

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

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

**Subject:** Management Accounts to 30.09.21

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A short narrative has been included with the Management Accounts; the report is a summary of the financial statements to 30.09.21.

### **STATEMENT OF COMPREHENSIVE INCOME**

The Association is reporting a small surplus of £12,245 as at the 30<sup>th</sup> September 2021. The budget had assumed a deficit of £27,368. The reduced deficit reported is mainly due to the following:

- less reactive repair and cyclical costs,
- Insurance costs less than was budgeted,
- Invoices for Welfare Rights services yet to be received,
- offset by increase in void costs,
- new business system subscription not capital expenditure item.

### **STATEMENT OF FINANCIAL POSITION**

The Association has spent just over £51,768 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. One STG3 bathroom adaptation has been finalised and a claim will be submitted to the Scottish Government.

Costs of just under £18,000 in relation to other fixed Assets have been incurred to date. The Association's has invested in cloud computing technology 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 £2.19M at 30<sup>th</sup> September 21. A cash balance of £1.72M is projected to 31<sup>st</sup> March 22 based on the latest cash outturn in September 2021. A full budget review exercise will be completed in November 21.

The Association has one remaining loan with the Triodos Bank, capital repayments continue as planned and the outstanding balance has reduced to £0.908M.

The Association continues to repay the pension deficit and a total of £47,437 was paid to SHAPS at the end of the second quarter. The total reserves as at 30<sup>th</sup> September 2021 were £2.9m.

**Notes to Management Accounts:****OVERHEADS****1. Course and Conference Fees - Budget £5,375 Actual £7,351 Difference £-1,976**

Costs in relation to Data Protection training (£3,120) has been incurred earlier than was budgeted.

**2. Audit and Accountancy Fees- Budget £7,986 Actual £3,213 Difference £4,773**

No internal audit work has been completed this year, with program to be confirmed. Costs incurred of £3,213 relates to SHAPS Pension report.

**3. Postage and Stationery – Budget £6,500 Actual £8,483 Difference -£1,943**

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

**4. Computer Maintenance Costs- Budget £21,488 Actual £48,315 Difference £-23,828**

The Association recently completed a tender exercise for a new business system. The preferred supplier Designer Software operate a subscription agreement with an annual renewal. Costs of £27,500 have been incurred for this year.

Given that the tender exercise was ongoing during the budget process we were unaware of the agreement. The budget assumed an asset would have been purchased and treated as capital item and depreciated.

This will be rectified during the budget review exercise in November 21. No impact on cash balances.

**5. Sundry Expenses – Budget £5,565 Actual £2,560 Difference £3,005**

This area of the budget has been underspent. Document scanning has taken place later than was planned and less costs have been spent on office provisions and safety clothing.

**DIRECT COSTS****6. Property Insurance - Budget £55,000 Actual £44,745 Difference £10,255**

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

**7. Legal Fees Rents – Budget £2,550 Actual £0 Difference £2,550**

No spend in this area of the budget as yet. No court actions have been raised by Housing management to date.

**8. Reactive Repairs-Budget £59,850 Actual £38,689 Difference £21,161**

Less costs incurred in this area as reactive repairs program is reduced as a result of pandemic. No costs incurred with regards to recharge of bulk lifts.

**9. Cyclical Repairs Budget- £85,243 Actual £66,256 Difference £18,987**

Less costs incurred in this area. The smoke alarm program is due to be completed this financial year. The final cost was expected to be incurred in the first quarter but this has yet to be completed.

**10. Major Repairs Budget- £53,401 Actual £78,309 Difference -£24,908**

Budgeted amount is lower than Property Services Reports. Will be rectified in Budget review November 21 and will reduce the variance.

**11. Welfare Rights Service- Budget £10,000 Actual £5,361 Difference £4,639**

Invoices for the second quarter have yet to be received. Welfare rights and money advice services have continued throughout pandemic.

**STATEMENT OF COMPREHENSIVE INCOME****12. Voids- Budget £-7,953, Actual £-12,853 Difference £-4,900**

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 first quarter compared to previous year.

**13. Management Fees- Budget £15,240 Actual £9,288 Difference £-5,952**

Less income has been received in Management fees. The Factoring bills will be issued in November 21 and the remaining fees will be charged.

**14. Admin Fees- Budget £6,353 Actual £4,618 Difference £-1,735**

Less fees received to date.

**15. STG Maintenance Allowance - Budget £625 Actual £0 Difference £-625**

No claims submitted to Q2 with first claim due to be submitted November 21.

**16. Service Costs Budget- £48,715 Actual £54,892 Difference £-6,177**

Service Costs are higher than was budgeted at this stage. Housing Management/Finance will investigate this difference as Service income should equal the Service Costs.

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

No bad debts have been identified or written off to 30/9/21.

