

**WAVERLEY CARE (a company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2017
COMPANY NUMBER: SC253043
CHARITY NUMBER: SC036500**

**Waverley Care (a company limited by guarantee)
Annual report and financial statements
For the year ended 31 March 2017**

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Reference and Administrative details

Charity Number
SC036500

Company Number
SC253043

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:

Directors

Mr Ian Arnot (Chair)
Ms Annabel Mowat (Vice Chair)
Mr George Walker (Treasurer)
Mr Brian West (resigned 22 November 2016)
Dr Alison Richardson
Bishop John Armes
Ms Ann Park
Mr Adam Knight
Mr Lee Thorburn (appointed 26 January 2017)
Mr Jimmy Quinn (appointed 30 March 2017)
Dr Janet Sandercock (appointed 30 March 2017)
Ms Lesley Taylor (resigned 30 March 2017)

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

Secretary

Mr Grant Sugden

Chief Executive

Mr Grant Sugden

Deputy Chief Executive

Ms Martha Baillie

Registered Office

3 Mansfield Place
Edinburgh
EH3 6NB

Accountants

Scott Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8B

Bankers

Bank of Scotland
20-22 Shandwick Place
Edinburgh
EH2 4RN

Royal Bank of Scotland
142-144 Princes Street
Edinburgh
EH2 4EQ

Senior managers

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
Senior Manager Fundraising - Mrs Karen Docwra

Auditors

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

Solicitors

Law at Work
19 Thistle Street
Edinburgh
EH2 1DF

Investment managers

Brewin Dolphin
Sixth Floor
Atria One
144 Morrison Street
Edinburgh
EH3 8BR

**Directors' Report
For the year ended 31 March 2017**

The Directors are pleased to present their annual Directors' report, together with the financial statements of the charity for the year ended 31 March 2017, which are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's report

Today in Scotland, a person living with HIV can live a normal life expectancy, while someone living with Hepatitis C can be cured.

It hasn't always been this way and these are incredible statements of how far our knowledge and understanding of the conditions has come. Throughout its history, Waverley Care has continued to adapt and respond to this changing landscape to ensure that through our work we continue to support the needs of people living with or affected by HIV and Hepatitis C.

Despite these tremendous advances, the need for Waverley Care's services remains as great as ever. We know, for example, that we still need to do much more to encourage people to get tested. Nearly 15,000 (or 40%) of Scotland's Hepatitis C population is living undiagnosed with the condition, while nearly 800 people living with HIV in Scotland are undiagnosed and not aware of their status (13%).

HIV and Hepatitis C continue to disproportionately affect some of Scotland's most marginalised communities, often driven by ignorance of what it means to live with these conditions. Through our work we continue to challenge the health inequalities that contribute to new HIV and Hepatitis C infections in Scotland, most notably through our work with Scotland's African community and with men who have sex with men.

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

Our services have 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 SX - our new sexual health and wellbeing service for gay and bisexual men in Lothian - and a new project at HMP Barlinnie supporting prisoners with Hepatitis C in the transition from prison to the community.

We were also delighted to see Caring Conversations go live last August. Caring Conversations is an educational resource for primary care staff which encourages them to think about how they interact with patients who are living with long-term conditions such as HIV. The resource promotes open, honest and caring conversations that leave patients feeling heard and better supported.

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.

Ian Arnot, Chair

**Waverley Care (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

1. Our purposes and activities

Waverley Care is Scotland's HIV and Hepatitis C charity. Across Scotland, we are reducing new HIV and Hepatitis C infections, encouraging people to get tested and providing much needed support to people living with, or affected by these conditions.

Through our work, we are also challenging HIV and Hepatitis C related stigma, tackling health inequalities and promoting good sexual health.

Our vision is of a society free from HIV and Hepatitis C stigma, where people know their status, and where individuals and communities living with or affected by these conditions enjoy good physical, mental and emotional health.

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

- Reducing new infections
- Getting people diagnosed
- Providing support
- Challenging stigma and discrimination

Reducing new infections

Many factors contribute to new HIV and Hepatitis C infections – personal, cultural and educational. Our work around prevention is focused on communities at greatest risk of blood borne viruses, including people with problem drug use, Africans living in Scotland and men who have sex with men.

Through this work we raise awareness of these conditions and provide practical advice and information on healthier lifestyles. We continue to support efforts to promote condom use and are involved in a number of initiatives that provide free access to them. We also recognise the importance of developing areas of HIV prevention, including Treatment as Prevention and Pre-Exposure Prophylaxis (PrEP).

We invest time in building relationships with the communities we work with, both to understand the particular challenges and inequalities they face, and to ensure we involve them in developing effective solutions. Through peer educators, use of volunteers and an emphasis on positive prevention, we support communities to take ownership of HIV and Hepatitis C prevention.

Getting people diagnosed

In Scotland today, there are over 36,000 people living with Hepatitis C and over 6,000 living with HIV. However, an estimated 14,400 of those with Hepatitis C, and 788 with HIV are undiagnosed. Without diagnosis and treatment, these individuals can become seriously ill and risk unknowingly passing their infection on to others.

Across Scotland, we deliver a range of community based testing services to people who are most at risk of these conditions. We also provide clear information and advice on the wide range of testing options available to help people find the right option for them.

