

**Report to:** Governance and Finance Sub Committee 28<sup>th</sup> January 2021

**Prepared by:** Gary Watson, Finance Manager

**Subject:** Management Accounts to 31.12.20

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A short narrative has been included with the Management Accounts, the report is a summary of the financial statements to 31.12.20.

#### **STATEMENT OF COMPREHENSIVE INCOME**

The Association is reporting a surplus of £301,584 as at the 31<sup>st</sup> December 2020, this is just over £103,000 higher than was expected. The Pandemic has impacted the Associations finances and the surplus reported is mainly due to the following:

- less reactive repair costs,
- a reduced program of major repairs,
- reduced office overheads,
- a delay in suppliers/contractors invoices being received,
- offset by an increase in void loss.

#### **STATEMENT OF FINANCIAL POSITION**

The Association has spent just over £48,000 on major components in the year. As a result of the pandemic, the program has been significantly reduced but several boilers, kitchens and bathrooms have been upgraded. Costs include £10,000 relating to an adapted property. Grant income can now be claimed from the Scottish Government for this adaptation.

Costs of just under £26,000 in relation to other fixed Assets has been incurred to the 31.12.20. The Association's staff have been issued with laptops to allow homeworking and furniture has been supplied where necessary.

Further expenditure has been incurred on computer equipment for the office including a new server and software. The Association has recruited a consultant to oversee the tendering process for a new business system and some costs have been incurred in this area.

Cash balances continue to increase in the year and the Association can report a healthy balance of £2.21M at 31.12.20. An estimated cash balance of £2.33M is projected at 31.03.21 based on the latest cash outturn.

The Association has one remaining loan with the Triodos Bank, capital repayments continue as planned and the outstanding balance has reduced to £0.94M.

The Association continues to repay the pension deficit and £70,000 has been repaid to SHAPS as at the end of quarter 3 for this financial year. The total reserves at the end of December 2020 were £3.43m.

Governance and Finance 28th January 2021- Management Accounts 31<sup>ST</sup>  
December 2020

**Notes to Management Accounts:****OVERHEADS****1. Employee Costs - Budget £552,650 Actual £548,033 Difference £4,617**

Less employee costs incurred due to employee national insurance contributions being less than was budgeted. In addition less overtime costs have been incurred and one staff member did not join the Pension Scheme as expected.

**2. Rent Rates and Insurance - Budget £8,670 Actual £10,193 Difference £-1,523**

Costs relating to insurance provision were not accrued in full at the year end.

**3. Audit and Accountancy Services Budget £9,512 Actual £8,643 Difference £2,658**

The interim audit for 20/21 has been completed but costs have yet to be received.

**4. Postage, Printing and Stationery - Budget £10,875 Actual £12,993 Difference £2,118**

Increased costs in this area relate to signage for office re COVID requirements (£1,000), purchase of PPE and sanitisation for the office (£800) and franking machine and postage charges incurred earlier than expected (£1,200).

**5. Computer Costs- Budget £26,635 Actual £24,167 Difference £2,468**

Costs in relation to Maintenance contract for November and December have yet to be received.

**6. Sundry expenses- Budget £8,925 Actual £4,422 Difference £4,503**

Less expenses incurred as a result of reduced staff in office. In addition document scanning costs and staff safety clothing have been lower than was budgeted.

**7. Marketing and Tenant Participation -Budget £4,365 Actual £0 Difference £4,365**

No newsletters have been published so far this financial year.

**DIRECT COSTS****8. Property Insurance - Budget £50,000 Actual £38,095 Difference £11,905**

Less costs incurred in this area to date. Some costs were not accrued at year end but will be rectify at year end.

**9. Reactive Repairs-Budget £69,290 Actual £41,756 Difference £27,534**

Less costs incurred in this area as reactive repairs program is reduced as a result of pandemic.

**10. A Void/Major reactive repairs- Budget £37,500 Actual £47,440 Difference £-9,940**

Void costs are higher than budgeted largely as a result of spend relating to 1243 Argyle Street. As at 31/12/20 a total of 25 void properties were reported for the year.

**11. Major Repairs- Budget £35,525 Actual £21,209 Difference £14,316**

Program of works has been delayed as result of pandemic, limited spend in this area to date.

