

Report to: Governance and Finance Sub Committee 27th January 2022

Prepared by: Gary Watson, Finance Manager

Subject: Management Accounts to 31.12.21

A short narrative has been included with the Management Accounts; the report is a summary of the financial statements to 31.12.21.

STATEMENT OF COMPREHENSIVE INCOME

The Association is reporting a surplus of £134,754 as at the 31st December 2021. The revised budget had assumed a surplus of £2,530. The increased surplus reported is mainly due to the following:

- less overhead costs,
- less reactive repair and cyclical costs,
- Insurance costs less than was budgeted,
- Invoices for Service Costs still to be received for Q4,
- less costs in relation to Welfare Rights Service,
- offset by increase in void costs.

STATEMENT OF FINANCIAL POSITION

The Association has spent just under £92,00 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. Three STG3 bathroom adaptations has been finalised and claims totalling £12,200 have been paid by the Scottish Government.

Costs of just under £23,000 in relation to other fixed Assets have been incurred to date. The Association's has invested in cloud computing technology, replacement laptops and preliminary implementation work has begun to migrate data to new business system.

The opening cash balance was higher than originally budgeted and the Association can report a healthy balance of £2.24M at 31st December 21. A cash balance of £1.82M is projected to 31st March 22 as per revised budget for 2021/22.

The Association has one remaining loan with the Triodos Bank, capital repayments continue as planned and the outstanding balance has reduced to £0.896M.

The Association continues to repay the pension deficit and a total of £71,500 was paid to SHAPS at the end of the third quarter. The total reserves as at 31st December 2021 were £3.11M.

Notes to Management Accounts:**OVERHEADS****1. Heating, lighting and cleaning - Budget £10,800 Actual £8,752 Difference £-2,048**

Less costs in this area of the budget. Invoices relating to December have still be processed.

2. Audit and Accountancy Fees- Budget £9,922 Actual £3,213 Difference £6,709

No internal audit work has been completed so far this year, however a program of works will commence in Q4. Costs incurred of £3,213 relates to SHAPS Pension report.

3. Postage and Stationery – Budget £9,750 Actual £11,373 Difference -£1,623

Increased costs in this area relate to letterheads and franking machine and postage charges incurred earlier than expected.

4. Computer Maintenance Costs- Budget £29,934 Actual £25,687 Difference £4,247

Less costs incurred to date. Invoices from Brightridge were queried and have yet to be included. The costs will be included in Q4 with credits received December 21.

5. Marketing and Tenant Participation Costs £4,425 Actual £0 Difference £4,425

No newsletters have been produced so far this year, however a calendar was sent to tenants in December 21. Costs will be finalised in Q4.

DIRECT COSTS**6. Property Insurance - Budget £55,000 Actual £43,308 Difference £11,692**

The budget was increased this year to reflect an expected increase in insurance costs however less costs incurred in this area.

7. Reactive Repairs-Budget £79,950 Actual £31,138 Difference £48,812

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

8. Cyclical Repairs Budget- £120,629 Actual £88,346 Difference £32,283

Less costs incurred in this area. The smoke alarm program is due to be completed this financial year at a cost of £36,000. Costs of £12,100 incurred on Smoke Alarms to date. Some December 21 invoices have yet to be finalised including Gas Services expenditure (£3,700).

9. Void Repairs Budget- £41,250 Actual £38,103 Difference £3,147

Less costs incurred in this area.

10. Welfare Rights Service- Budget £15,000 Actual £10,722 Difference £4,278

Less costs incurred in this area. The welfare rights services are currently being reviewed. Invoices have been received for services to September 21. A full report will be prepared by Housing management confirming ongoing arrangements.

STATEMENT OF COMPREHENSIVE INCOME**11. Voids- Budget £-11,930, Actual £-17,034 Difference £-5,104**

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. Similar trend noted in previous quarters this year.

12. Management Fees- Budget £57,150 Actual £47,169 Difference £-9,981

The Factoring bills were issued in November 21. The remaining fees from November 21 to March 22 will be accrued at year end.

13. Admin Fees- Budget £10,630 Actual £8,689 Difference £-1,941

Less fees received to date.

14. Service Costs Budget- £73,073 Actual £64,790 Difference £8,283

Service Costs are lower than was budgeted at this stage. Some invoices have yet to be received for December 21 including close cleaning.

15. Bad Debts- Budget £10,000 Actual £0 Difference £10,000

No bad debts have been identified or written off to 31/12/21.

YORKHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT ACCOUNTS 31ST DEC 2021

	BUDGET TO 31.12.21	ACTUAL TO 31.12.21	DIFF	DIFF %	Note	21-22
Operating Costs						
Employee Costs	581,392	579,319	2,073	0%		775,189
Overheads						
Rent Rates & Insurance	8,670	8,111	559	6%		10,200
Heating, Lighting, Cleaning	10,800	8,752	2,048	19%	1	14,400
Telephones	3,900	2,944	956	25%		5,200
Office Repairs & Supplies	3,825	2,231	1,594	42%		5,100
Recruitment Costs	1,000	449	551	0%		2,000
Travel	825	50	775	94%		1,100
Subscriptions	47,442	44,856	2,586	5%		49,939
Course & Conf Exp	9,750	8,941	809	8%		13,000
Audit Fees	9,922	3,213	6,709	0%	2	24,200
Postage, Stationery, Printing	9,750	11,373	-1,623	-17%	3	13,000
Computer Costs	29,934	25,687	4,247	14%	4	32,650
Bank Charges	4,688	3,378	1,310	28%		6,250
Depreciation on fixtures and fittings	26,550	26,550	0	0%		35,400
Depreciation Office Premises	4,546	4,546	0	0%		6,061
Sundry Expenses	8,116	8,502	-386	-5%		11,594
Legal Expenses	2,288	864	1,424	62%		3,050
Marketing & Tenant Participation Costs	4,425	0	4,425	0%	5	5,900
	<u>186,429</u>	<u>160,447</u>	<u>25,982</u>			
Total Admin Costs.	<u>767,821</u>	<u>739,766</u>	<u>28,055</u>			<u>1,014,233</u>

YORKHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT ACCOUNTS 31ST DEC 2021

					Note	21-22
Direct Costs						
Property Insurance	55,000	43,308	11,692	21%	6	55,000
Legal fees-Rents	750	0	750	100%		1,000
Council tax Vacant Flats	461	0	461	100%		615
Other Factoring Costs	1,193	904	289	24%		1,591
Legal fees - Factoring	3,049	1,421	1,628	53%		4,066
Factoring Write Offs	0	0	0	0%		300
Reactive Repairs	79,950	31,138	48,812	61%	7	123,000
Cyclical Repairs	120,629	88,346	32,283	27%	8	180,043
Void Reactive\Major Repairs	41,250	38,103	3,147	8%	9	55,000
Major Repairs	113,652	110,411	3,241	3%		180,400
Legal Fees - Gas Servicing	803	0	803	100%		1,070
Key Purchase	225	132	93	41%		300
Welfare Rights	15,000	10,722	4,278	29%	10	20,000
Consultancy fees	7,500	8,789	-1,289	-100%		15,000
	<u>439,462</u>	<u>333,274</u>	<u>106,188</u>			
Total Operating Costs	1,207,283	1,073,040	134,243			637,385

YORKHILL HOUSING ASSOCIATION
STATEMENT OF COMPREHENSIVE INCOME
31/12/2021

	BUDGET TO 31.12.21	ACTUAL TO 31.12.21	VARIANCE	VARIANCE %	NOTE	YEAR
Rents Receivable	1,330,452	1,329,293	-1,159	0%		1,773,937
Service Income	73,073	72,210	-863	-1%		97,431
Rent Overnewton St. Office	9,255	9,255	0	0%		12,340
	<u>1,412,781</u>	<u>1,410,758</u>	<u>-2,023</u>			<u>1,883,708</u>
Voids -	-11,309	-16,902	-5,593	49%	11	-15,078
Voids - Services	-621	-132	489	-79%	11	-828
	<u>1,400,851</u>	<u>1,393,724</u>	<u>-7,127</u>			<u>1,867,802</u>
Amortisation of HAG	214,398	214,398	0			285,864
Management Fees	57,150	47,169	-9,981	-17%	12	76,200
Admin fee - Major Repairs	1,950	3,952	2,002	103%	13	2,000
Admin fee - Processing Sales	3,900	3,850	-50	-1%	13	4,000
Admin fee - fire alarm Testing	2,280	887	-1,393	-61%	13	2,280
Admin fee - Insurance	2,500	0	-2,500	-100%	13	2,500
Maintenance Allowances	1,250	1,222	-28			2,500
Total Income	<u>1,684,279</u>	<u>1,665,202</u>	<u>-19,077</u>			<u>2,243,146</u>
Less: Operating Costs	1,207,283	1,073,040	134,243	11%		1,651,618
Service Costs - General Lettings	73,073	64,790	8,283	11%	14	97,431
Bad Debts	10,000	0	10,000		15	10,000
Depcn. HLB	370,610	370,610	0	0%		494,147
Total Expenditure	<u>1,660,966</u>	<u>1,508,440</u>	<u>152,526</u>			<u>2,253,196</u>
Operating Surplus/Deficit	23,312	156,762	133,450			-10,050
Loss/Gain on Sale of Fixed Assets	0	0	0			0
Interest on investments	1,100	17	-1,083	0%		2,200
Interest payable	-21,882	-22,025	-143	1%		-29,177
Surplus/Deficit	<u>2,530</u>	<u>134,754</u>	<u>132,224</u>			<u>-37,027</u>

