		1,897,211		(2,034,071)		-		667,754		562,390
Pension reserve	(1,062,000)		-		(195,000)		705,000		-		(552,000)
	<u>(1,030,504)</u>		<u>1,897,211</u>		<u>(2,229,071)</u>		<u>705,000</u>		<u>667,754</u>		<u>10,390</u>

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**15. Designated funds**

Funds set aside by the directors for specific purposes:

	Balance at 1 April 2015 £	Income £	Expenditure £	Other recognised gains/ (losses)	Transfers £	Balance at 31 March 2016 £
External activities	10,000	-	(6,078)	-	(3,922)	-
Salary reserve	80,000	-	-	-	(80,000)	-
Milestone maintenance	72,749	-	-	-	(72,749)	-
Buddy service	5,000	-	-	-	(5,000)	-
Mansfield Place development	10,000	-	(19,333)	-	9,333	-
Organisational development	103,434	-	-	-	(103,434)	-
Baptie fund	347,385	-	-	(6,450)	(340,935)	-
HQ accommodation	12,000	-	-	-	(12,000)	-
IT development	25,518	-	(4,482)	-	(21,036)	-
Training & development	10,000	-	-	-	(10,000)	-
Fundraising ribbon fund	5,000	-	-	-	(5,000)	-
Service user database	8,000	-	-	-	(8,000)	-
Fundraising development	20,000	-	-	-	(20,000)	-
West of Scotland Development	50,000	-	-	-	(50,000)	-
Spiritual & pastoral care	2,000	-	-	-	(2,000)	-
Gay men's work	-	8,728	(5,462)	-	(3,266)	-
Milestone House refurbishment	375,171	-	(27,224)	-	7,027	354,974
	<u>1,136,257</u>	<u>8,728</u>	<u>(62,579)</u>	<u>(6,450)</u>	<u>(720,982)</u>	<u>354,974</u>

The Waverley Care Board agreed at its March 2016 meeting to undesignate all remaining designated funds back to the general fund as reserves with the exception of the Milestone House Refurbishment fund.

**Mansfield Place development** – This fund was used to support premises requirements of Community Projects teams as well as Fundraising and Head Office.

**Baptie fund** – This was an investment fund based on Baptie bequest.

**IT development** – This fund supported the ongoing upgrade of IT resources.

**Gay men's work** – This fund supported the development of work with gay men.

**Milestone House refurbishment** – During 2013/14 the charity received grants from NHS Lothian and CEC to assist with the refurbishment of Milestone House. The refurbishment work has now been completed and the restriction discharged. As these funds are no longer available for use the net book value of the refurbishment work has been transferred to a designated fund.

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**16. Restricted funds**

Funds to be applied for the purposes specified by the donor

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2016 £
Arts project	3,498	11,450	(5,647)	-	9,301
African Health Project (Incl. VAF)	37,850	368,255	(448,670)	42,565	-
Self-Management Programme	4,443	152,648	(161,731)	4,640	-
HIV Always Hear project	46,594	52,000	(40,243)	-	58,351
Sexual Health	1,184	-	-	-	1,184
Elizabeth Taylor hardship fund	6,494	-	(4,190)	-	2,304
Website development	8,216	-	(14,239)	6,023	-
Youth Philanthropy Initiative	3,000	-	(1,168)	-	1,832
	<u>111,279</u>	<u>584,353</u>	<u>(675,888)</u>	<u>53,228</u>	<u>72,972</u>

Restricted fund transfers include transfers from unrestricted funds to cover the deficits made on the restricted funds as shown above.

**Arts project** – The fund exists to provide support for art based activities within our residential and community projects in Edinburgh.

**African Health project (Incl. VAF)** – This fund is to support prevention and support activities for the African community in Scotland who are at risk of or living with HIV.

**Self-Management programme** – This is to support people with self-management of conditions.

**HIV Always Hear project** – This fund supports national HIV awareness targeting secondary schools and churches. Transfers in this fund represent contributions to general overheads in accordance with the grant application.

**Sexual Health** - For delivery of sexual health promotional materials in partnership with the NHS.

**Elizabeth Taylor Hardship** – This fund supports individuals with HIV experiencing poverty, hardship or destitution.

**Website development** – This fund is for the refresh of Waverley Care's website.

**Youth Philanthropy Initiative** – The charity received funding from Currie High School for a Milestone Eco Shelter.

**17. Capital reserve**

	2016 £	2015 £
Balance at 1 April 2015	-	65,482
Released against depreciation on fixed assets	-	(65,482)
Balance at 31 March 2016	<u>-</u>	<u>-</u>

The capital reserve related to grants and donations received in connection with the purchase of the charity's fixed assets.

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**18. Analysis of net assets among funds**

	Unrestricted General £	Designated funds £	Restricted funds £	Total Funds £
Fixed assets	29,657	354,974	-	384,631
Investments	348,883	-	-	348,883
Net current assets	183,850	-	72,972	256,822
Pension reserve	(552,000)	-	-	(552,000)
	10,390	354,974	72,972	438,336

**19. Pension schemes**

The charity participates in two pension schemes, both defined benefit schemes, which provide benefits based on final pensionable pay. In both cases the assets of the schemes are held separately from those of the charity in independently administered funds. Pension contributions totalling £29,948 (2015: £21,617) were due to these schemes at the year end representing contributions due for March.

