

Agenda item

REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE

25th APRIL 2019

SUBJECT: MANAGEMENT ACCOUNTS TO 31ST MARCH 2019

PREPARED AND PRESENTED BY: G. WATSON FINANCE MANAGER

Notes to Management Accounts:

OVERHEADS

1. Employee Costs - Budget £615,144 Actual £587,715 Difference £27,429

Costs in relation to employers national insurance was less than was anticipated resulting in lower overall costs. This was offset by additional costs relating to temporary welfare rights officer and senior housing officer which were not included in the budget.

2. Heating Lighting and Cleaning - Budget £14,162 Actual £12,327 Difference £1,835

Costs in relation electricity charges have yet to be received and will be included in year end.

3. Subscriptions- Budget £18,036 Actual £13,794 Difference £4,062

Some subscriptions relating to affiliated bodies will be accrued during the year end processes.

4. Course and Conference Fees- Budget £20,600 Actual £12,393 Difference £8,207

The budget included a provision for staff and committee to attend conferences throughout the course of the year. Less costs have been incurred in this area.

5. Audit and Accountancy Fees - Budget £23,588 Actual £14,795 Difference £8,793

The budget has been overstated for the year. Costs incurred relate to Interim audit which took place in December 18 and accrued costs re year end accounts.

6. Legal Expenses - Budget £4,295 Actual £488 Difference £3,807

Legal costs relate to expenses for discharge of Nationwide Building Society loan facility. No other costs have been incurred to date.

DIRECT COSTS

7. Legal Fees Rents- Budget £5,836 Actual £2,340 Difference £3,496

Less legal costs have been incurred to date in relation to Housing Management activities.

8. Legal Fees Factoring/Other Costs - Budget £2,330 Actual £788 Difference £1,572

Less costs have been incurred to date in relation Factoring Services with small write off included for the year.

9. Cyclical Repairs - Budget £135,503 Actual £122,759 Difference £12,744

Less costs have been incurred on Close electricity charges and Roof Anchor works, this has been offset by increased costs in relation to gutter cleaning program. Costs include £7,700 relating to smoke alarm units, the pilot program started earlier than expected.

10. Void Reactive/Major Repairs- Budget £65,704 Actual £75,469 Difference £-9,765

At as 31/03/19 a total of 40 void properties were reported for the year. Therefore costs of repairs are much greater than anticipated. Budget was increased to reflect increase in voids however costs remain in excess of budget.

11. Major Repairs - Budget £70,000 Actual £82,432 Difference £-12,432

More costs have been incurred on deafening insulation work and miscellaneous major repair works, including front door entrance systems which were not included in the budget.

12. Welfare Rights - Budget £15,629 Actual £19,482 Difference £-3,853

Costs include fees relating to the previous financial year which were not accrued at year end, this has been offset with less expenditure on services this year with a staff member employed directly on a temporary basis to carry out welfare rights activities.

STATEMENT OF COMPREHENSIVE INCOME

13. Voids- Budget £-10,000 Actual £- 13,075 Difference £-3,075

Due to an increased number of void properties the actual void loss rate is 0.77% compared to budget rate of 0.59%.

14. Void Services - Budget £-2,500 Actual £-775 Difference £1,725

Due to a decrease in voids relating to services the actual void loss rate is 0.09% compared to budget rate of 0.30%.

15. Management Fees - Budget £68,327 Actual £43,028 Difference £-25,299

Management fees to 31/03/19 have yet to be included and will be accrued at year end.

16. Admin Fee - Major Repairs Budget £2,000 Actual £1,276 Difference £-724

16. Admin Fee - Sales Budget £4,000 Actual £3,228 Difference £-772

16. Admin Fee - Fire Alarm Testing Budget £1,000 Actual £1,291 Difference £291

Admin fees received are generally lower than was budgeted at year end.

17. Maintenance Allowances - Budget £1,500 Actual £831 Difference £-669

Less adaptations claims have been processed this year, therefore less allowances have been received.

18. Bad Debts – Budget £10,000 Actual £16,905 Difference £-6,905

As reported to the Services Sub Committee in March 19 a total of £16,905 relating to rent arrears and rechargeable repairs bad debts was written off. The total amount written off was higher than anticipated.

19. Interest Received- Budget £9,000 Actual £6,042 Difference £-2,958

Additional accrued income will be included at year end.

20. Surplus

The Association is reporting a surplus of £250,064 as at 31st March 2019. This compares with a budgeted surplus of £248,667 a difference of £1,398.