We work to challenge and reduce the barriers that prevent people from accessing regular testing, helping them to know their HIV and Hepatitis C status and take control of their own health.

**Waverley Care (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

Providing support

Waverley Care works to ensure that individuals living with blood borne viruses have access to high quality care that improves their physical, emotional and sexual health. We provide services that enable individuals to come to terms with a new diagnosis, to manage their condition and benefit from available treatment. We strive to support individuals with blood borne viruses to enjoy healthy relationships and to access education, volunteering, employment and leisure activities.

Challenging stigma

Stigma and discrimination continue to be a daily reality for people living with HIV and Hepatitis C. Stigma reinforces the feelings of isolation and depression felt by many people living with these conditions and undermines efforts to reduce new infections by discouraging people from getting tested.

To challenge this, we provide information to everyone from healthcare professionals and employers to service providers and students to highlight the specific needs of people living with HIV or Hepatitis C. We also aim to raise awareness amongst the general public through the provision of accurate information about living with these conditions today.

We also work with faith leaders, community groups and peer educators to bring discussions about HIV and Hepatitis C to the heart of communities, strengthening their capacity to challenge stigma.

In order to achieve these outcomes, we provide a range of services across Scotland including:

Community based testing:

To reduce new HIV and Hepatitis C infections, we provide a range of community based testing services. These include:

- Dried Blood Spot testing to communities at greatest risk of HIV or Hepatitis C
- Rapid HIV testing clinics in geographically isolated locations Highland and Argyll & Bute
- Community based testing clinics for Africans living in Greater Glasgow and Clyde – venues include African community centres, churches and businesses
- SX, our gay and bisexual men's service in Lothian is a regular venue for M-Test, a weekly clinic delivered by NHS Lothian's ROAM Outreach Team, offering full sexual health screening, including HIV testing

Regardless of the result of a test, we are able to provide information, advice and support on next steps.

General support services for people living with, or affected by HIV or Hepatitis C:

From our bases across the country, we offer a broad range of support to individuals, assisting them with a range of issues to improve their physical, mental and emotional health and wellbeing, including:

- Coping with a new diagnosis and managing treatment
- Supporting healthier lifestyle choices
- Accessing one-to-one, group and peer support, and meeting other people who are living with the conditions
- Supporting relationships with family and friends – disclosing HIV/Hep C status
- Engaging with support services – e.g. housing, education, employment and benefits
- Thinking about faith and spiritual issues

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Directors' Report (continued)
For the year ended 31 March 2017**

Specialist and targeted services

In addition to our main services, we provide a number of dedicated services for vulnerable groups, including:

- **African Health Project –**

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.

In addition, our national Health in Faith programme has developed relationships with African churches across Scotland to raise awareness of HIV testing and treatment, ensuring that good conversations about HIV are at the heart of the African community.

MY Voice, a research project on Female Genital Mutilation (FGM), is working with communities in Scotland affected by FGM. The project empowers communities to challenge and prevent FGM while supporting the development of culturally sensitive support services for those affected.

- **Children, Young People and Families**

Children and young people living with, or affected by HIV or Hepatitis C have very distinct support needs. Our national Children and Families Project provides specific individual, group and family services to support families to manage the impact that a blood borne virus can have. 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.

- **SX**

SX is a Lothian based service, focused on improving the sexual health and wellbeing of gay and bisexual men, and all men who have sex with men. The service is community focused, and provides a range of interventions supporting men to overcome a range of health inequalities experienced by this group. Our work with gay and bisexual men involves us providing information about sexual health and HIV through a range of means including through outreach, in gay venues, through volunteers and through online apps.

- **Residential support services**

Milestone, our Residential Support Centre in Edinburgh, is a place where people living with HIV or Hepatitis C can focus on improving their physical and emotional health at times when they are struggling to manage. Our staff are there to support residents to manage their condition well – whether it's keeping up-to-date with treatment, coping with side effects or accessing appointments. We also offer the opportunity for peer support where residents can share their experiences in a supportive environment. The service offers step up and step down care and treatment support to reduce pressure on NHS services.

Training

As well as direct service provision, Waverley Care also provides information and education to a range of audiences, including healthcare students and professionals. For example, our online educational resource Caring Conversations aims to raise awareness of HIV and person centred care amongst primary care staff across Scotland.

Our volunteers

Over 100 volunteers regularly assist our services in a range of roles including acting as befrienders; receptionists; peer educators 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.

**Waverley Care (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

2. Achievements and performance

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, Lanarkshire and Lothian. 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.

The last year has seen the organisation make significant progress in delivering our four key outcomes – reducing new HIV and Hepatitis C infections, getting people diagnosed, providing support and challenging stigma - and in this section we highlight some of the key achievements against these outcomes.

Reducing new infections

In 2016-17, we expanded the work we do as an organisation to reduce new HIV infections, ensuring that more people had access to information, advice and testing opportunities. In June 2016, we officially launched SX - our new, Lothian-based sexual health and wellbeing service for gay and bisexual men, and all men who have sex with men.

SX is an exciting partnership with LGBT Health and Wellbeing which provides sexual health information, support, testing and outreach. The service also seeks to address broader physical and mental health inequalities experienced by this community.