**12. Welfare Rights Service- Budget £18,750 Actual £10,641 Difference £8,109**

No costs received as yet for Q3. However welfare rights and money advice services have continued throughout pandemic.

**13. Consultancy Fees Budget £12,500 Actual £4,680 Difference £7,820**

Less costs incurred in this area. Costs to date relate to consultancy costs for Steve Bromley to complete Process Mapping exercise and fees relating to the valuation of Commercial and Office Properties.

**STATEMENT OF COMPREHENSIVE INCOME****14. Voids- Budget £-13,290 Actual £-17,749 Difference £-4,519**

Void loss is higher than expected at this point in the financial year. Housing Management will continue to monitor effects of Pandemic on void loss.

**15. Management Fees- Budget £55,275 Actual £46,145 Difference £9,130**

Less income has been received in Management fees. The Factoring bills were issued in November and a year end accrual will be processed for fees.

**16. Maintenance Allowance Aids and Adaptations- Budget £1,250 Actual £0 Difference £1,250**

No claims have been submitted so far in this financial year. Only one adaptation has been completed to date as a result to the pandemic. The costs will be claimed in final quarter of the year.

**17. Service Costs- Budget £68,350 Actual £56,446 Difference £12,084**

Some service costs have yet to be received to the 31.12.20. This will be rectified for year end.

**18. Bad Debts – Budget £18,750 Actual £0 Difference £18,750**

No bad debts have been written off in this financial year to date. A full review will be completed at year end.

**19. Investment Income –Budget £4,000 Actual £1,762 Difference £-2,739**

As a result of the pandemic the rates of interest on offer are lower than was budgeted.

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 31st Dec 2020**

	<b>BUDGET TO 31.12.20</b>	<b>ACTUAL TO 31.12.20</b>	<b>DIFF</b>	<b>DIFF %</b>	<b>Note</b>	<b>20-21</b>
<b>Operating Costs</b>						
<b>Employee Costs</b>	552,650	548,033	4,617	1%	1	736,866
<b>Overheads</b>						
Rent Rates & Insurance	8,670	10,193	-1,523	-18%	2	10,200
Heating, Lighting, Cleaning	9,563	9,758	-196	-2%		12,750
Telephones	3,825	4,053	-228	-6%		5,100
Office Repairs & Supplies	3,825	2,718	1,107	29%		5,100
Recruitment Costs	1,000	0	1,000	0%		2,000
Travel	825	56	769	93%		1,100
Subscriptions	17,290	18,512	-1,222	-7%		18,200
Course & Conf Exp	8,048	6,652	1,396	17%		10,730
Audit Fees	9,512	6,754	2,758	29%	3	23,200
Postage, Stationery, Printing	10,875	12,993	-2,118	-19%	4	14,500
Computer Costs	26,635	24,167	2,468	9%	5	27,550
Bank Charges	5,363	5,137	226	4%		7,150
Depreciation on fixtures and fittings	14,778	14,778	0	0%		19,704
Depreciation Office Premises	7,126	7,126	0	0%		9,501
Sundry Expenses	8,925	4,422	4,503	50%	6	12,750
Legal Expenses	2,250	2,423	-173	-8%		3,000
Marketing & Tenant Participation Costs	4,365	0	4,365	0%	7	5,820
	<u>142,874</u>	<u>129,742</u>	<u>13,132</u>			
<b>Total Admin Costs.</b>	<u>695,524</u>	<u>677,775</u>	<u>17,749</u>			<u>925,222</u>

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 31st Dec 2020**

**Direct Costs**

Property Insurance	50,000	38,095	11,905	24%	8	50,000
Legal fees-Rents	3,825	1,219	2,606	68%		5,100
Council tax Vacant Flats	461	0	461	100%		615
Other Factoring Costs	1,193	1,162	31	3%		1,591
Legal fees - Factoring	3,049	0	3,049	100%		4,066
Factoring Write Offs	0	0	0	0%		300
Reactive Repairs	69,290	41,756	27,534	40%	9	106,600
Cyclical Repairs	85,960	78,425	7,535	9%		122,800
Void Reactive\Major Repairs	37,500	47,440	-9,940	-27%	10	50,000
Major Repairs	35,525	21,209	14,316	40%	11	101,500
Legal Fees - Gas Servicing	803	0	803	100%		1,070
Key Purchase	225	79	146	65%		300
Welfare Rights	18,750	10,641	8,109	43%	12	25,000
Consultancy fees	12,500	4,680	7,820	-100%	13	25,000
	<u>319,082</u>	<u>244,706</u>	<u>74,376</u>			
<b>Total Operating Costs</b>	1,014,605	922,481	92,124			493,942