The details of the schemes are:

**a) Defined benefit scheme – Lothian Pension Fund**

The charity operates a defined benefit scheme in the UK that provides pensions linked to final salaries. A valuation of the pension fund is carried out triennially, the most recent valuation was 31 March 2014. Liabilities are valued on an actuarial basis using the projected unit method, which assess the future liabilities of the fund discounted to their present value. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The principal actuarial assumptions used by the actuary for the purposes of the FRS 102 valuation included in the financial statements are as follows:

	31 March 2016 % pa	31 March 2015 % pa
Rate of increase in salaries	4.2%	4.3%
Rate of increase in pensions payment	2.2%	2.4%
Discount rate	3.5%	3.2%

Life expectancy is based on the PFA92 and PMA92 'year of birth' tables. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current pensioners	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years

The major categories of plan assets as a percentage of total plan assets were:

	31 March 2016 %	31 March 2015 %
Equities	67%	69%
Bonds	20%	17%
Property	9%	8%
Cash	4%	6%

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**a) Defined benefit scheme – Lothian Pension Fund – continued**

Changes in the fair value of plan assets, defined benefit obligation and net liability for the year ended 31 March 2016 are as follows:

Period ended 31 March 2016	Assets £(000)	Obligations £(000)	Net (liability)/ asset £(000)	Restated Net position March 2015 £(000)
Fair value of plan assets	4,212	-	4,212	3,572
Present value of funded liabilities	-	5,274	(5,274)	(3,758)
Present value of unfunded liabilities	-	-	-	-
<b>Opening position as at 31 March 2015</b>	<b>4,212</b>	<b>5,274</b>	<b>(1,062)</b>	<b>(186)</b>
<b>Service cost</b>				
Current service cost	-	443	(443)	(319)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>443</b>	<b>(443)</b>	<b>(319)</b>
<b>Net interest</b>				
Interest income on plan assets	139	-	139	158
Interest cost on defined benefit obligation	-	176	(176)	(168)
Impact of asset ceiling on net interest	-	-	-	-
<b>Total net interest</b>	<b>139</b>	<b>176</b>	<b>(37)</b>	<b>(10)</b>
<b>Total defined benefit cost recognised in net income or (expenditure)</b>	<b>139</b>	<b>619</b>	<b>(480)</b>	<b>(329)</b>
<b>Cashflows</b>				
Plan participants' contributions (2015: £70,000)	89	89	-	-
Employer contributions	285	-	285	236
Contributions in respect of unfunded benefits	-	-	-	-
Benefits paid (2015: £104,000)	(88)	(88)	-	-
Unfunded benefits paid	-	-	-	-
<b>Expected closing position</b>	<b>4,637</b>	<b>5,894</b>	<b>(1,257)</b>	<b>(279)</b>
<b>Remeasurements</b>				
Changes in demographic assumptions	-	-	-	(177)
Changes in financial assumptions	-	(574)	574	(582)
Other experience	-	(55)	55	(304)
Return on assets excluding amounts included in net interest	76	-	76	280
<b>Total remeasurements recognised in other gains or losses in Statement of Financial Activities</b>	<b>76</b>	<b>(629)</b>	<b>705</b>	<b>(783)</b>
Fair value of plan assets	4,713	-	4,713	4,212
Present value of funded liabilities	-	5,265	(5,265)	(5,274)
Present value of unfunded liabilities	-	-	-	-
<b>Closing position as at 31 March 2016</b>	<b>4,713</b>	<b>5,265</b>	<b>(552)</b>	<b>(1,062)</b>

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**b) Defined benefit scheme – NHS Superannuation Scheme for Scotland**

The second defined benefit scheme is administered by the Scottish Public Pensions Agency and provides benefits on final pensionable pay. Under Financial Reporting Standard 102 this is a multi-employer scheme and the contributions have been accounted for as if it were a defined contribution scheme as the assets of the scheme are not ring fenced for each employer.

Valuations are carried out every four years using the projected unit method. The most recent valuation was at 31 March 2012. The assumptions which had the most significant effect on the results of the valuation are those relating to expected pension longevity, age retirement and a reduction in assumed ill-health retirements.

The most recent valuation showed a shortfall of £1.4 billion identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers' contribution rate.

The contribution of the Charity was 14.9% (2015: 14.9%). It will remain at 14.9% from 1 April 2016. Whilst the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

The pension charge for the year was £3,204 (2015: £4,832).

**20. Commitments and contingent liabilities**

There were no guarantees or contingent liabilities at the balance sheet date.

**21. Reconciliation of net expenditure to net cash flow from operating activities**

	2016 £	2015 £
<b>Net expenditure for the year</b>	(483,696)	(222,297)
<b>Adjustments for</b>		
Depreciation charges	42,222	119,082
Dividends and interest from investments	(12,632)	(10,289)
(Gains)/losses on investments	6,450	(24,233)
(Increase)/decrease in debtors	206,525	(115,871)
Increase/(decrease) in creditors	2,307	(5,354)
Defined benefit pension scheme	195,000	93,000
Loss on disposal of fixed assets	795	-
<b>Net cash used in operating activities</b>	<u>(43,029)</u>	<u>(165,962)</u>

