

Charity Registration No. SC036500 (Scotland)

Company Registration No. SC253043 (Scotland)

WAVERLEY CARE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

WAVERLEY CARE

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Number

SC036500

Company Number

SC253043

Registered Office and Principal Address

Waverley Care, Milestone
113 Oxfords Road North
Edinburgh, EH14 1EB

Directors and Trustees

Directors

Ms Fiona MacFarlane (Chair)
Mr Steven Naismith (Treasurer)
Mr Adam Knight (Vice Chair)
Mr Allister Short
Mr Greg Flett
Mr Harry Dozier (appointed 22 April 2021)
Ms Jane Wright (resigned 28 April 2022)
Ms Ann Park (resigned 24 June 2021)
Mr Kenny Napier (appointed 22 April 2021)
Mr Lambros Karasellos (appointed 22 April 2021)
Mr Sam Abdulla (appointed 22 April 2021)

Secretary

Mr Grant Sugden

Chief Executive

Mr Grant Sugden

Head of Corporate Services

Ms Rachel Hughes

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

Senior Managers

Senior Manager East of Scotland -
Mrs Elizabeth Marr
Senior Manager West of Scotland -
Ms Claire Kofman
Senior Manager North and National
Services - Ms Jo Sykes

Accountants

Azets
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Auditors

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

Solicitors

WorkNest
19 Thistle Street
Edinburgh
EH2 1DF

Bankers

Bank of Scotland
20-22 Shandwick Place
Edinburgh
EH2 6RN

Investment managers

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

Royal Bank of Scotland
40 Nicolson Street
Edinburgh
EH8 9DL

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WAVERLEY CARE

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors are pleased to present their annual Directors' report, together with the financial statements of the charitable company for the year ending 31st March 2022, which are also prepared to meet the requirements for a Directors' report and accounts for the purposes of the Companies Act 2006.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, 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

The last 12 months have been extremely challenging for all individuals, families and communities across Scotland as all our lives have been seriously impacted by the COVID-19 pandemic.

Waverley Care has continued to adapt to the changing circumstances, finding new ways to deliver services to communities who need them most. I am so proud of how all our staff have risen to the challenge, proving time and time again how adaptable and responsive we are.

As we begin to recover from COVID-19, we find ourselves at a really exciting time in our history. On World AIDS Day 2020, the Scottish Government announced an ambition to end new HIV transmissions by 2030, with a vision for Scotland to become one of the first countries in the world to get to zero. Waverley Care, along with our NHS partners, is at the forefront of efforts to get there and this will focus all our determination and efforts in the years ahead.

We are also mindful that HIV is driven by health inequalities and stigma and we will work hard to ensure equity and fairness are at the heart of Scotland's efforts to get to zero. Our broad based prevention and support services that focus on a diverse range of communities across the country positions us well to help Scotland achieve equal progress for all.

None of the amazing work Waverley Care does would be possible without all our supporters and funders and we are all incredibly grateful for your continued support and belief in what we do. With your help we are confident that no one in Scotland needs to face HIV alone in the years to come.

Fiona MacFarlane, Chair

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Objectives and activities

Waverley Care is Scotland's national HIV and hepatitis C Charity. Our vision is a Scotland where no one faces HIV or hepatitis C alone, where it is simple to find out your status and access the support you need. Where stigma no longer exists and open conversations about HIV, hepatitis C and sexual health are the norm.

The charitable company has just launched its new 5 year strategy for 2022-27 which sets out its ambitious and confident plans for the years ahead. The plan highlights five key strategic priorities:

- Zero new HIV transmissions
- Elimination of hepatitis C
- Leading the way in advocacy, support and advice
- Spotlight on the needs of the more marginalised
- Effective and transformational fundraising

All our work is structured around three key principles – prevent, support and influence – which will guide how we focus our fundraising, investment and operations in the years ahead.

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 – as well as national programmes funded by the Scottish Government, Heritage Lottery Fund and others.

Achievements and performance

Over the last year, like all organisations, our work has been significantly impacted by COVID-19. In particular, ongoing challenges such as social distancing, isolation and managing staff absences due to COVID, have affected our day to day operations, requiring us to be flexible and agile in delivering services to individuals and communities who need our support the most.

While this has been a major shift for all our staff and our services, we have shown great resilience and adaptability and have been able to offer a range of virtual and in person services which have complemented and supplemented what our NHS and local authority partners have been able to offer during the pandemic. As we recover from COVID-19, we are determined to build on these innovations alongside growing effective in person services for communities who need them most. Here are some of the highlights of the past financial year:

Prevent

Our work over the past year has continued to focus on raising awareness amongst key at risk groups about how to prevent new HIV and hepatitis C infections and how to access testing and harm reduction services. The groups we work with are diverse and distinct and include people who inject drugs, gay and bisexual men and all men who have sex with men and Scotland's African community. This work includes offering harm reduction services to people who inject drugs, as well as raising awareness of U=U (Undetectable=Untransmittable) and PrEP (Pre-Exposure Prophylaxis which involves the use of anti-HIV drugs before sex to reduce the chances of someone becoming infected with HIV).

We have continued to ensure communities have access to free condoms through our online service across NHS Highland, our condom distribution efforts with African community venues and venues accessed by gay and bisexual men.

