

Agenda item

REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE

29th AUGUST 2019

SUBJECT: MANAGEMENT ACCOUNTS TO 30TH JUNE 2019

PREPARED AND PRESENTED BY: G. WATSON FINANCE MANAGER

Notes to Management Accounts:

OVERHEADS

1. Employee Costs - Budget £170,211 Actual £161,323 Difference £8,888

Less employee costs incurred due to employee national insurance contributions being less than was budgeted. The Housing Services Manager commenced employment later than was expected resulting in a slight underspend.

2. Rent Rates and Insurance- Budget £6,970 Actual £8,265 Difference £-1,295

Insurance services were tendered in May 19. The revised costs incurred were slightly higher than was budgeted.

3. Heating Lighting and Cleaning-Budget £3,125 Actual £1,553 Difference £1,572

Costs in relation to electricity charges for the office have yet to be received.

4. Subscriptions- Budget £3,400 Actual £12,770 Difference £-9,370

Costs relating to subscriptions re affiliated bodies have been incurred earlier than was budgeted.

5. Audit and Accountancy Fees - Budget £1,600 Actual £0 Difference £1,600

The Internal audit program will now commence later than was budgeted. No spend to date.

6. Postage, Stationery and Printing- Budget £2,875 Actual £1,327 Difference £1,548

Less costs have been incurred in relation to Stationery items.

7. Marketing and Tenant Participation £1,767 Actual £0 Difference £1,767

The spring newsletter and annual report have yet to be published, so no costs incurred in this area to date.

DIRECT COSTS

8. Property Insurance - Budget £63,000 Actual £45,235 Difference £17,765

Insurance services were tendered in May 19. The revised costs incurred were lower than was budgeted. Will be reviewed during budget review in October 19.

9. Cyclical Repairs - Budget £27,930 Actual £45,363 Difference £17,433

The smoke alarm replacement program is slightly ahead of budget at this stage and will be amended during budget review in October 19.

10. Void reactive repairs Budget £8,750 Actual £10,303 Difference -£1,553

At as 30/06/19 a total of 9 void properties were reported for the year. Therefore costs of repairs are slightly greater than anticipated.

11. Major Repairs - Budget £23,650 Actual £19,855 Difference £3,795

Less costs have been incurred in relation to Stonework's however this reduction has been offset by additional costs for deafening insulation works. Overall this budget area in underspent at the end of the first quarter.

12. Welfare Rights - Budget £5,000 Actual £3,614 Difference £1,386

Costs relating to Welfare rights service for April have yet to be received. Money advice service costs have been received in full.

13. Consultancy/Professional fees- Budget £0 Actual £4,229 Difference £4,229

Costs include fees for financial consultant re internal audit tender and SHAPS disclosure report re Pension deficit liability.

STATEMENT OF COMPREHENSIVE INCOME

14. Management Fees - Budget £31,886 Actual £292 Difference £31,594

Factoring invoices were issued later than was expected (July19) and as a result management fees are significantly less than was budgeted. All costs relating to owners were accrued to 30/06/19.

15. Service Costs- Budget £22,075 Actual £16,572 Difference £5,503

Some costs in relation to services have yet to be received and will be highlighted in future Housing Management reports.

16. Bad Debts – Budget £6,250 Actual £0 Difference £6,250

No bad debts have been written off in this financial year to date.

17. Surplus

The Association is reporting a surplus of £64,352 as at 30th June 2019. This compares with a budgeted surplus of £76,247 a negative variance of £11,895.