Over the last year, SX:

- provided over 470 men with sexual health screening and testing
- individually supported over 250 men to improve their sexual health and wellbeing
- distributed 148,000 condoms and 75,000 sachets of lube

SX and Waverley Care were active partners in the PrEP4Scotland Coalition with HIV Scotland, Terrence Higgins Trust Scotland and National AIDS Trust. The group advocated the introduction of PrEP on the NHS in Scotland as a method of HIV prevention for those most at risk. We welcomed the Scottish Medicines Consortium announcement in April 2017 that Scotland would become the first of the UK nations to approve the provision of PrEP by the NHS.

PrEP provides opportunities to reinvigorate how people at higher risk of HIV are engaging with testing and prevention opportunities, and it is a hugely important opportunity to make a real reduction in the number of new HIV transmissions.

SX was at the forefront of community engagement with gay and bisexual men and will continue to inform the community as well as influence the roll out and implementation of this new prevention tool to those who most need it.

**Waverley Care (a company limited by guarantee)
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The organisation has continued to work closely with Scotland's African communities raising their awareness of HIV and, importantly, their capacity to address the specific challenges and health inequalities which contribute to HIV infections amongst this community. This work included:

- working closely with African businesses and community groups in Forth Valley, Greater Glasgow and Clyde, Lanarkshire and Lothian to ensure local African communities were equipped to address HIV
- reaching over 6,000 members of Scotland's African community through HIV workshops in Greater Glasgow and Clyde, Forth Valley and Lothian
- distributing over 18,000 condoms to African individuals and venues
- working with over 70 African churches and 1 mosque in Scotland's central belt through our national Health in Faith Agenda, enabling a dialogue around HIV to be developed and delivered to the heart of communities.
- a very successful Health in Faith Conference and Dinner before World Aids Day 2016 with 150 faith leaders and community members attending

We have continued to provide prevention services to men who have sex with men across Highland through outreach sessions, provision of information and access to free condoms. Over the last year, for example, we distributed 60,663 condoms to individuals and communities across the health board area.

Getting people diagnosed

In 2016-17 we increased our capacity to provide community based testing to ensure easily available testing for people who prefer not to use clinical services offered by the NHS. These included:

- our Rapid HIV testing services across the Highlands, which provided free, confidential tests to 77 men who have sex with men, with results returned in just 20 minutes
- SX, in partnership with NHS Lothian's ROAM team, provided 832 full sexual health checks, and HIV tests to over 470 gay and bisexual men
- our Hepatitis C team in Greater Glasgow and Clyde supported 116 at-risk individuals to access testing
- our African Health Project has delivered over 250 HIV tests for members of Scotland's African communities, including the provision of testing in African churches and community venues

Providing support

Our community services across Scotland supported people living with, or affected by 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 (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

Examples include:

- Our African Health Project provided ongoing support to over 100 Africans living with HIV, ensuring that they had the support they need to manage the impact of HIV alongside a multitude of other challenges including immigration status, poverty and destitution.
- Our dedicated Hepatitis C Service across Greater Glasgow and Clyde supported 117 individuals at all stages of their Hep C pathway, enabling them to access treatment, clear Hep C and continue recovering.
- Our community based services in Lothian and Fife supported 384 children and adults living with or affected by HIV and Hepatitis C.
- Our support services across Highland assisted 85 individuals with HIV and Hepatitis C, many of whom were facing the additional challenges that come with living in remote and rural communities.
- Our Children & Families Project provided a programme of one-to-one, group and peer support, in addition to a residential break for a group of young service users, offering the opportunity to build confidence and skills and tackle the significant challenges that living with or being affected by a blood borne virus presents.

Building on our track record of delivering community Hep C services in Greater Glasgow and Clyde, we were delighted to launch a new dedicated service in partnership with HMP Barlinnie to support prisoners with Hepatitis C.

This exciting new initiative works closely with healthcare staff in the prison to identify prisoners diagnosed with Hepatitis C who are approaching liberation. Through specific support pre and post release, the project aims to support men to achieve a smooth transition from prison to community and into Hep C treatment on release.

Waverley Care Milestone, our residential support centre, continued to be very busy, providing support to 80 individuals during the year. This enabled people with very complex health and care needs to maintain or improve their health or engage and complete Hepatitis C treatment, thereby reducing pressure on other NHS services.

We were also delighted to continue our partnership with Penumbra who lease two bungalows at Milestone to deliver a residential service to individuals affected by alcohol related brain damage.

Challenging stigma

On the back of HIV Always Hear's effectiveness in raising awareness of HIV amongst the public, schools and churches, we launched Caring Conversations in August 2016 in order to begin challenging HIV related stigma amongst primary care professionals.

Caring Conversations is a free online interactive educational resource that uses films and case studies of practitioners and people living with HIV to encourage person centred care by GPs and other primary care staff. Person centred care is non stigmatising care and it is well evidenced that open and honest conversations between healthcare practitioners and patients lead to more positive outcomes.

**Waverley Care (a company limited by guarantee)
Directors' Report (continued)
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We are delighted that, in the first eight months since the launch of the resource, Caring Conversations has:

- been viewed by over 1,200 healthcare professionals in GP practices - around 12% of the total audience
- been positively evaluated by primary care staff as a useful and effective resource that stands out from other training resources available, with participants rating the resource as 4.2/5 (with 5 excellent)

The external evaluation of Caring Conversations concluded that 'Waverley Care can be very encouraged by these results which clearly suggest it has been a success amongst users and had an impact.'