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME 31/12/2020**

	<b>BUDGET TO 31.12.20</b>	<b>ACTUAL TO 31.12.20</b>	<b>DIFF</b>	<b>% DIFF</b>	<b>NOTE</b>	<b>YEAR</b>
Rents Receivable	1,327,875	1,329,265	1,390	0%		1,770,500
Service Income	68,530	67,946	-584	-1%		91,373
Rent Overnewton St. Office	9,188	9,189	2	0%		12,250
	<u>1,405,592</u>	<u>1,406,400</u>	<u>808</u>			<u>1,874,123</u>
Voids -	-11,287	-16,615	-5,328	47%	14	-15,049
Voids - Services	-1,943	-1,134	809	-42%	14	-2,591
	<u>1,392,362</u>	<u>1,388,651</u>	<u>-3,711</u>			<u>1,856,483</u>
Amortisation of HAG	215,550	215,550	0			287,400
Management Fees	55,275	46,145	-9,130	-17%	15	73,700
Admin fee - Major Repairs	1,950	1,940	-10	-1%		2,000
Admin fee - Processing Sales	3,900	1,765	-2,135	-55%		4,000
Admin fee - fire alarm Testing	1,500	402	-1,098	-73%		1,500
Maintenance Allowances	1,250	0	-1,250	0%	16	2,500
<b>Total Income</b>	<u>1,671,787</u>	<u>1,654,453</u>	<u>-17,334</u>			<u>2,227,583</u>
<b>Less: Operating Costs</b>	<b>1,014,605</b>	<b>922,481</b>	<b>92,124</b>	<b>9%</b>		<b>1,419,164</b>
Service Costs - General Lettings	68,530	56,446	12,084	18%	17	91,373
Bad Debts	18,750	0	18,750	100%	18	25,000
Depcn. HLB	352,005	352,005	0	0%		469,341
<b>Total Expenditure</b>	<u>1,453,891</u>	<u>1,330,932</u>	<u>122,959</u>			<u>2,004,878</u>
<b>Operating Surplus/Deficit</b>	<b>217,897</b>	<b>323,521</b>	<b>105,624</b>			<b>222,705</b>
Loss/Gain on Sale of Fixed Assets	0	0	0			0
Interest on investments	4,000	1,261	-2,739	0%	19	8,000
Interest payable	-23,050	-23,198	-148	1%		-30,733
<b>Surplus</b>	<u>198,847</u>	<u>301,584</u>	<u>102,737</u>			<u>199,972</u>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 31/12/2020**

	<b>2019/2020</b>	<b>to 31/12/20</b>	<b>Projected 2020/21</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties	7,596,723	7,293,199	7,232,282
Other Fixed Assets	462,726	466,819	483,520
	<u>8,059,449</u>	<u>7,760,018</u>	<u>7,715,802</u>
<b>CURRENT ASSETS</b>			
Debtors	241,877	150,278	267,488
Cash at bank and in hand	2,211,587	2,219,093	2,093,753
	<u>2,453,464</u>	<u>2,369,371</u>	<u>2,361,241</u>
<b>CREDITORS</b>			
Amounts falling due within one year	1,262,655	906,293	1,054,620
<b>NET CURRENT ASSETS</b>	<u>1,190,809</u>	<u>1,463,078</u>	<u>1,306,621</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
	<u>9,250,258</u>	<u>9,223,096</u>	<u>9,022,423</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	6,018,605	5,766,888	5,682,795
SHAPS DB Liability	98,000	20,965	6,000
<b>NET ASSETS</b>	<u>3,133,653</u>	<u>3,435,243</u>	<u>3,333,628</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	122	122	126
Revenue reserves	3,133,531	3,435,121	3,333,502
	<u>3,133,653</u>	<u>3,435,243</u>	<u>3,333,628</u>