MANAGEMENT ACCOUNTS 30TH JUNE 2019

	BUDGET TO 30.06.19	ACTUAL TO 30.06.19	DIFF	DIFF %	Note
Operating Costs					
Employee Costs	170,211	161,323	8,888	5%	1
Overheads					
Rent Rates & Insurance	6,970	8,265	-1,295	-19%	2
Heating, Lighting, Cleaning	3,125	1,553	1,572	50%	3
Telephones	1,250	945	305	24%	
Office Repairs & Supplies	1,250	1,527	-277	-22%	
Recruitment Costs	0	165	-165	-100%	
Travel	250	239	11	4%	
Subscriptions	3,400	12,770	-9,370	-276%	4
Course & Conf Exp	2,875	1,136	1,739	60%	
Audit Fees	1,600	0	1,600	0%	5
Postage, Stationery, Printing	2,875	1,327	1,548	54%	6
Computer Costs	15,720	16,847	-1,127	-7%	
Bank Charges	1,750	1,711	39	2%	
Depreciation on fixtures and fittings	0	0	0	0%	
Depreciation Office Premises	0	0	0	0%	
Sundry Expenses	2,500	1,791	709	28%	
Legal Expenses	750	0	750	100%	
Marketing & Tenant Participation Costs	1,767	0	1,767	100%	7
	46,082	48,276	-2,194		
Total Admin Costs.	216,293	209,599	6,694		
Direct Costs					
Property Insurance	63,000	45,235	17,765	28%	8
Legal fees-Rents	1,250	0	1,250	100%	
Council tax Vacant Flats	150		150	100%	
Other Factoring Costs	390	321	69	18%	
Legal fees - Factoring	974	0	974	100%	
Factoring Write Offs	0	0	0	0%	
Reactive Repairs	24,000	26,579	-2,579	-11%	
Cyclical Repairs	27,930	45,363	-17,433	-62%	9
Void Reactive Repairs	8,750	10,303	-1,553	-18%	10
Void Major Repairs	5,000	380	4,620	92%	
Major Repairs	23,650	19,855	3,795	16%	11
Legal Fees - Gas Servicing	268	0	268	100%	
Key Purchase	75	32	43	57%	
Welfare Rights	5,000	3,614	1,386	28%	12
Consultancy fees	0	4,229	-4,229	-100%	13
	160,437	155,911	4,526		
Total Operating Costs	376,729	365,510	11,219		

**Statement of Comprehensive Income as at
30/06/2019**

	BUDGET TO 30.06.19	ACTUAL TO 30.06.19	DIFFERENCE	% DIFFERENCE	
Rents Receivable	431,125	428,498	-2,627	1%	
Service Income	22,075	22,036	-39	0%	
Rent Overnewton St. Office	3,000	3,000	0	0%	
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	456,200	453,534	2,666		
Voids -	-3,665	-3,116	-549	15%	
Voids - Services	-635	-109	-526	83%	
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	451,901	450,309	-1,592		
Amortisation of HAG	0	0	0		
Management Fees	31,886	292	-31,594	99%	14
Admin fee - Major Repairs	576	0	-576	100%	
Admin fee - Processing Sales	1,152	530	-622	54%	
Admin fee - fire alarm Testing	288	0	-288	100%	
Maintenance Allowances	0	0	0	0%	
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Total Income	485,801	451,131	-34,670		
Less: Operating Costs	376,729	365,510	11,219	3%	
Service Costs - General Lettings	22,075	16,572	5,503	25%	15
Bad Debts	6,250	0	6,250	100%	16
Depcn. HLB	0	0	0	0%	
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Total Expenditure	405,054	382,082	22,972		
Operating Surplus/Deficit	80,747	69,049	-11,698		
Loss/Gain on Sale of Fixed Assets	0	0	0		
Interest on investments	5,000	4,901	-99	2%	
Interest payable	-9,500	-9,598	-98	-1%	
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Surplus	76,247	64,352	-11,895		17

STATEMENT OF FINANCIAL POSITION AS AT 30/06/2019

	2018/2019	to 30/06/19	Projected 2019/20
TANGIBLE FIXED ASSETS			
Housing properties	7,696,030	7,733,527	7,618,162
Other Fixed Assets	466,635	466,634	475,139
	<u>8,162,665</u>	<u>8,200,161</u>	<u>8,093,301</u>
CURRENT ASSETS			
Debtors	221,303	272,730	202,475
Cash at bank and in hand	2,508,548	2,500,063	2,046,375
	<u>2,729,851</u>	<u>2,772,793</u>	<u>2,248,850</u>
CREDITORS			
Amounts falling due within one year	1,129,843	1,162,651	1,081,732
NET CURRENT ASSETS	<u>1,600,008</u>	<u>1,610,142</u>	<u>1,167,118</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>9,762,673</u>	<u>9,810,303</u>	<u>9,260,419</u>
CREDITORS			
Amounts falling due after more than one year	6,590,025	6,573,306	6,316,153
SHAPS DB Liability	348,000	348,000	0
NET ASSETS	<u>2,824,648</u>	<u>2,888,997</u>	<u>2,944,266</u>
CAPITAL AND RESERVES			
Called up share capital	126	127	130
Revenue reserves	2,824,522	2,888,870	2,944,136
	<u>2,824,648</u>	<u>2,888,997</u>	<u>2,944,266</u>