Yorkhill Housing Association as at 31/03/19

	BUDGET TO 31.03.19	ACTUAL TO 31.03.19	DIFFERENCE	%	Note	Projected 18/19
Operating Costs						
Employee Costs	615,144	587,715	27,429	4.46%	1	615,144
Overheads						
Rent Rates & Insurance	7,750	7,812	-62	-0.80%		7,750
Heating, Lighting, Cleaning	14,162	12,327	1,835	12.96%	2	14,162
Telephones	5,000	5,104	-104	-2.08%		5,000
				-		
Office Repairs & Supplies	5,000	5,673	-673	13.46%		5,000
Recruitment Costs	4,000	3,041	959	23.98%		4,000
Travel	1,070	726	344	32.16%		1,070
Subscriptions	18,036	13,974	4,062	22.52%	3	18,036
Course & Conf Exp	20,600	12,393	8,207	39.84%	4	20,600
Audit Fees	23,588	14,795	8,793	37.28%	5	23,588
Postage, Stationery, Printing	13,377	13,281	96	0.72%		13,377
Computer Costs	29,092	26,232	2,860	9.83%		29,092
Bank Charges	8,000	7,722	278	3.48%		8,000
Depreciation on fixtures and fittings	13,000	13,000	0			13,000
Depreciation Office Premises	9,501	9,501	0			9,501
Sundry Expenses	12,000	10,584	1,416	11.80%		12,000
Legal Expenses	4,295	488	3,807	88.64%	6	4,295
Marketing & Tenant Participation Costs	4,000	3,282	718	17.95%		4,000
	<u>192,472</u>	<u>159,935</u>	<u>32,537</u>			
Total Admin Costs.	<u>807,616</u>	<u>747,650</u>	<u>59,966</u>			<u>807,616</u>

**Yorkhill Housing Association as at
31/03/19**

	BUDGET TO 31.03.19	ACTUAL TO 31.03.19	DIFFERENCE	%	Note	Projected 18/19
Direct Costs						
Property Insurance	60,000	58,881	1,119	2%		60,000
Legal fees-Rents	5,836	2,340	3,496	60%	7	5,836
Council tax						
Vacant Flats	600	0	600	100%		600
Other Factoring Costs	1,560	1,463	97	6%		1,560
Legal fees - Factoring	2,000	271	1,729	86%	8	2,000
Factoring Write Offs	330	517	-187		8	330
Reactive Repairs	120,000	134,494	-14,494	-12%		120,000
Cyclical Repairs	135,503	122,759	12,744	9%	9	135,503
Void Reactive Repairs	45,000	64,282	-19,282	-43%	10	45,000
Void Major Repairs	20,704	11,187	9,517	46%	10	20,704
Major Repairs	70,000	82,432	-12,432	-18%	11	70,000
Legal Fees - Gas Servicing	1,070	0	1,070	100%		1,070
Key Purchase	300	756	-456	-152%		300
Welfare Rights Consultancy fees	15,629	19,482	-3,853	-25%	12	15,629
	10,000	5,046	4,954	50%		10,000
	488,532	503,910	-15,378			488,532
Total Operating Costs	1,296,147	1,251,560	44,588			1,296,147

STATEMENT OF COMPREHENSIVE INCOME AS AT 31/03/2019

	BUDGET TO 31.03.19	ACTUAL TO 31.03.19	DIFFERENCE	%	Note	Projected 18/19
Rents Receivable	1,683,024	1,682,305	-719	0%		1,683,024
Service Income	83,000	83,336	336	0%		83,000
Rent Overnewton St. Office	11,168	11,266	98	1%		11,168
	<u>1,777,192</u>	<u>1,776,907</u>	<u>-285</u>			<u>1,777,192</u>
Voids -	-10,000	-13,075	-3,075	31%	13	-10,000
Voids - Services	-2,500	-775	1,725	-69%	14	-2,500
	<u>1,764,692</u>	<u>1,763,057</u>	<u>-1,635</u>			<u>1,764,692</u>
Amortisation of HAG	296,665	296,665	0			296,665
Management Fees	68,327	43,028	-25,299	-37%	15	68,327
Admin fee - Major Repairs	2,000	1,276	-724	-36%	16	2,000
Admin fee - Processing Sales	4,000	3,228	-772	-19%	16	4,000
Admin fee - fire alarm Testing	1,000	1,291	291	29%	16	1,000
Maintenance Allowances	1,500	831	-669	-45%	17	1,500
Total Income	<u>2,138,184</u>	<u>2,109,376</u>	<u>-28,808</u>			<u>2,138,184</u>
Less: Operating Costs	1,296,147	1,251,560	44,588			1,296,147
Service Costs - General						
Lettings	83,000	86,502	-3,502	-4%		83,000
Bad Debts	10,000	16,905	-6,905		18	10,000
Depreciation Housing Properties	471,370	471,370	0			471,370
Total Expenditure	<u>1,860,517</u>	<u>1,826,337</u>	<u>34,181</u>			<u>1,860,517</u>
Operating Surplus/Deficit	277,667	283,039	5,373			277,667
Loss/Gain on Sale of Fixed Assets	0	0	0			0
Interest on investments	9,000	6,042	-2,958		19	9,000
Interest payable	-38,000	-39,017	-1,017			-38,000
Surplus	<u>248,667</u>	<u>250,064</u>	<u>1,398</u>		20	<u>248,667</u>