In addition to this work, over the last year our MY Voice Project has been working with communities affected by Female Genital Mutilation (FGM) and is supporting the development of culturally sensitive support services across Scotland.

There are an estimated 24,000 people living in Scotland who were born in countries known to practice FGM, although the number directly affected is unknown. Attitudes towards FGM are strongly linked to culture and, where it is practiced, it is often justified as a necessary part of raising young women, closely tied to sexuality, morality and modesty. The practice is, however, illegal in Scotland and considered to be a serious form of child abuse and violence.

3. Financial review

Our surplus on activities for the year, excluding pension adjustments, is £229,674 (2016 deficit: (£454,822)). 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 three contracts with NHS Lothian for existing work with people living with HIV and for new services for people with Hepatitis C and with gay and bisexual men. We also received new funding from AbbVie to deliver a two-year pilot project at HMP Barlinnie.

Our fundraising team raised in excess of £460,000, an impressive result in difficult circumstances. To ensure that our fundraising operations remain fit for purpose, a fundraising sub group of Directors and Senior Managers has been developing and taking forward a fundraising team restructure which will be implemented by the end of 2017. We are confident that this will enable the organisation to continue securing tenders and contracts, alongside increased growth in voluntary income from trusts and individuals.

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 (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

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. However, our share of the Lothian Pension Fund remains significant. This liability remains a source of concern to the Directors. The Directors commissioned specialist advice from Mercer in order to inform how best to mitigate the potential risks involved. The report from Mercer was considered by the Directors and a decision was made to close the Lothian Pension Fund to new entrants with effect from 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, the Scottish Government and West Lothian Council. In 2016/17 the charity also received voluntary income from a large number of charitable trusts and companies including AbbVie, BBC Children in Need, Gilead, Janssen, The Lady Marian Gibson Trust, Lloyds Banking Group, MAC AIDS Fund, The Monument Trust, The Nancie Massey Charitable Trust, Peter Carr Charitable Trust, The R S Macdonald Charitable Trust, The Robertson Trust, Voluntary Action Fund and many others.

In August 2016 we celebrated the 25th anniversary of our long standing relationship with the Pleasance Theatre Trust, a relationship that over time has raised over £400,000 towards our work. We continue to benefit from our relationship with Off the Kerb and are very grateful for the support they give us and the valuable funds raised during the Edinburgh Fringe. We are also grateful to benefit from being a beneficiary charity of the Edinburgh Playhouse Theatre, a relationship which raised over £9,000 in 2016. Our relationship with Edinburgh's Christmas has also gone from strength to strength, with over £5,000 being raised at the Street of Light events in 2016.

In November 2016 we held a very successful Tartan Ribbon Dinner, in association with Meridian Productivity, which raised the organisation just over £20,000 and we are extremely grateful to all the supporters and volunteers who helped make the event such a great success.

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 TR Benchmark.

The invested funds held on deposit achieved an average growth rate of 1.4% against the retail price index of -0.54 % for the year.

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Directors' Report (continued)
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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.

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 £584,963 (2016: £562,390) at the year end.

The charity remains a going concern, having secured all its key funding for the financial year 2017-18. This includes contracts in place with NHS Forth Valley, NHS Greater Glasgow and Clyde, NHS Lanarkshire, NHS Lothian and NHS Highland for the forthcoming year. Grant and contract funding is also in place from the City of Edinburgh Council towards Milestone and Community services and the Scottish Government have agreed funding until the end of March 2018. Additional funding has also been agreed with NHS Highland for a new young people's health promotion service, with NHS Lanarkshire for some work with the Lanarkshire Chinese community on Hepatitis B and with NHS Fife to expand our HIV and Hepatitis C support service.

4. 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:

- Launching a new strategic plan for 2017-20 which will outline our priorities and activities going forward.
- Developing new young people's sexual health promotion services in NHS Highland area.
- Developing Caring Conversations to meet the needs of non-hospital based health professionals.
- Restructuring our 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.

**Waverley Care (a company limited by guarantee)
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- 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

5. Structure, governance and management

Governing document

Waverley Care is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 2 August 2016. 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.

Appointment of directors

Directors are appointed at an AGM and can hold office for up to four years which is renewable for a further four years. 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 1 of the report. In 2016-17, there were a number of changes in our Board membership. In November, Ann Park stepped down as Chair and Ian Arnot was appointed to the position. Thanks to them both for their leadership. Lesley Taylor stepped down as Treasurer and George Walker was appointed to the position, both in March 2017. After undertaking a review of Board skills and experience, we embarked on a formal campaign to recruit new Directors and we have recently appointed three new Directors – Lee Thorburn (in January 2017) and Dr Janet Sandercock and Mr Jimmy Quinn (both in March 2017).

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-Group 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 second standing sub group – a People Sub Group - is being established in 2017-18 to provide oversight of People issues.

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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.

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 7 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 plan to establish a people sub group which will consider HR related issues including staff salaries.