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 30TH SEPT 2021**

	<b>BUDGET</b>					
	<b>TO</b>	<b>ACTUAL TO</b>	<b>DIFF</b>	<b>DIFF</b>	<b>Note</b>	<b>21-22</b>
	<b>30.09.21</b>	<b>30.09.21</b>		<b>%</b>		
<b>Operating Costs</b>						
<b>Employee Costs</b>	375,220	366,241	8,979	2%		750,441
<b>Overheads</b>						
Rent Rates & Insurance	7,140	7,720	-580	-8%		10,200
Heating, Lighting, Cleaning	7,200	5,625	1,575	22%		14,400
Telephones	2,600	1,806	794	31%		5,200
Office Repairs & Supplies	2,550	1,511	1,039	41%		5,100
Recruitment Costs	1,000	0	1,000	0%		2,000
Travel	550	0	550	100%		1,100
Subscriptions	15,470	15,412	58	0%		18,200
Course & Conf Exp	5,375	7,351	-1,976	-37%	1	10,750
Audit Fees	7,986	3,213	4,773	0%	2	24,200
Postage, Stationery, Printing	6,500	8,483	-1,983	-31%	3	13,000
Computer Costs	24,488	48,315	-23,828	-97%	4	32,650
Bank Charges	3,125	2,513	612	20%		6,250
Depreciation on fixtures and fittings	21,700	0	21,700	0%	4	43,400
Depreciation Office Premises	4,751	4,751	-1	0%		9,501
Sundry Expenses	5,565	2,560	3,005	54%	5	11,594
Legal Expenses	1,525	864	661	43%		3,050
Marketing & Tenant Participation Costs	1,475	0	1,475	0%		5,900
	<u>118,999</u>	<u>110,124</u>	<u>8,875</u>			
<b>Total Admin Costs.</b>	<u>494,219</u>	<u>476,365</u>	<u>17,854</u>			<u>966,936</u>

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 30TH SEPT 2021**

					Note	21-22
<b>Direct Costs</b>						
Property Insurance	55,000	44,745	10,255	19%	6	55,000
Legal fees-Rents	2,550	0	2,550	100%	7	5,100
Council tax Vacant Flats	308	0	308	100%		615
Other Factoring Costs	796	784	12	1%		1,591
Legal fees - Factoring	2,033	1,421	612	30%		4,066
Factoring Write Offs	0	0	0	0%		300
Reactive Repairs	59,850	38,689	21,161	35%	8	133,000
Cyclical Repairs	85,243	66,256	18,987	22%	9	170,487
Void Reactive\Major Repairs	27,500	28,668	-1,168	-4%		55,000
Major Repairs	53,401	78,309	-24,908	-47%	10	205,389
Legal Fees - Gas Servicing	535		535	100%		1,070
Key Purchase	150	78	72	48%		300
Welfare Rights	10,000	5,361	4,639	46%	11	20,000
Consultancy fees	5,000	3,136	1,864	-100%		10,000
	<u>302,365</u>	<u>267,447</u>	<u>34,918</u>			
<b>Total Operating Costs</b>	796,585	743,812	52,773			661,918

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME 30/09/2021**

	<b>BUDGET TO 30.09.21</b>	<b>ACTUAL TO 30.09.21</b>	<b>VARIANCE</b>	<b>VARIANCE %</b>	<b>NOTE</b>	<b>YEAR</b>
Rents Receivable	886,968	883,796	-3,172	0%		1,773,937
Service Income	48,715	48,843	128	0%		97,431
Rent Overnewton St. Office	6,170	6,170	0	0%		12,340
	<u>941,854</u>	<u>938,809</u>	<u>-3,045</u>			<u>1,883,708</u>
Voids -	-7,539	-12,784	-5,245	70%	12	-15,078
Voids - Services	-414	-69	345	-83%	12	-828
	<u>933,900</u>	<u>925,956</u>	<u>-7,944</u>			<u>1,867,802</u>
Amortisation of HAG	143,700	143,700	0			287,400
Management Fees	15,240	9,288	-5,952	-39%	13	76,200
Admin fee - Major Repairs	931	1,509	578	62%	14	2,000
Admin fee - Processing Sales	1,861	2,675	814	44%	14	4,000
Admin fee - fire alarm Testing	1,061	434	-627	-59%	14	2,280
Admin fee - Insurance	2,500	0	-2,500	-100%	15	2,500
Maintenance Allowances	625	0	-625			2,500
<b>Total Income</b>	<u>1,099,818</u>	<u>1,083,562</u>	<u>-16,256</u>			<u>2,244,682</u>
<b>Less: Operating Costs</b>	796,585	743,812	52,773	7%		1,628,854
Service Costs - General Lettings	48,715	54,892	-6,177	-13%	16	97,431
Bad Debts	10,000	0	10,000		17	20,000
Depcn. HLB	257,847	257,847	0	0%		515,695
<b>Total Expenditure</b>	<u>1,113,147</u>	<u>1,056,551</u>	<u>56,596</u>			<u>2,261,980</u>
<b>Operating Surplus/Deficit</b>	-13,329	27,011	40,340			-17,298
Loss/Gain on Sale of Fixed Assets	0	0	0			0
Interest on investments	550	17	-533	0%		2,200
Interest payable	-14,588	-14,783	-195	1%		-29,177
<b>Surplus/Deficit</b>	<u>-27,368</u>	<u>12,245</u>	<u>39,613</u>			<u>-44,275</u>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 30/09/2021**