Alongside this, we have supported individuals to access PrEP, putting them more in charge of their own sexual health. We have also worked closely with our NHS and third sector partners to begin work to widen access to PrEP in Scotland to all who need it and this will become a growing area of work in the years ahead. This includes supporting the development of the national PrEP video campaign for Black African communities in Scotland. We are members of the national PrEP Oversight Group which is developing a plan for widening access to PrEP in Scotland.

To strengthen our response to minority ethnic populations and ensuring that they have access to HIV prevention and support, we were delighted to receive funding from Gilead Sciences to recruit a Minority Ethnic Development Manager who will spearhead our work to widen access to PrEP and testing, ensuring that more minority ethnic communities know their HIV status and benefit from sexual health information and advice.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

We have continued to ensure a range of minority ethnic populations have access to testing and information about sexual health and blood borne viruses. While it has been challenging, we have continued to carry out community HIV testing with Scotland's African community, building on our links with community, businesses and faith communities to share community led messages about HIV.

Our Chinese Health Project Coordinator recruited 14 health ambassadors across Lanarkshire and Greater Glasgow to raise awareness of hepatitis B among the Chinese community, using peer based approaches to highlight the disproportionate impact it has on this community. The Health Improvement Coordinator has supported a new paper in the Lancet *"A call for advocacy and patient voice to eliminate hepatitis B virus infection."*

Our Wave programme across North Highland worked with over 260 young people delivering schools workshops on sexual health and a resilient relationships programme. We also expanded our sexual health education work to all care experienced young people in residential units in Highland. Our national Young People's Advisory Panel continues to advise and support us on a range of sexual health related issues.

We have continued to respond to Glasgow's HIV outbreak amongst people who inject drugs, by providing harm reduction advice and through collaboration in the city's WAND initiative (Wound Care, Assessment of Injecting Risk, Naloxone Provision and Dry Blood Spot/Rapid Testing) alongside a range of other NHS, local authority and third sector partners.

Testing is absolutely fundamental to achieving zero HIV transmissions and to eliminating hepatitis C. Without it, there can be no initiation of HIV or hepatitis C treatment, no U=U, no access to PrEP and no realistic prospect of an effective HIV response. At present, around 8% of all people living with HIV in Scotland are undiagnosed including individuals who face the greatest barriers in accessing services. Reaching this population is crucial - to enable them to know their status, initiate treatment, manage their health while reducing the risk of onward transmissions.

Over the years, testing has become a growing focus for the charitable company, and we have developed a range of community based testing options in conjunction with NHS boards to improve access to HIV and Hepatitis C testing for at risk populations. These include partnerships with NHS Lothian's ROAM service, Rapid Testing with NHS Highland and bespoke programmes for African communities and people who inject drugs.

For example, our West of Scotland Team has tested 474 individuals for HIV and Hepatitis C and has supported those with a positive result to engage in NHS care and treatment. This work focuses primarily on some of Greater Glasgow and Clyde's most vulnerable communities including those facing problem substance use, homelessness and periods in prison. Over the next 5 years, we aim to increase our focus on these most vulnerable communities through new funding from the Corra Foundation for a prison link project focused in the West of Scotland prisons.

In order to prevent HIV transmission from mothers living with HIV to their babies, we have continued to provide free access to infant formula milk and sterilising equipment for all women and babies who need it. Over the last year, tins of infant formula milk were distributed to 24 women who were supported to manage the impact of being a parent living with HIV.

SX – our sexual health service for gay and bisexual men – provided information and support to men across Scotland on a range of issues including HIV testing, PrEP and relationships. The team also delivered outreach and training to 400 participants on a range of sexual health related issues. Building on earlier research into the sexual health needs of trans and non-binary people, SX developed trans inclusive information throughout the SX website.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Support

Waverley Care's focus is on supporting all people to live well with HIV or hepatitis C, to access treatment and live a good quality of life. This means we're there to help with the day to day challenges that get in the way of staying healthy, from managing a new diagnosis, to accessing treatment, supporting healthier lifestyle choices, engaging with support services and managing relationships with family and friends.

Waverley Care aims to be Scotland's leading source of reliable and trusted information on HIV and hepatitis C. COVID-19 highlighted the need to provide a wider range of options to suit those in need of information and support. Consequently, we scaled up our live chat service – accessed via our website – and over the last year, we responded to over a 1000 individual queries about HIV testing, treatment, PrEP and how to access support. Our live chat services also provided an anonymous route for people to access trusted information and a way for us to signpost people needing support to appropriate services and partners, such as NHS sexual health clinics, mental health charities and LGBTQ+ organisations.

During the pandemic, we have seen issues of poor mental health and isolation worsen for many of the people we support. For some service users, there were challenges managing day to day health issues particularly as face to face NHS services were restricted and hepatitis C treatment was reduced across Scotland. Through our Health Improvement and North and National Teams we supported individuals living with HIV and hepatitis C to improve their health and well-being, access other services and to remain engaged in NHS care and treatment.

We continued to provide specific community informed services for Scotland's African community which enabled us to respond to the many additional challenges many members of the community face. These include issues with immigration, poverty and access to COVID 19 vaccines.

Peer support – where people living with HIV or hepatitis C are trained to provide support to others in a similar situation – is a growing and increasingly important aspect of our service offer. We were delighted to receive funding from ViiV and the Alliance Living Well initiative, which is enabling us to strengthen peer support across Scotland, enabling our peer service to help more people around their mental and physical health and well-being.