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 identified the two major ongoing risks for the charity are the Pension Liability with Lothian Pension Fund and ensuring ongoing financial sustainability. We commissioned expert advice from Mercer on how to mitigate the risks to the charity from the pension liability. Having considered the options, the Directors closed the Lothian Pension Fund to new entrants with effect from 1 July 2016. 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 have implemented the recommendations of a review of fundraising operations to maximise the yield from fundraising activity going forward. This includes progressing plans to appoint a new Head of Income Generation in the Autumn of 2017 to oversee all our fundraising, tenders and grant applications. 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 (a company limited by guarantee)
Directors' Report (continued)
For the year ended 31 March 2017**

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 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 auditor is aware of that information.

Auditor

Chiene + Tait LLP were appointed as auditor at the AGM in November 2016.

The Directors' report was approved by the Board of Directors on ____ 2017 and signed on their behalf by:


..... Chair
M Ian Arnot



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 2017 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 14, 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/auditscopeukprivate.

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 2017, 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
(a company limited by guarantee)

**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 based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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) requires 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.

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)
For and on behalf of Chiene + Tait LLP,
Chartered Accountants and Statutory Auditor
61 Dublin Street,
Edinburgh
EH3 6NL

29 / 9 / 2017

Chiene + Tait 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 2017

	Notes	2017		2016	
		£	£	£	£
Income					
Donations and legacies	2		821,203		398,671
Investment income	4		12,063		12,632
Income from charitable activities	3		2,223,066		2,078,989
Amortisation of capital grants			-		24,500
Total income			<u>3,056,332</u>		<u>2,514,792</u>
Utilised thus:-					
Raising funds	5	(137,769)		(171,968)	
Charitable expenditure	5	<u>(2,688,921)</u>		<u>(2,795,570)</u>	
			<u>(2,826,690)</u>		<u>(2,967,538)</u>
			229,642		(452,746)
Realised gain/(loss) gain on sale of investments			<u>32</u>		<u>(2,076)</u>
Surplus/(deficit) for the year			229,674		(454,822)
Actuarial movement in pension scheme			<u>(694,000)</u>		<u>705,000</u>
(Deficit)/surplus on activities for the year including pension adjustments			<u>(464,326)</u>		<u>250,178</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 to Statement of Financial Activities

(Deficit)/surplus on activities for the year including pension adjustments		(464,326)	250,178
Amortisation of grants brought forward		-	(24,500)
Gains/(losses) on investments		49,024	(4,374)
Total funds brought forward		<u>438,336</u>	<u>217,032</u>
Total funds carried forward	16	<u>23,034</u>	<u>438,336</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 form part of these accounts

Waverley Care (a company limited by guarantee)
Statement of Financial Activities
For the year ended 31 March 2017

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017 Total £	2016 Total £
Income:						
Donations and legacies	2	421,203	-	400,000	821,203	398,671
Charitable activities	3	2,161,959	-	61,107	2,223,066	2,078,989
Investments	4	12,063	-	-	12,063	12,632
Total Income		<u>2,595,225</u>	<u>-</u>	<u>461,107</u>	<u>3,056,332</u>	<u>2,490,292</u>
Expenditure:						
Raising funds		(137,769)	-	-	(137,769)	(171,968)
Charitable activities	5	(2,543,243)	(27,224)	(118,454)	(2,688,921)	(2,795,570)
Total expenditure		<u>(2,681,012)</u>	<u>(27,224)</u>	<u>(118,454)</u>	<u>(2,826,690)</u>	<u>(2,967,538)</u>
Net gains/(losses) on investments	9	49,056	-	-	49,056	(6,450)
Net income/(expenditure)		<u>(36,731)</u>	<u>(27,224)</u>	<u>342,653</u>	<u>278,698</u>	<u>(483,696)</u>
Transfers between funds	15	2,304	-	(2,304)	-	-
Net income/(expenditure)		<u>(34,427)</u>	<u>(27,224)</u>	<u>340,349</u>	<u>278,698</u>	<u>(483,696)</u>
Other recognised (losses)/gains						
Actuarial (losses)/gains on defined benefit pension	17	(694,000)	-	-	(694,000)	705,000
Net movement in funds		<u>(728,427)</u>	<u>(27,224)</u>	<u>340,349</u>	<u>(415,302)</u>	<u>221,304</u>
Reconciliation of funds						
Balance at 1 April 2016		10,390	354,974	72,972	438,336	217,032
Balance at 31 March 2017		<u>(718,037)</u>	<u>327,750</u>	<u>413,321</u>	<u>23,034</u>	<u>438,336</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 form part of these accounts

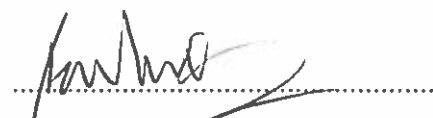
Waverley Care (a company limited by guarantee)
Balance Sheet
As at 31 March 2017

	Notes	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible assets	8		348,940		384,631
Investments	9		406,189		348,883
			<u>755,129</u>		<u>733,514</u>
Current assets					
Debtors	10	481,830		64,136	
Cash at bank and in hand		225,564		348,123	
		<u>707,394</u>		<u>412,259</u>	
Creditors: amounts falling due within one year	11	(136,489)		(155,437)	
Net current assets			<u>570,905</u>		<u>256,822</u>
Net assets excluding pension liability					
Defined benefit pension liability	17		1,326,034 (1,303,000)		990,336 (552,000)
Net assets including pension liability			<u>23,034</u>		<u>438,336</u>
Funds					
Unrestricted funds					
- General	13		584,963		562,390
- Pension reserve	13		(1,303,000)		(552,000)
- Designated	14		327,750		354,974
Restricted funds	15		413,321		72,972
			<u>23,034</u>		<u>438,336</u>