STATEMENT OF FINANCIAL POSITION AS AT 31/03/19

	2017/18	to 31.03.2019	Projected 2018/19
TANGIBLE FIXED ASSETS			
Housing properties	7,985,970	7,678,489	7,718,101
Other Fixed Assets	473,644	463,457	476,143
	<u>8,459,614</u>	<u>8,141,946</u>	<u>8,194,244</u>
CURRENT ASSETS			
Debtors	200,822	89,317	237,106
Cash at bank and in hand	2,347,135	2,508,546	2,472,798
	<u>2,547,957</u>	<u>2,597,863</u>	<u>2,709,904</u>
CREDITORS			
Amounts falling due within one year	1,099,323	943,073	1,110,500
NET CURRENT ASSETS	<u>1,448,634</u>	<u>1,654,790</u>	<u>1,599,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>9,908,248</u>	<u>9,796,736</u>	<u>9,793,649</u>
CREDITORS			
Amounts falling due after more than one year	7,216,166	6,854,591	6,852,900
NET ASSETS	<u>2,692,082</u>	<u>2,942,145</u>	<u>2,940,749</u>
CAPITAL AND RESERVES			
Called up share capital	130	126	130
Revenue reserves	2,691,952	2,942,019	2,940,619
	<u>2,692,082</u>	<u>2,942,145</u>	<u>2,940,749</u>

STATEMENT OF CASHFLOWS AS AT 31/03/2019

	2017/18	to 31.03.2019	Projected 2018/19
Operating Surplus	391,897.3	283,039	277,667
Depcn & Amort	181,774.8	197,206	197,206
Inc/(Dec) in payables	(46,027.0)	(156,250.0)	11,177
(Inc)/Dec in receivables	(22,444.8)	111,505	(36,286.0)
Net Cash from Operating Activities	505,200	435,500	449,764
Interest Received	8,437.0	6,042	9,000
Interest Paid	(57,197.0)	(39,017.0)	(38,000.0)
Return on Investment	(48,760.0)	(32,975.0)	(29,000.0)
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(199,803.4)	(163,889.0)	(203,500.0)
Construction or acquisition of other Non-Current Assets	0.0	(12,314.0)	(25,000.0)
Sale of Social Housing Properties	1448	0	0
Grants (Repaid) / Received	14508.86	0	0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(183,846.6)	(176,203.0)	(228,500.0)
NET CASH BEFORE FINANCING	272,594	226,322	192,263.6
Financing			
Equity drawdown			
Debt drawdown			
Debt repayment	(242,475.0)	(64,910.0)	(66,600.0)
Working Capital (Cash) - Drawn / (Repaid)			
NET CASH FROM FINANCING	(242,475.0)	(64,910.0)	(66,600.0)
INCREASE / (DECREASE) IN NET CASH	30,119	161,412	125,663.6
Cash Balance			
Balance Brought Forward	2,317,016.0	2,347,135	2,347,135
Increase / (Decrease) in Net Cash	30,118.8	161,412	125,663.6
CLOSING BALANCE	2,347,135	2,508,547	2,472,798

TREASURY MANAGEMENT UPDATE AS AT 31/03/2019

The Association has two loan facilities with Nationwide Building Society and Triodos bank. The Nationwide loan was for £0.450m and the Triodos loan was £1.3M. The total borrowing as at 31 March 2019 was £1.75m. Both loans have been drawn down in full and a capital repayment schedule is in place.

The amount outstanding as at 31 March 2019 for Nationwide was £0.278m and Triodos was £1.028m. A total of £1,306m.

Total capital repayments of £64,910 have been made in the year towards the loan balances as at 31 March 2019.

The Association paid interest of £39,017 in the year to date which is slightly more than was budgeted.

The Association has received income of £6,042 in respect of investment as at 31/03/2019 with further accrued income to be included in year-end accounts.

BANK BALANCES AS AT 31/03/2019

	£
Bank of Scotland Current Account	278,787
Bank of Scotland HOBS (0.20% on account balance)	1,000,000
Santander Deposit Account (0.65% to 02/04/19)	215,486
Nationwide Deposit Account (0.80% to 06/02/20)	503,721
Bank of Scotland Deposit Account (0.80% to 02/05/19)	510,352
Petty Cash	200
	<u>2,508,546</u>

DEBTOR ANALYSIS

	£
Factoring Arrears	19,281
Rent Arrears	86,508
Tenant Recharges	4,855
Insurance Claims	11,087
Prepayment and Accruals	19,168
Parking Permits	2,257
Overnewton Community Centre	6,639
Provision for Bad Debts	-60,478
	<u>89,317</u>

£

CREDITOR ANALYSIS (amounts due within one year)

Purchase Ledger	87,435
Sundry Creditors	64,109
Rent Prepayments	13,697
Factoring Prepayments	86,776
Overnewton Resident Fund Furniture and Equipment	61,380
Overnewton Resident Fund	8,172
Glasgow Housing Association Right to Buy Refund	274,402
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	595,971
Loans due within 1 year	55,565
SHAPS deficit within 1 year	-1,241
Deferred Grant within 1 year	292,778
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	943,073
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CREDITOR ANALYSIS (amounts due after one year)

Nationwide Loan	265,990
Triodos Loan	986,179
Deferred Capital Grants	5,339,834
SHAPS deficit	262,638
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	6,854,951
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