Pre COVID, our residential centre Milestone normally provided step up and step down care to people living with HIV and hepatitis C who have complex needs. Since the start of the pandemic, the centre has been repositioned as an intermediate care unit, facilitating the safe discharge from hospital for Edinburgh's homeless and vulnerable populations as well as community admissions which aim to stabilise health in order to prevent hospital admission.

Over the last 12 months, the service has cared for 69 individuals often for sustained periods of time. The business case report produced by Gerry Mitchell on behalf of the Edinburgh Voluntary Organisations Council (EVOC) demonstrated the life changing impact of the service on people who used it, as well as the massive savings to the NHS due to less need for in-patient stays.

This service wouldn't have been possible without our dedicated staff and all our partners – the Cyrenians, NHS Lothian, Edinburgh Alcohol and Drug Partnership and the Edinburgh Health and Social Care Partnership – and we are looking forward to working with them to secure the service's long term future, including incorporation of a service for people living with HIV and hepatitis C. The charitable company has also invested in significant building improvements, ensuring it is fit for purpose going forward.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Influence

As Scotland's leading HIV and hepatitis C charity, Waverley Care is determined to influence and shape the policy and service environment in Scotland. This has never been more important as the country grapples with recovery from COVID while working to develop a plan to achieve zero new HIV transmissions by 2030.

To ensure a strong united third sector voice driving Scotland's HIV elimination plans, we have developed a collaboration with Terence Higgins Trust (THT) and National AIDS Trust (NAT) which has enabled us to collectively and effectively engage key officials, policy makers and politicians about what we believe needs to be in Scotland's HIV elimination plan. The plan is due to be published in September 2022 and we have been encouraged by early adoption of some of the key actions we have recommended.

With support from Gilead Sciences, Waverley Care organised two roundtable events which were attended by a range of stakeholders from the NHS, third sector and Public Health Scotland. We were delighted that Maree Todd, Minister for Public Health, Women's Health and Sport, joined our second roundtable, providing us with an amazing opportunity to discuss the key issues with her. A summary report has been produced and adopted by the group and has been shared with the Minister and Government officials.

During the year, we also submitted evidence to two All Party Parliamentary Group on HIV and AIDS enquiries into HIV testing and HIV and BAME communities, as well as evidence to a Scottish Parliament enquiry into health inequalities in partnership with THT and NAT.

Our research and engagement work continues to grow, enabling us to further amplify the voices of individuals and communities affected by HIV and hepatitis C. During the year, we completed the following research reports:

- *We All Have Different Consciousness About It* – which focused on the sexual health and HIV prevention needs of Africans in Scotland
- *If it's not there for you, you're not going to look for it* – which explored the sexual health needs of people with problem substance use
- Sexual Health Off Grid: Exploring the Sexual Health Needs of Men who have Sex with Men in Rural and Remote Scotland

We also continued to build a range of academic partnerships with the Universities of Strathclyde, Edinburgh, Stirling and Glasgow Caledonian as well as beginning oral research into our Heritage Lottery funded project focusing on the history of HIV in Scotland. This participatory research project will culminate in an exhibition at the National Library of Scotland in 2023.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Financial review

Our surplus on activities for the year is £194,829 (2021: £754,756). This is a good result given the challenges we faced during the financial year.

Impact of COVID-19 on the charity

While Waverley Care's contract income from the NHS, Government and other statutory sources remained secure, COVID-19 has had a significant impact on the charitable company's ability to fundraise. Ongoing restrictions and uncertainty have meant that traditional fundraising activities such as community based fundraising and in person events have been very difficult to hold.

Our fundraising team raised in excess of £241,000 a good result given the challenges during the year. We continue to adapt our approach to fundraising and during the year, we benefitted from the Scottish Government's Adapt and Thrive fund which allowed us to engage a consultant to review our approach to trust fundraising. This review has highlighted that there is much untapped potential for support from trusts and we have now begun the process of recruiting a specialist Trusts Fundraiser to help us grow support in this area.

We are also working on a long term Income Generation strategy which will shape our fundraising for the years ahead and truly make us a fundraising organisation. Influenced by the Great Fundraising Masterclass, we are working towards an approach that enables us to grow our donor base across Scotland through emotive and engaging messaging that allows us to reach beyond our current core audience.

Our income generation strategy will be supported by our growing Communications Team with new appointments to a Communications Manager and Digital Communications Officer during the year, enabling us to deliver high quality and engaging messages across a range of platforms.

Our statutory funding remained secure and our principal funding sources are by way of grant and contract income from the City of Edinburgh Council, the Edinburgh Integrated Joint Board, NHS Forth Valley, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire, NHS Lothian, the Scottish Government and West Lothian Council. We ended our service with NHS Fife in June 2021 after the contract was awarded to a local third sector provider.