	<b>2020/21</b>	<b>to 30/09/21</b>	<b>2021/22 BUDGET</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties	7,220,876	7,014,797	7,436,430
Other Fixed Assets	408,640	421,795	560,619
	<u>7,629,516</u>	<u>7,436,592</u>	<u>7,997,049</u>
<b>CURRENT ASSETS</b>			
Debtors	250,944	176,574	259,252
Cash at bank and in hand	2,293,256	2,193,309	1,480,503
	<u>2,544,200</u>	<u>2,369,883</u>	<u>1,739,755</u>
<b>CREDITORS</b>			
Amounts falling due within one year	1,148,126	984,473	1,112,610
<b>NET CURRENT ASSETS</b>	<u>1,396,074</u>	<u>1,385,410</u>	<u>627,145</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>9,025,590</u>	<u>8,822,002</u>	<u>8,624,194</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	5,688,520	5,520,027	5,345,421
SHAPS DB Liability	360,000	312,661	-89,337
<b>NET ASSETS</b>	<u>2,977,070</u>	<u>2,989,314</u>	<u>3,368,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	115	114	110
Revenue reserves	2,976,955	2,989,200	3,367,999
	<u>2,977,070</u>	<u>2,989,314</u>	<u>3,368,109</u>



**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF CASH FLOW AS AT 30/09/2021**

	<b>2020/21</b>	<b>to 30.09.2021</b>	<b>2021/22 PROJECTED</b>
Operating Surplus	292,125.0	27,011	7,703.0
Depcn & Amort	199,695.0	118,898	281,195.0
Inc/(Dec) in payables	(114,529.0)	-163,653	57,990.0
(Inc)/Dec in receivables	(9,067.0)	74,370.0	(6,330.0)
<b>Net Cash from Operating Activities</b>	<b>368,224</b>	<b>56,626</b>	<b>340,558.0</b>
Interest Received	5,683.0	17	2,200.0
Interest Paid	(30,738.0)	(14,783.0)	(29,177.0)
<b>Return on Investment</b>	<b>-25,055</b>	<b>-14,766</b>	<b>(26,977.0)</b>
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(89,836.0)	(51,768.0)	(643,606.0)
Construction or acquisition of other Non-Current Assets	(36,448.0)	(17,906.0)	(90,000.0)
Sale of Social Housing Properties	0	0	0.0
Grants (Repaid) / Received	0	0	0.0
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>-126,284</b>	<b>-69,674</b>	<b>(733,606.0)</b>
<b>NET CASH BEFORE FINANCING</b>	<b>216,885</b>	<b>-27,814</b>	<b>(420,025.0)</b>
Financing	0.0	0	0.0
Equity drawdown	0.0	0	0.0
Debt drawdown	0.0	0	0.0
Debt repayment	(135,222.0)	(72,132.0)	(145,311.0)
Reserves Ajd re Auditors Journals		0.0	0.0
<b>NET CASH FROM FINANCING</b>	<b>-135,222</b>	<b>-72,132</b>	<b>(565,336.0)</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>81,663</b>	<b>-99,946</b>	<b>(985,361.0)</b>
Cash Balance			
Balance Brought Forward	2,211,593.0	2,293,256	2,293,256.0
Increase / (Decrease) in Net Cash	81,663.0	-99,946	(565,336.0)
<b>CLOSING BALANCE</b>	<b>2,293,256</b>	<b>2,193,309</b>	<b>1,727,920.0</b>

**ADDITIONAL NOTES:****TREASURY MANAGEMENT UPDATE AS AT 30/09/2021**

The Association has 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 30 Sept 2021 Triodos was £908,847.

Total capital repayments of £25,150 have been made in the year towards the loan balances as at 30 Sept 2021.

The Association paid loan interest of £14,783 in the year to date.

**BANK BALANCES AS AT 30/09/2021**

	£	<u>Notes</u>
Bank of Scotland Current Account	260,254	
Bank of Scotland HOBS	681,313	0.01% per annum on account balance
Santander	219,073	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	520,877	0.05% 1 year term deposit fixed until 12/05/2022
Petty Cash	200	
	<u>2,193,309</u>	

**DEBTOR ANALYSIS**

Factoring Arrears	37,139
Rent Arrears	154,575
Prepayments and Accruals	24,230
Tenant Recharges	5,738
Insurance Claims	22,214
Parking Permits	550
Overnewton Community Centre	15,743
Provision for Bad Debts	-83,615
	<u>176,524</u>

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

Purchase Ledger	55,750
Sundry Creditors	46,661
Rent Prepayments	85,025
Factoring Prepayments	94,854
Overnewton Resident Fund Furniture and Equipment	87,551
Overnewton Resident Fund	5,955
Glasgow City Council Right to Buy Refund	274,401
	<hr/> 650,197
Loans due within 1 year	48,412
Deferred Grant within 1 year	285,864
	<hr/> <hr/> 984,473

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

Triodos Loan	860,435
Deferred Capital Grants	4,659,593
SHAPS deficit	312,662
	<hr/> 5,832,690
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