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

The financial statements were approved by the Board of Directors on behalf by:-

and signed on their



Mr Ian Arnot (Chair)
 Director

Company number: SC253043

The notes form part of these accounts

Waverley Care (a company limited by guarantee)
Statement of Cash Flows
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	18	(122,095)	(43,029)
Cash flows from investing activities			
Dividends and interest from investments		12,063	12,632
Purchase of fixed assets		(4,277)	(7,027)
Proceeds from sale of investments		15,894	34,920
Purchase of investments		(27,551)	(46,126)
Decrease in cash balance on investments		3,407	3,258
Net cash used in investing activities		(464)	(2,343)
Change in cash and cash equivalents in the year		(122,559)	(45,372)
Cash and cash equivalents at the beginning of the year		348,123	393,495
		<u>225,564</u>	<u>348,123</u>

**Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017**

1. Accounting policies

General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. These financial statements are of Waverley Care only and cover the year to 31 March 2017.

Waverley Care is an incorporated charity limited by guarantee in the United Kingdom and is registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC036500. Details of the registered office can be found on page 1 of these financial statements.

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).

Going concern

The charity depends on grant and contract funding from outside sources and fundraising to finance its activities. At the date of approving the financial statements in assessing the going concern position of the charity, the Board has fully considered the security of future income and net asset position in the Balance Sheet at the year end.

The charity has committed grant funding until March 2019 and, on the basis of cash flow projections, is able to meet its ongoing liabilities as they fall due. As a consequence, the Board has prepared the financial statements on the going concern basis.

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.

**Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017**

1. Accounting Policies (continued)

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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 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.

**Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017**

1. Accounting Policies (continued)

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 discounts due.

Financial instruments

The charity 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.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities 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.

Defined contribution scheme:-

The charity operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the charity. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

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 13 to 15.

Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017

1. Accounting Policies (continued)

Judgements in applying policies and key sources of estimation uncertainty

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

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates. The depreciation rates have been deemed to be appropriate for the class of asset.

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.

2. Donations and legacies	Unrestricted Funds	Designated Funds	Restricted Funds	2017	2016
	£	£	£	£	£
Donations/covenants	225,004	-	400,000	625,004	261,607
Events	196,199	-	-	196,199	137,064
	<u>421,203</u>	<u>-</u>	<u>400,000</u>	<u>821,203</u>	<u>398,671</u>

Donation and legacy income for the comparative year to 31 March 2016 totals £398,671 of which all was unrestricted.

During the year the charity was notified of a legacy, the total value of which remains uncertain; however since the year end investments to the approximate value of £370,000 and cash of £30,000 has been received and these amounts have been recognised as income (and as an accrued income debtor). At the date of approval of the financial statements the final cash settlement of the deceased's estate has not yet been received or finally quantified and has not, therefore, been recognised in these financial statements.

3. Income from charitable activities

	Unrestricted Funds	Designated Funds	Restricted Funds	2017	2016
	£	£	£	£	£
Grants	1,990,342	-	61,107	2,051,449	1,863,063
Fees	1,629	-	-	1,629	8,553
Step-down care and other income	169,988	-	-	169,988	207,373
	<u>2,161,959</u>	<u>-</u>	<u>61,107</u>	<u>2,223,066</u>	<u>2,078,989</u>

Grant income includes £1,970,536 of government grants receivable (2016: £1,673,576).

Income from charitable activities for the comparative year to 31 March 2016 totals £2,078,989 of which £1,485,908 was unrestricted, £8,728 was designated and £584,353 was restricted.

Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017

4. Investment income

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017 £	2016 £
Interest received	704	-	-	704	1,271
Investment income	11,359	-	-	11,359	11,361
	<u>12,063</u>	<u>-</u>	<u>-</u>	<u>12,063</u>	<u>12,632</u>

Investment income for the comparative year to 31 March 2016 totals £12,632 all of which was unrestricted.

5. Resources expended

	Raising Funds £	Charitable activities		Total 2017 £	Total 2016 £
		Residential & Day care £	Community Services £		
Staff costs (note 7)	93,702	655,974	1,336,640	2,086,316	2,333,225
Property costs	-	57,226	88,911	146,137	183,819
Activities	33,817	59,457	212,208	305,482	186,424
Administration	8,769	53,883	135,275	197,927	164,611
Depreciation	-	34,650	5,318	39,968	42,222
Loss on disposal of assets	-	-	-	-	795
Pension finance costs	1,481	9,074	9,445	20,000	37,000
Governance costs (note 6)	-	10,134	20,726	30,860	19,442
	<u>137,769</u>	<u>880,398</u>	<u>1,808,523</u>	<u>2,826,690</u>	<u>2,967,538</u>

Resources expended for the year totals £2,826,690 of which £2,681,012 (2016 - £2,229,071) was unrestricted, £27,224 (2016 - £62,579) was designated, £118,454 (2016 - £675,888) was restricted.