In 2021-22, the charitable company also received voluntary income from a large number of charitable trusts and companies including: AbbVie Ltd, Blackrock Investment Management, Bohemians Lyric Opera Company, CC Blooms, Criterion Tec Limited, Foundation Scotland, Gilead Sciences Ltd, Gordon Fraser Charitable Trust, Health and Social Care Alliance Scotland, Heriot-Watt University Student Union, HSBC UK, Kiltwalk, Sir Tom Hunter and The Hunter Foundation, Lloyds Banking Group, MAC AIDS Fund, Off The Kerb Productions, Open Mike Productions, Planet Bar & Kitchen, Pleasance Theatre Trust, Punk for Pam, GBH and STP Records, Royal Bank of Scotland, Sainsbury's, Saints and Sinners Club of Scotland, Scottish Government, The Annie Lennox Foundation, The Arnold Clark Community Fund, The Lady Marian Gibson Trust, The Meikle Foundation, The National Lottery, The Netherdale Trust, The Regent Bar, The Robertson Trust, The Secret Cabaret, Viiv Healthcare, Ward Family Charitable Trust and Wood Mackenzie.

We continue to benefit from our relationship with Off the Kerb Productions and the Pleasance who raised £3,319 at their Tartan Ribbon Comedy Benefit in aid of Waverley Care. We were also grateful to receive regular and one-off donations from individual supporters of £57,155.

During the year, we also received additional funding to develop our work in a number of areas including:

- Gilead Sciences provided funding to enable us to develop a digital transformation project
- Viiv provided funding to establish peer support services involving people who inject drugs
- Gilead Sciences provided funding to establish a Minority Ethnic Development Manager, enabling us to further our ability to respond meaningfully to Scotland's diverse communities.

We continued to carefully review our accommodation needs. Having terminated the lease on our previous Glasgow office in August 2020, we took on new premises in Glasgow city centre in the autumn of 2021. This new base affords us a perfect city centre base to deliver our work across the city and health board area. We also managed to sublet the rest of our old Mansfield Place office which has delivered significant financial savings for us. We have relocated our Head Office to our Milestone residential centre and we will continue to review our accommodation needs in Edinburgh as we recover from COVID.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

We have continued to ensure that the charitable company 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 and Fundraising sub group. We restructured our senior team in 2020 and created a new post of Head of Corporate Services with a lead role in managing finance, fundraising, and supporting the Chief Executive on the overall running of the organisation. We have also outsourced the preparation of bimonthly management accounts to our accountants Azets and this is providing the board and executive team with timely, high quality financial information. Alongside this, we have been working with senior managers to delegate day to day budget management to them so that it links closely with operational activities and priorities.

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
- 12 month cash flow which is monitored regularly by Azets and our Head of Corporate Services
- Ensuring where possible that project funding contributes to organisational overheads such as premises, management, HR and payroll expenses
- Identifying cost savings to ensure we work towards a balanced budget
- A new reserves policy agreed by the Board which outlines our approach to accessing and managing reserves
- A well defined fundraising strategy focused on maintaining and strengthening relationships with our existing funders and supporters as well as identifying new income streams
- 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

Over a number of years, our membership of the Lothian Pension Fund was an increasing source of concern due to the significant liability associated with membership and the increasing costs of remaining members of the scheme. Following negotiation with Lothian Pension Fund, we agreed a voluntary exit from the scheme with appropriate repayment terms that support the charity's long term financial sustainability. We exited on the 31st March 2020 and all affected employees have been auto-enrolled in a defined contribution scheme open to all employees.

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.

Taxation

The charitable company 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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Reserves Policy and going concern

The Directors agreed a new reserves policy in February 2022 to ensure it meets our strategic and financial objectives going forward whereby the General Funds, including pension reserve, not committed or invested in fixed assets should be at least 6 months of the minimum resources required which amounts to £600,000. The policy highlights that the primary purpose of holding reserves is to ensure that Waverley Care has the resources to support itself in the event of unforeseen circumstances.

At the year end the General Fund amounted to £1,248,639. Total Designated funds at the year end were £191,630 and total Restricted funds at the year end were £680,749. The pension reserve was £1,132,836 in deficit.

Where reserves exceed the minimum level identified by the board of trustees, excess reserves provide management and trustees the ability to maximise opportunities to deliver the charitable company's objectives more comprehensively, more effectively or more quickly. It is essential the organisation maintains the ability to invest in the development of its operational and strategic proprieties to ensure that it can continue to meet the needs of all beneficiaries on an ongoing basis.

Our approach to reserves forms part of our wider financial risk management – assessing funding risks, cash flow forecasting and monitoring income and expenditure.

The charitable company remains a going concern, having secured all its key funding for the financial year 2022-23. This includes contracts in place with the Glasgow Community Fund, NHS Forth Valley, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire and NHS Lothian for the forthcoming year. Grant and contract funding is also in place from the Edinburgh Integrated Joint Board towards Milestone and our Health Improvement Team and the Scottish Government have agreed funding until the end of September 2022. We anticipate bidding for further Scottish Government funding in the second half of 2022 and we are hopeful that the new HIV Elimination Plan and refreshed Sexual Health and Blood Borne Virus Framework bring further funding opportunities to support our work.

The National Lottery Community Fund confirmed in autumn 2021 that it would continue supporting our HIV outreach work in Glasgow for a further 3 years, while the Corra Foundation has awarded 5 year Drugs Mission funding to develop a new prison project in the West of Scotland.

Plans for future periods

The charitable company plans to continue the activities outlined above in the forthcoming year. An ongoing financial concern for the charitable company, 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. A key priority for Waverley Care is agreeing a new 5 year income generation strategy to transform the charitable company's fundraising activities and agreeing the appropriate levels of investment required to get us there.