**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF CASH FLOW AS AT 31/12/2020**

	<b>2019/20</b>	<b>31.12.2020</b>	<b>2020/21</b>
Operating Surplus	146,289.0	323,521	222,705
Depcn & Amort	203,231.0	158,359	211,146
Inc/(Dec) in payables	134,332.0	-356,362	-208,035
(Inc)/Dec in receivables	(43,711.0)	91,599.0	-25,612
<b>Net Cash from Operating Activities</b>	<b>440,141</b>	<b>217,117</b>	<b>200,205</b>
Interest Received	13,338.0	1,261	8,000
Interest Paid	(42,474.0)	(23,198.0)	-30,733
<b>Return on Investment</b>	<b>-29,136</b>	<b>-21,937</b>	<b>-22,733</b>
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(370,864.0)	(48,481.0)	-104,904
Construction or acquisition of other Non-Current Assets	(16,551.0)	(25,997.0)	-50,000
Sale of Social Housing Properties	0	0	0
Grants (Repaid) / Received	0	0	0
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>-387,415</b>	<b>-74,478</b>	<b>-154,904</b>
<b>NET CASH BEFORE FINANCING</b>	<b>23,590</b>	<b>120,702</b>	<b>22,568</b>
Financing	0.0	0	0
Equity drawdown	0.0	0	0
Debt drawdown	0.0	0	0
Debt repayment	(320,544.0)	(113,202.0)	-140,406
Reserves Ajd re Auditors Journals	0.0	0.0	0
<b>NET CASH FROM FINANCING</b>	<b>-320,544</b>	<b>-113,202</b>	<b>-117,838</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>-296,954</b>	<b>7,500</b>	<b>-95,270</b>
Cash Balance			
Balance Brought Forward	2,508,547.0	2,211,593	2,211,593
Increase / (Decrease) in Net Cash	(296,954.0)	7,500	-117,838
<b>CLOSING BALANCE</b>	<b>2,211,593</b>	<b>2,219,093</b>	<b>2,093,755</b>

**TREASURY MANAGEMENT UPDATE AS AT 31/12/2020**

The Association has now one loan facility with the Triodes bank for £1.3M.

The loan have been drawn down in full and a capital repayment schedule is in place.

The amount outstanding as at 31st December 2020 Triodes was £0.94M.

Total capital repayments of £36,160 have been made in the year towards the loan balances as at 31.12 2020.

The Association paid loan interest of £23,198 in the year to date as per the conditions of the loan agreement.

The Association has received investment income of £1,261.

**BANK BALANCES AS AT 31/12/2020**

<b><u>Bank</u></b>	<b><u>Balance</u></b>	<b><u>Rates of Interest</u></b>
Bank of Scotland Current Ac	290,285	
Bank of Scotland HOBS	681,315	0.01% per annum on account balance
Santander	218,743	0.30% 6 month term deposit fixed until 09/05/2021
Nationwide	507,751	0.60% 1 year term deposit fixed until 06/02/2021
Bank of Scotland	520,799	0.03% 6 month term deposit fixed until 09/05/2021
Petty Cash	200	
	<u>2,219,093</u>	

**DEBTOR ANALYSIS**

Factoring Arrears	58,042	Reconciled to Factoring reports 31.12.20 Reconciled to Housing Management reports 31.12.20
Rent Arrears	142,030	
Tenant Recharges	4,172	
Insurance Claims	11,254	
Parking Permits	2,750	
Overnewton Community Centre	15,645	
Prov for Bad Debts	-83,615	
	<u>150,278</u>	

**CREDITOR ANALYSIS (amounts due within one year)**

Purchase Ledger	11,981
Sundry Creditors	49,166
Rent Prepayments	71,302
Factoring Prepayments	81,863
Overnewton Resident Fund Furniture and Equipment	78,420
Overnewton Resident Fund	5,170
Glasgow City Council Right to Buy Refund	274,101
	<hr/> 572,003
Loans due within 1 year	46,889
Deferred Grant within 1 year	287,401
	<hr/> 906,293

**CREDITOR ANALYSIS (amounts due after one year)**

Triodos Loan	898,999
Deferred Capital Grants	4,867,889
SHAPS DB Liability	20,965
	<hr/> 5,787,853

Reduced by total of deficit payments paid to SHAPS  
at 31/12/20