6. Analysis of governance costs

	2017 £	2016 £
Audit	6,576	6,522
Accountancy	15,704	12,920
Legal and professional fees	8,580	-
	<u>30,860</u>	<u>19,442</u>

Waverley Care (a company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 March 2017

7. Staff numbers and costs	2017 £	2016 £
Wages and salaries	1,542,684	1,721,788
Social Security costs	136,315	113,040
Staff termination costs	33,988	-
Pension costs – actual	277,120	285,098
Pension costs – FRS 102 adjustment	37,000	158,000
Other staff costs	59,209	55,299
	<u>2,086,316</u>	<u>2,333,225</u>
The average monthly number of employees during the year was:	Number	Number
Fundraising	4	4
Administration	6	6
Charitable activities	52	62
	<u>62</u>	<u>72</u>

In addition to the staff numbers noted above, the charity uses occasional bank staff to cover ad-hoc shifts.

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

The Directors received no remuneration or expenses (2016 – £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, including employers' NIC and pension, were £396,881 (2016 - £373,156).

8. Fixed assets	Milestone House £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At 1 April 2016	2,089,243	70,106	49,543	2,208,892
Additions during the year	-	4,278	-	4,278
	<u>2,089,243</u>	<u>74,384</u>	<u>49,543</u>	<u>2,213,170</u>
At 31 March 2017				
Depreciation				
At 1 April 2016	1,719,733	59,790	44,738	1,824,261
Charge for year	28,263	6,904	4,802	39,968
	<u>1,747,996</u>	<u>66,694</u>	<u>49,540</u>	<u>1,864,229</u>
At 31 March 2017				
Net book value at 31 March 2017	<u>341,247</u>	<u>7,690</u>	<u>3</u>	<u>348,940</u>
Net book value at 31 March 2016	<u>369,510</u>	<u>10,316</u>	<u>4,805</u>	<u>384,631</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 £13,498 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
For the year ended 31 March 2017

9. Investments	2017 £	2016 £
Market value on 1 April 2016	348,883	347,385
Decrease in cash held	(3,407)	(3,258)
Disposal proceeds	(15,894)	(34,920)
Net realised investment gains/(losses)	32	(2,076)
Additions at cost	27,551	46,126
Net unrealised investment gains/(losses)	49,024	(4,374)
	<u>406,189</u>	<u>348,883</u>
Market value at 31 March 2017	<u>406,189</u>	<u>348,883</u>
Cost	<u>323,312</u>	<u>312,389</u>

Included in investments in 2017 is £2,539 (2016 - £5,945) held as cash.

Investment management charges of £3,539 are included in fundraising costs in the year.

The portfolio is structured as follows:-

	Over 5%	Total %
UK Bonds		16.3%
Global Investment Funds		5.4%
UK Equities		36.3%
Artemis Fund Managers	5.4%	
CF Miton UK	5.8%	
Capita Financial Managers Trojan Income	5.9%	
Edinburgh Investment Trust Ord 25p	5.4%	
North American Equities		21.3%
Findlay Park Funds	8.4%	
JP Morgan AM UK Ltd	7.9%	
European Equities		6.2%
Japanese Equities		2.3%
Asia Pacific Equities		1.9%
Emerging Market Equities		1.1%
Absolute Return		3.3%
Property		3.4%
Other investments		2.5%
Total		<u>100%</u>

All investments are carried at fair value. The basis of fair value for quoted investments is equivalent to the market value, using bid price. Assets sales and purchases are recognised at the date of trade at cost (that is their transaction value).

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.

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10. Debtors	2017	2016
	£	£
Income tax recoverable	1,014	5,416
Prepayments and accrued income	480,816	58,720
	<u>481,830</u>	<u>64,136</u>
	<u><u>481,830</u></u>	<u><u>64,136</u></u>
11. Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	23,009	21,190
Social Security and other taxes	34,175	30,690
Other creditors	31,767	30,039
Accruals	26,786	33,705
Deferred income	20,752	39,813
	<u>136,489</u>	<u>155,437</u>
	<u><u>136,489</u></u>	<u><u>155,437</u></u>

The deferred income in 2016 of £39,813 was released in the current year and for the year ended 31 March 2017 deferred income comprises of: West Lothian Grants £10,432; Rapid Testing £8,000; Playscheme £320 and Ward Family Trust £2,000. This income was received for the year ending 31 March 2018 and will be released to income in the year to which it relates.

12. Leasing commitments

Operating leases

The charity's commitments for rental payments under non-cancellable operating leases at 31 March 2017 are as set out below:

	2017	2016
	£	£
	Land and buildings	Land and buildings
Within one year	56,167	75,750
Between two and five years	144,750	151,167
Over five years	68,500	102,750
	<u>269,417</u>	<u>329,667</u>
	<u><u>269,417</u></u>	<u><u>329,667</u></u>

The amount of operating lease payments included as an expense in the year was £76,000.