The charitable company has recently launched an ambitious 5 year strategy and a key focus for the year ahead will be implementing this strategy and working with our whole staff team to support the delivery of our priorities.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

In addition, the charitable company's plans over the forthcoming year include the following areas of activity:

Service delivery

- Playing an active and influential role in the development of Scotland's HIV elimination plan. This means working collaboratively with our third sector partners to ensure the plan is informed by clear actions, impact measures and has recurring, multi-year funding to enable Scotland's ambitions to be realised.
- To support efforts to get to zero HIV infections, we will focus increasingly on how we support widening access to PrEP and testing for those who need it most.
- We will focus our work on hepatitis C elimination on the most marginalised communities including those who are homeless and/or in prison.
- We will continue to focus our intensive and in person services on the communities who need them most – minority ethnic, men who have sex with men, people who inject drugs and those in remote and rural areas.
- We will seek opportunities to develop and extend our peer support programmes to ensure that everyone who needs peer support has access to it.
- We will secure the long term future of our residential service Milestone

Communications and digital

- We will progress our digital transformation programme to ensure we are the leading source of information on HIV and hepatitis C, and are fully utilising digital technology in our service delivery and internal processes.
- We will ensure our communications and brand awareness are as strong as they can be through launching a new website and a new brand in the second half of 2022.

Financial and income generation

- Continue to develop a financial strategy that supports a balanced budget and long term financial sustainability. The charity will continue to work towards full recovery of all services, while exploring further opportunities to work more effectively and efficiently
- We will develop a new ambitious income generation strategy enabling us to grow and diversify our income in a transformational way.
- Continue to bid and secure contracts and ongoing support from our key statutory funding.
- Building on our capacity to deliver services and operations digitally
- Implement our existing and new programmes effectively

Structure, governance and management

Governing document

Waverley Care is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 2nd 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 charitable company. The Articles of Association were reviewed by the Board in December 2020.

The Scottish Charity Regulator, OSCR, has advised charities to review their governing documents to ensure that there is provision for remote and virtual Annual General Meetings. We worked with our solicitors to draft a resolution which was agreed by trustees at our April 2021 board meeting and will be lodged with OSCR in due course.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 the Legal and Administrative Information page of the report. Harry Dozier, Kenny Napier, Lambros Karasellos and Sam Abdulla were appointed to the board in April 2021. Jane Wright resigned from the board in April 2022.

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 charitable company. The Board normally meets on a bi-monthly basis. A Finance and Fundraising Sub-Group meets quarterly with the remit of scrutinising the charitable company's finances and income generation activities.

A Chief Executive is appointed by the charitable company's Directors to manage the day-to-day operations of the charitable company. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the charitable company'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, Head of Corporate Services, Senior East of Scotland Manager, Senior West of Scotland Manager and Senior North and National Services Manager.

Related parties and co-operation with other organisations

None of our Directors receive remuneration or other benefit from their work with the charitable company. Any connection between a Director or senior manager of the charity with a third party organisation that is providing services on the charitable company'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 charitable company 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 10 to the accounts.

Cost of living awards are approved by the full Board of Directors, following consideration and recommendation by the Finance and Fundraising Sub Group. These are negotiated and agreed with our trade union partners as per our union recognition agreement.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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

The organisation has developed a risk management matrix which 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 the major risks for the charitable company have been the pension liability with Lothian Pension Fund (which has now been addressed) and our ongoing financial sustainability particularly in light of the challenges from COVID-19. As well as the above measures related to mitigating the impact of COVID-19, 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 also implement a fundraising strategy to maximize voluntary income 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 provider.

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 charitable company 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.

WAVERLEY CARE

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 group's auditor is unaware, and
- the Directors, having made enquiries of fellow Directors and the group's 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 auditor is aware of that information.

Auditor

Chiene + Tait LLP were appointed as auditor at the last AGM in November 2021. A resolution to re-appoint Chiene + Tait LLP will be proposed at the next AGM in November 2022.

The Directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and was approved by the Board of Directors on 24 August 2022 and signed on their behalf by:



Ms Fiona MacFarlane
Chair

WAVERLEY CARE

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS AND MEMBERS OF WAVERLEY CARE

Opinion

We have audited the financial statements of Waverley Care (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the directors annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

WAVERLEY CARE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE DIRECTORS AND MEMBERS OF WAVERLEY CARE

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report (incorporating the trustees' 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
- 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 from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected, and alleged fraud
 - reviewing minutes of meetings of those charged with governance
 - assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the charitable company through enquiry and inspection
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
 - performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness evaluating the business rational of significant transactions outside the normal course of business, and reviewing accounting estimates for indicators of potential bias.
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WAVERLEY CARE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE DIRECTORS AND MEMBERS OF WAVERLEY CARE

Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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 Trustees, 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 members and the charitable company's 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, its members as a body and its Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm R Beveridge

Malcolm Beveridge, CA (Senior Statutory Auditor)