YORKHILL HOUSING ASSOCIATION
STATEMENT OF FINANCIAL POSITION AS AT 31/12/2021

	2020/21	to 31/12/21	2021/22 BUDGET
TANGIBLE FIXED ASSETS			
Housing properties	7,220,876	6,941,965	7,132,480
Other Fixed Assets	408,640	400,118	457,180
	<u>7,629,516</u>	<u>7,342,083</u>	<u>7,589,660</u>
CURRENT ASSETS			
Debtors	250,944	207,079	259,252
Cash at bank and in hand	2,293,256	2,247,541	1,821,082
	<u>2,544,200</u>	<u>2,454,620</u>	<u>2,080,334</u>
CREDITORS			
Amounts falling due within one year	1,148,126	947,048	1,112,610
NET CURRENT ASSETS	<u>1,396,074</u>	<u>1,507,572</u>	<u>967,724</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
	<u>9,025,590</u>	<u>8,849,655</u>	<u>8,557,384</u>
CREDITORS			
Amounts falling due after more than one year	5,688,520	5,449,005	5,352,683
SHAPS DB Liability	360,000	288,827	264,663
NET ASSETS	<u>2,977,070</u>	<u>3,111,823</u>	<u>2,940,037</u>
CAPITAL AND RESERVES			
Called up share capital	115	108	110
Revenue reserves	2,976,955	3,111,715	2,939,927
	<u>2,977,070</u>	<u>3,111,823</u>	<u>2,940,037</u>

YORKHILL HOUSING ASSOCIATION
STATEMENT OF CASH FLOW AS AT 31/12/2021

	2020/21	to 31.12.2021	2021/22 PROJECTED
Operating Surplus	292,125.0	156,762	(10,050.5)
Depcn & Amort	199,695.0	187,308	249,743.0
Inc/(Dec) in payables	(114,529.0)	-201,078	(35,521.0)
(Inc)/Dec in receivables	(9,067.0)	43,865.0	(8,307.7)
Net Cash from Operating Activities	368,224	186,857	195,863.8
Interest Received	5,683.0	17	2,200.0
Interest Paid	(30,738.0)	(22,025.0)	(29,177.0)
Return on Investment	-25,055	-22,008	(26,977.0)
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(89,836.0)	(91,699.0)	(405,751.3)
Construction or acquisition of other Non-Current Assets	(36,448.0)	(22,574.0)	(90,000.0)
Sale of Social Housing Properties	0	0	0.0
Grants (Repaid) / Received	0	0	0.0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	-126,284	-114,273	(495,751.3)
NET CASH BEFORE FINANCING	216,885	50,576	(326,864.5)
Financing	0.0		0.0
Equity drawdown	0.0	0	0.0
Debt drawdown	0.0	0	0.0
Debt repayment	(135,222.0)	(96,290.0)	(145,311.0)
Reserves Ajd re Auditors Journals		0.0	0.0
NET CASH FROM FINANCING	-135,222	-96,290	(472,175.5)
INCREASE / (DECREASE) IN NET CASH	81,663	-45,714	(799,040.0)
Cash Balance			
Balance Brought Forward	2,211,593.0	2,293,256	2,293,256.0
Increase / (Decrease) in Net Cash	81,663.0	-45,714	(472,175.5)
CLOSING BALANCE	2,293,256	2,247,541	1,821,080.5

ADDITION NOTES:**TREASURY MANAGEMENT UPDATE AS AT 31/12/2021**

The Association has now one loan facility with the Triodos bank for £1.3M. The loan has been drawn down in full and a capital repayment schedule is in place. The amount outstanding as at 31 December 2021 Triodos was £896,301.

Total capital repayments of £37,327 have been made in the year towards the loan balances as at 31 December 2021.

The Association paid loan interest of £17 in the year to date.

BANK BALANCES AS AT 31/12/2021		Notes
	£	
Bank of Scotland Current Account	314,486	
Bank of Scotland HOBS	681,313	0.01% per annum on account balance
Santander	520,877	0.35% 1-year term deposit fixed until 14/06/2022
Nationwide	511,592	0.30% 1-year term deposit fixed until 08/02/2022
Bank of Scotland Petty Cash	219,073 200	0.05% 1-year term deposit fixed until 12/05/2022
	<u>2,247,541</u>	

DEBTOR ANALYSIS

Factoring Arrears	73,097
Rent Arrears	164,757
Prepayments and Accruals	10,940
Tenant Recharges	12,323
Insurance Claims	9,941
Parking Permits	3,351
Overnewton Community Centre	16,285
Prov for Bad Debts	<u>-83,615</u>
	<u>207,079</u>

CREDITOR ANALYSIS (amounts due within one year)

Purchase Ledger	439
Sundry Creditors	76,878
Rent Prepayments	86,929
Factoring Prepayments	80,440
Overnewton Resident Fund Furniture and Equipment	87,551
Overnewton Resident Fund	6,132
Glasgow City Council Right to Buy Refund	<u>274,402</u>
	612,772
Loans due within 1 year	48,412
Deferred Grant within 1 year	<u>285,864</u>
	<u>947,048</u>

CREDITOR ANALYSIS (amounts due after one year)

Triodos Loan	847,889
Deferred Capital Grants	4,601,116
SHAPS deficit	<u>288,827</u>
	<u>5,737,832</u>