13. General funds	Balance at	Income	Expenditure	Other recognised	Transfers	Balance at
	1 April 2016	£	£	gains/(losses)	£	31 March
	£			£		2017
						£
General fund	562,390	2,595,225	(2,624,012)	49,056	2,304	584,963
Pension reserve	(552,000)	-	(57,000)	(694,000)	-	(1,303,000)
	<u>10,390</u>	<u>2,595,225</u>	<u>(2,681,012)</u>	<u>(644,944)</u>	<u>2,304</u>	<u>(718,037)</u>
	<u><u>10,390</u></u>	<u><u>2,595,225</u></u>	<u><u>(2,681,012)</u></u>	<u><u>(644,944)</u></u>	<u><u>2,304</u></u>	<u><u>(718,037)</u></u>

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14. Designated funds

Funds set aside by the directors for specific purposes:	Balance at 1 April 2016 £	Income £	Expenditure £	Other recognised gains/ (losses) £	Transfers £	Balance at 31 March 2017
Milestone House refurbishment	354,974	-	(27,224)	-	-	327,750
	<u>354,974</u>	<u>-</u>	<u>(27,224)</u>	<u>-</u>	<u>-</u>	<u>327,750</u>

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.

15. Restricted funds

Funds to be applied for the purposes specified by the donor:	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
Arts project	9,301	11,107	(20,408)	-	-
Caring conversations	58,351	50,000	(95,030)	-	13,321
Sexual Health	1,184	-	(1,184)	-	-
Elizabeth Taylor hardship fund	2,304	-	-	(2,304)	-
Youth Philanthropy Initiative	1,832	-	(1,832)	-	-
Craw Milestone Fund	-	400,000	-	-	400,000
	<u>72,972</u>	<u>461,107</u>	<u>(118,454)</u>	<u>(2,304)</u>	<u>413,321</u>

Restricted fund transfers include transfers to unrestricted funds as restrictions fully met.

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

Caring Conversations – This fund supports national HIV awareness programmes targeting healthcare professionals. 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. This fund has been fully expended in the year.

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

Craw Milestone Fund – The charity received a legacy from James Somerville Crow towards the running of Milestone House.

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16. Analysis of net assets among funds	Unrestricted General £	Designated funds £	Restricted funds £	Total Funds £
Fixed assets	21,190	327,750	-	348,940
Investments	406,189	-	-	406,189
Net current assets	157,584	-	413,321	570,905
Pension reserve	(1,303,000)	-	-	(1,303,000)
	<u>(718,037)</u>	<u>327,750</u>	<u>413,321</u>	<u>23,034</u>

17. Pension schemes

The charity participates in two defined benefit schemes and one defined contribution pension scheme.

The defined benefit schemes 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 £30,139 (2016: £29,948) were due to these schemes at the year end representing contributions due for March.

The details of the schemes are:

Defined benefit scheme – Lothian Pension Fund

The charity participates in 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. This scheme was closed to new members from 1 July 2016.

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 2017 % pa	31 March 2016 % pa
Rate of increase in salaries	2.4%	4.2%
Rate of increase in pensions payment	4.4%	2.2%
Discount rate	2.6%	3.5%

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 2017 %	31 March 2016 %
Equities	67%	67%
Bonds	23%	20%
Property	7%	9%
Cash	3%	4%

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17. Pension schemes

Changes in the fair value of plan assets, defined benefit obligation and net liability for the year ended 31 March 2017 are as follows:

	Assets £(000)	Obligations £(000)	Net (liability)/ asset £(000)	Net position March 2016 £(000)
	£	£	£	£
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	-	-	-	-
Opening position as at 31 March 2016	4,713	5,265	(552)	(1,062)
Service cost				
Current service cost	-	314	(314)	(443)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
Total service cost	-	314	(314)	(443)
Net interest				
Interest income on plan assets	169	-	169	139
Interest cost on defined benefit obligation	-	189	(189)	(176)
Impact of asset ceiling on net interest	-	-	-	-
Total net interest	169	189	(20)	(37)
Total defined benefit cost recognised in net income or (expenditure)	169	503	(334)	(480)
Cashflows				
Plan participants' contributions	77	77	-	-
Employer contributions	277	-	277	285
Contributions in respect of unfunded benefits	-	-	-	-
Benefits paid	(88)	(88)	-	-
Unfunded benefits paid	-	-	-	-
Expected closing position	5,148	5,757	(609)	(1,257)
Re-measurements				
Changes in demographic assumptions	-	-	-	-
Changes in financial assumptions	-	1,618	(1,618)	574
Other experience	-	-	-	55
Return on assets excluding amounts included in net interest	924	-	924	76
Total re-measurements recognised in other gains or losses in Statement of Financial Activities	924	1,618	(694)	705
Fair value of plan assets	6,072	-	6,072	4,713
Present value of funded liabilities	-	7,375	(7,375)	(5,265)
Present value of unfunded liabilities	-	-	-	-
Closing position as at 31 March 2017	6,072	7,375	(1,303)	(552)

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17. Pension schemes (continued)

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% (2016: 14.9%). It will remain at 14.9% from 1 April 2017. 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 £nil (2016: £3,204).

Defined contribution scheme

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £13,524 (2016: nil). Contributions totalling £nil (2016: nil) were payable to the fund at the balance sheet date.

18. Reconciliation of net expenditure to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure) for the year	278,698	(483,696)
Adjustments for		
Depreciation charges	39,968	42,222
Dividends and interest from investments	(12,063)	(12,632)
(Gains)/losses on investments	(49,056)	6,450
(Increase)/decrease in debtors	(417,694)	206,525
(Decrease)increase in creditors	(18,948)	2,307
Defined benefit pension scheme charges	57,000	195,000
Loss on disposal of fixed assets	-	795
Net cash used in operating activities	<u>(122,095)</u>	<u>(43,029)</u>