05 September 2022

For and on behalf of

Chiene + Tait LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh, EH3 6NL

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

WAVERLEY CARE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
<u>Income and endowments from:</u>						
Donations and legacies	3	195,496	-	-	195,496	300,017
Charitable activities	4	2,331,663	-	131,197	2,462,860	2,613,871
Investments	5	10,930	-	10,184	21,114	25,902
Generating funds	6	29,295	-	-	29,295	-
Total income		2,567,384	-	141,381	2,708,765	2,939,790
<u>Expenditure on:</u>						
Raising funds	7	96,350	-	-	96,350	123,125
Charitable activities	8	2,335,963	27,224	82,440	2,445,627	2,243,384
Total resources expended		2,432,313	27,224	82,440	2,541,977	2,366,509
Net gains/(losses) on investments	11	15,509	-	12,532	28,041	181,475
Net movement in funds		150,580	(27,224)	71,473	194,829	754,756
Fund balances at 1 April 2021		(34,777)	218,854	609,276	793,353	38,597
Fund balances at 31 March 2022		115,803	191,630	680,749	988,182	793,353

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

WAVERLEY CARE**BALANCE SHEET****AS AT 31 MARCH 2022**

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	12		354,380		245,030
Investments	13		881,781		942,148
			<u>1,236,161</u>		<u>1,187,178</u>
Current assets					
Debtors	14	369,678		147,467	
Cash at bank and in hand		632,380		754,719	
		<u>1,002,058</u>		<u>902,186</u>	
Creditors: amounts falling due within one year	15	<u>(192,201)</u>		<u>(189,753)</u>	
Net current assets			809,857		712,433
Total assets less current liabilities			<u>2,046,018</u>		<u>1,899,611</u>
Creditors: amounts falling due after more than one year	16		<u>(1,057,836)</u>		<u>(1,106,258)</u>
Net assets			<u><u>988,182</u></u>		<u><u>793,353</u></u>
Income funds					
Restricted funds	17		680,749		609,276
<u>Unrestricted funds</u>					
Designated funds	19	191,630		218,854	
General unrestricted funds		1,248,639		1,146,481	
Pension reserve		<u>(1,132,836)</u>		<u>(1,181,258)</u>	
			307,433		184,077
			<u><u>988,182</u></u>		<u><u>793,353</u></u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

WAVERLEY CARE

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 24 August 2022



Ms Fiona MacFarlane (Chair)

Director

Company Registration No. SC253043

WAVERLEY CARE**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(85,695)		266,487
Investing activities					
Purchase of tangible fixed assets		(146,165)		(19,239)	
Purchase of investments		(135,807)		(158,048)	
Proceeds on disposal of investments		217,965		149,359	
Investment income received		21,114		25,902	
Net cash used in investing activities			(42,893)		(2,026)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(128,588)		264,461
Cash and cash equivalents at beginning of year			774,704		510,243
Cash and cash equivalents at end of year			646,116		774,704
Relating to:					
Cash at bank and in hand			632,380		754,719
Short term deposits included in current asset investments			13,736		19,985
			646,116		774,704

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Waverley Care is a private company limited by guarantee incorporated in Scotland. The registered office is Milestone House, 113 Oxfangs Road North, Edinburgh, EH14 1EB.

1.1 Accounting convention

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)(second edition – October 2019)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity is a Public Benefit Entity and defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The charitable company 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 charitable company, the Board has fully considered the security of future income and net asset position in the Balance Sheet at the year end.

The charitable company has secured all its key grant funding for the current year to March 2023 and a significant portion of funding to March 2024 and for some projects to March 2025. On this basis and with cash flow projections, which give consideration to the current inflationary pressures impacting costs and the existing impact of COVID-19 on the charitable company as the economy recovers from the pandemic, the charitable company is satisfied that it 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.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Income

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

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 income are 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.

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.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 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.

VAT

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

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Milestone House	over the life of the lease
Furniture & equipment	5 years
Computer equipment	4 and 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.10 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Legal status of the charity

The charitable company 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 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Donations/covenants	112,537	281,468
Events	23,459	3,549
Grants	59,500	15,000
	<u>195,496</u>	<u>300,017</u>

4 Charitable activities

	2022 £	2021 £
Grants	2,448,646	2,524,712
Job retention scheme	2,914	87,112
Step-down care and other income	11,300	2,047
	<u>2,462,860</u>	<u>2,613,871</u>
Analysis by fund		
Unrestricted funds - general	2,331,663	2,456,307
Restricted funds	131,197	157,564
	<u>2,462,860</u>	<u>2,613,871</u>

5 Investments

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Interest received	31	-	31	349	-	349
Investment income	10,899	10,184	21,083	13,211	12,342	25,553
	<u>10,930</u>	<u>10,184</u>	<u>21,114</u>	<u>13,560</u>	<u>12,342</u>	<u>25,902</u>

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

6 Generating funds

	Unrestricted funds general 2022 £	Total 2021 £
Rental income	29,295	-
	<u>29,295</u>	<u>-</u>

7 Raising funds

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
<u>Fundraising costs</u>		
Activities	5,994	1,766
Administration	6,214	27,826
Staff costs	74,647	85,606
	<u>9,495</u>	<u>7,927</u>
Investment management	9,495	7,927
	<u>96,350</u>	<u>123,125</u>