STATEMENT OF CASH FLOW AS AT 30/06/2019

	2018/19	to 30.06.2019
Operating Surplus	261,256.0	69,049
Depcn & Amort	195,201.0	0
Inc/(Dec) in payables	93,524.0	32,808
(Inc)/Dec in receivables	(20,481.0)	(51,427.0)
Net Cash from Operating Activities	529,500	50,430
Interest Received	10,493.0	4,901
Interest Paid	(39,017.0)	(9,598.0)
Return on Investment	-28,524	-4,697
Capital Expenditure & Financial Investment		
Construction or acquisition of Housing properties		
Improvement of Housing	(181,713.0)	(37,498.0)
Construction or acquisition of other Non-Current Assets	(11,678.0)	0
Sale of Social Housing Properties	0	0
Grants (Repaid) / Received	7909	0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	-185,482	-37,498
NET CASH BEFORE FINANCING	315,494	8,235
Financing	0.0	0
Equity drawdown	0.0	0
Debt drawdown	0.0	0
Debt repayment	(154,082.0)	(16,719.0)
NET CASH FROM FINANCING	-154,082	-16,719
INCREASE / (DECREASE) IN NET CASH	161,412	-8,484
Cash Balance		
Balance Brought Forward	2,347,135.0	2,508,547
Increase / (Decrease) in Net Cash	161,412.0	-8,484
CLOSING BALANCE	2,508,547	2,500,063

TREASURY MANAGEMENT UPDATE AS AT 30/06/2019

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 30 June 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 30 June 2019 for Nationwide was £0.273m and Triodos was £1.017m. A total of £1.29m.

Total capital repayments of £16,719 have been made in the year towards the loan balances as at 30 June 2019.

The Association paid interest of £9,598 in the year, which is in line with the budget. A total of £4,901 was received in interest from various deposits as detailed below.

BANK BALANCES AS AT 30/06/2019

	£
Bank of Scotland Current Account	265,404
Bank of Scotland HOBBS (0.20% on account balance)	1,000,499
Santander Deposit Account (1.15% to 07/05/20)	215,754
Nationwide Deposit Account (0.80% to 06/02/20)	503,721
Bank of Scotland Deposit Account (1.15% to 08/05/20)	514,485
Petty Cash	200
	<u>2,500,063</u>

DEBTOR ANALYSIS

	£
Factoring Arrears	16,423
Rent Arrears	152,656
Tenant Recharges	2,354
Insurance Claims	7,777
Prepayment and Accruals	140,031
Parking Permits	5,226
Overnewton Community Centre Fund	8,741
Provision for Bad Debts	-60,478
	<u>272,730</u>

£

CREDITOR ANALYSIS (amounts due within one year)

Purchase Ledger	268,132
Sundry Creditors	61,803
Rent Prepayments	50,577
Factoring Prepayments	99,335
Over newton Court Furniture and Equipment Replacement Provision	69,723
Overnewton Court General Account	3,045
Former Glasgow Housing Association Sales receipts	274,402
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	827,017
Loans due within 1 year	65,941
SHAPS deficit within 1 year	-23,307
Deferred Grant within 1 year	293,000
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	<u>1,162,651</u>

CREDITOR ANALYSIS (amounts due after one year)

Nationwide Loan	260,803
Triodos Loan	974,179
Deferred Capital Grants	5,348,190
Loans transfer within one year	-10,376
SHAPS Defined Benefit Liability	348,000
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	<u>6,921,306</u>