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Charitable activities

	Residential 2022 £	Community Services 2022 £	Total 2022 £	Total 2021 £
Staff costs	746,689	1,024,316	1,771,005	1,757,565
Depreciation and impairment	32,640	4,175	36,815	31,566
Property costs	82,645	133,181	215,826	144,958
Activities	121,459	45,954	167,413	74,462
Administration	95,375	116,645	212,020	191,808
Pension finance costs	13,289	13,289	26,578	26,578
	<u>1,092,097</u>	<u>1,337,560</u>	<u>2,429,657</u>	<u>2,226,937</u>
Share of governance costs (see note 9)	5,375	10,595	15,970	16,447
	<u>1,097,472</u>	<u>1,348,155</u>	<u>2,445,627</u>	<u>2,243,384</u>
Analysis by fund				
Unrestricted funds - general	1,069,005	1,266,958	2,335,963	2,127,378
Unrestricted funds - designated	27,224	-	27,224	27,224
Restricted funds	1,243	81,197	82,440	88,782
	<u>1,097,472</u>	<u>1,348,155</u>	<u>2,445,627</u>	<u>2,243,384</u>

9 Analysis of Governance costs

	2022 £	2021 £
Audit fees	7,270	7,010
Accountancy	8,700	9,437
	<u>15,970</u>	<u>16,447</u>
Analysed between Charitable activities	<u>15,970</u>	<u>16,447</u>

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Fundraising	2	5
Administration	9	3
Charitable activities	43	44
Total	54	52

Employment costs

	2022 £	2021 £
Wages and salaries	1,575,787	1,549,691
Social security costs	132,295	132,489
Pension costs	91,474	82,681
Redundancy costs	2,480	65,808
Other staff costs	43,616	12,502
	1,845,652	1,843,171

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 in the current or prior year and received expenses amounting to £74 (2021 – £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 £247,086 (2021 - £238,334).

11 Net gains/(losses) on investments

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Realised gains on sale of investments	6,630	4,929	11,559	5,446	5,088	10,534
Unrealised gains on revaluation of investment	8,879	7,603	16,482	88,376	82,565	170,941
	15,509	12,532	28,041	93,822	87,653	181,475

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Milestone House	Furniture & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2021	2,089,243	49,543	74,590	2,213,376
Additions	120,612	1,164	24,389	146,165
Disposals	-	(24,829)	(43,584)	(68,413)
At 31 March 2022	2,209,855	25,878	55,395	2,291,128
Depreciation and impairment				
At 1 April 2021	1,861,047	49,543	57,756	1,968,346
Depreciation charged in the year	29,506	136	7,173	36,815
Eliminated in respect of disposals	-	(24,829)	(43,584)	(68,413)
At 31 March 2022	1,890,553	24,850	21,345	1,936,748
Carrying amount				
At 31 March 2022	319,302	1,028	34,050	354,380
At 31 March 2021	228,196	-	16,834	245,030

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 £9,906 relating to furniture and equipment. All the assets are used for direct charitable purposes.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2021	942,148
Additions	135,807
Valuation changes	28,040
Decrease in cash held	(6,249)
Disposals	(217,965)
	<hr/>
At 31 March 2022	881,781
	<hr/>
Carrying amount	
At 31 March 2022	881,781
	<hr/> <hr/>
At 31 March 2021	942,148
	<hr/> <hr/>
Cost	760,965
	<hr/> <hr/>

Included in investments in 2022 is £13,736 (2021 - £19,985) held as cash.

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	348,426	-
Other debtors	1,214	6,886
Prepayments and accrued income	20,038	140,581
	<hr/>	<hr/>
	369,678	147,467
	<hr/> <hr/>	<hr/> <hr/>

WAVERLEY CARE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****15 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Pension creditor	75,000	75,000
Other taxation and social security	20,860	29,777
Trade creditors	22,674	21,683
Other creditors	14,033	11,283
Accruals	59,634	42,010
Deferred income (see below)	-	10,000
	<u>192,201</u>	<u>189,753</u>

	2022	2021
	£	£
Deferred income		
Balance as at 1 April 2021	10,000	246,238
Amounts released to income	(10,000)	(246,238)
Amounts deferred in the year	-	10,000
Balance as at 31 March 2022	<u>-</u>	<u>10,000</u>

16 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Pension creditor	<u>1,057,836</u>	<u>1,106,258</u>

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Restricted funds

The income funds of the charitable company include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds					Balance at 31 March 2022
	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	£
Arts project	10,194	-	-	-	-	10,194
Craw Milestone Fund	530,300	10,184	-	(100,000)	12,532	453,016
Lottery Street Support Project	68,782	49,197	(49,197)	-	-	68,782
Lottery Young Start	-	32,000	(32,000)	-	-	-
Milestone House Upgrade	-	50,000	(1,243)	100,000	-	148,757
	<u>609,276</u>	<u>141,381</u>	<u>(82,440)</u>	<u>-</u>	<u>12,532</u>	<u>680,749</u>

	Movement in funds					Balance at 31 March 2021
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	£
Arts project	10,194	-	-	-	-	10,194
Craw Milestone Fund	430,305	12,342	-	-	87,653	530,300
Lottery Street Support Project	-	137,564	(68,782)	-	-	68,782
People's Postcode Lottery	-	20,000	(20,000)	-	-	-
	<u>440,499</u>	<u>169,906</u>	<u>(88,782)</u>	<u>-</u>	<u>87,653</u>	<u>609,276</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.

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

Lottery Street Support Project – This fund exists to offer/provide access to harm reduction education, HIV testing and support to people who inject drugs in Glasgow.

People's Postcode Lottery – This fund exists to support our work addressing HIV amongst people who inject drugs in Glasgow.

Lottery Young Start - This fund exists to develop peer-led resources with 13-24-year olds around relationship resilience.

Milestone House Upgrade - The charitable company received a grant towards the cost of upgrades to heating systems at Milestone House.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 General funds

These are unrestricted funds which are material to the charitable company's activities made up as follows:

	Movement in funds					Balance at 31 March 2022
	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	
General unrestricted fund	1,146,481	2,567,384	(2,432,313)	(48,422)	15,509	1,248,639
Pension reserve	(1,181,258)	-	-	48,422	-	(1,132,836)
	<u>(34,777)</u>	<u>2,567,384</u>	<u>(2,432,313)</u>	<u>-</u>	<u>15,509</u>	<u>115,803</u>

	Movement in funds					Balance at 31 March 2021
	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	
General unrestricted fund	531,734	2,769,884	(2,250,503)	1,544	93,822	1,146,481
Pension reserve	(1,179,714)	-	-	(1,544)	-	(1,181,258)
	<u>(647,980)</u>	<u>2,769,884</u>	<u>(2,250,503)</u>	<u>-</u>	<u>93,822</u>	<u>(34,777)</u>

19 Designated funds

The income funds of the charitable company include the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	Balance at 1 April 2020	Resources expended	Balance at 1 April 2021	Resources expended	Balance at 31 March 2022
	£	£	£	£	£
Milestone House refurbishment	246,078	(27,224)	218,854	(27,224)	191,630
	<u>246,078</u>	<u>(27,224)</u>	<u>218,854</u>	<u>(27,224)</u>	<u>191,630</u>

The Milestone House refurbishment fund comprises financial support from NHS Lothian and the City of Edinburgh Council to refurbish the Milestone residential unit in 2014. This support enabled the development of high quality residential services for people with blood borne viruses and the establishment of a separate unit for people with alcohol related brain damage which is delivered by another charity in partnership with NHS Lothian.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Analysis of net assets between funds

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 March 2022 are represented by:				
Tangible assets	43,380	191,630	119,370	354,380
Investments	510,013	-	371,768	881,781
Current assets/(liabilities)	620,051	-	189,806	809,857
Long term liabilities	(1,057,836)	-	-	(1,057,836)
	<u>115,608</u>	<u>191,630</u>	<u>680,944</u>	<u>988,182</u>
	<u><u>115,608</u></u>	<u><u>191,630</u></u>	<u><u>680,944</u></u>	<u><u>988,182</u></u>
	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 March 2021 are represented by:				
Tangible assets	26,176	218,854	-	245,030
Investments	487,090	-	455,058	942,148
Current assets/(liabilities)	558,215	-	154,218	712,433
Long term liabilities	(1,106,258)	-	-	(1,106,258)
	<u>(34,777)</u>	<u>218,854</u>	<u>609,276</u>	<u>793,353</u>
	<u><u>(34,777)</u></u>	<u><u>218,854</u></u>	<u><u>609,276</u></u>	<u><u>793,353</u></u>

21 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	70,860	49,250
Between two and five years	58,953	98,500
	<u>129,813</u>	<u>147,750</u>
	<u><u>129,813</u></u>	<u><u>147,750</u></u>

The amount of operating lease payments included as an expense in the year was £71,498 (2021 - £51,047).

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22 Capital commitments	2022	2021
	£	£

At 31 March 2022 the charitable company had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment

77,131

-

23 Pension schemes

The charitable company participates in a defined contribution pension scheme and did participate in a defined benefit pension scheme

Defined benefit scheme – Lothian Pension Fund

The defined benefit scheme with Lothian Pension Fund provided benefits based on final pensionable pay. This scheme was closed to new members from 1 July 2016 and in March 2020 the charitable company voluntarily exited from this scheme, triggering a cessation valuation of £1,500,000. A funding payment plan has been agreed with Lothian Pension Fund. The sum has been included in the financial statements as a discounted sum as it has 0% interest attached to it.

Defined contribution scheme – Pension Trust

The charitable company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administrated fund. The charge to profit or loss in respect of the scheme was £90,274 (2021 - £82,681). Contributions totalling £11,588 (2021 - £10,221) were payable to the fund at the balance sheet date.

24 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

25 Contingent liability

Under the terms of the multi-year repayment plan that was agreed with Lothian Pension Fund the full liability on crystallisation may not necessarily be repaid in full. A total of £326,000 will only be due if the charity has a significant improvement in its financial position. No adjustment for this potential liability has been include in these accounts. The Lothian Pension Fund retains the right to alter the repayment plan agreement should the financial position of the charitable company materially improve.

WAVERLEY CARE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

26	Cash generated from operations		2022	2021
			£	£
	Surplus for the year		194,829	754,756
	Adjustments for:			
	Investment income recognised in statement of financial activities		(21,114)	(25,902)
	Fair value gains and losses on investments		(28,041)	(181,475)
	Depreciation and impairment of tangible fixed assets		36,815	31,566
	Movements in working capital:			
	(Increase) in debtors		(222,211)	(59,685)
	(Decrease) in creditors		(45,973)	(252,773)
	Cash (absorbed by)/generated from operations		(85,695)	266,487
27	Analysis of changes in net funds			
		At 1 April 2021	Cash flows	At 31 March 2022
		£	£	£
	Cash at bank and in hand	754,719	(122,339)	632,380
	Cash equivalents	19,985	(6,249)	13,736
		<u>774,704</u>	<u>(128,588)</u>	<u>646,116</u>