

**Report to:** Governance and Finance Sub Committee 05<sup>th</sup> August 2021

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

**Subject:** Management Accounts to 30.06.21

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A short narrative has been included with the Management Accounts; the report is a summary of the financial statements to 30.06.21.

### **STATEMENT OF COMPREHENSIVE INCOME**

The Association is reporting a small deficit of £624 as at the 30<sup>th</sup> June 2021 The budget had assumed a deficit of £48,324. 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 and subscription costs for new business system.

### **STATEMENT OF FINANCIAL POSITION**

The Association has spent just over £13,000 on major components in the year. As a result of the pandemic, the program has been significantly reduced but several boilers and a kitchen and bathroom have been upgraded.

Costs of just over £13,000 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 £2.17M at 30<sup>th</sup> June 21. A cash balance of £1.70M is projected to 31<sup>st</sup> March 22 based on the latest cash outturn in June 2021.

The Association has one remaining loan with the Triodos Bank, capital repayments continue as planned and the outstanding balance has reduced to £0.92M.

The Association continues to repay the pension deficit and a total of £23,600 was paid to SHAPS at the end of the first quarter. The total reserves as at 30<sup>th</sup> June 2021 were £2.9m.

**Notes to Management Accounts:****OVERHEADS****1. Rent Rates and Insurance – Budget £4,080 Actual £7,720 Difference £-3,640**

Costs for Cyber and Management liability insurance for 21/22 have increased.

**2. Audit Fees -Budget £6,050 Actual £3,654 Difference £2,396**

No internal audit work has been completed so far this financial year. Costs incurred relate to SHAPS report for Pension Scheme.

**3. Postage, Printing and Stationery - Budget £3,250 Actual £5,060 Difference £-1,810**

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

**4. Computer Maintenance Costs- Budget £17,958 Actual £46,914 Difference £-28,957**

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.

**DIRECT COSTS****5. Property Insurance - Budget £55,000 Actual £45,903 Difference £9,097**

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

**6. Reactive Repairs-Budget £26,600 Actual £4,307 Difference £22,293**

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 uplifts.

**7. Cyclical Repairs Budget £56,261 Actual £19,887 Difference £36,374**

Less costs incurred in this area. The smoke alarm program is due to be completed this financial year. The final cost of £36,000 was expected to be incurred in the first quarter but no invoices have yet been processed with work ongoing.

**8. Welfare Rights Service- Budget £5,000 Actual £0 Difference £5,000**

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

**STATEMENT OF COMPREHENSIVE INCOME****9. Voids- Budget £-3,977, Actual £-6,111 Difference £-2,134**

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.

**10. Management Fees- Budget £11,430 Actual £8,250 Difference £-3,180**

Less income has been received in Management fees. The Factoring bills were issued in May 21.

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

	<b>BUDGET TO 30.06.21</b>	<b>ACTUAL TO 30.06.21</b>	<b>DIFF</b>	<b>DIFF %</b>	<b>Note</b>	<b>21-22</b>
<b>Operating Costs</b>						
<b>Employee Costs</b>	187,610	186,173	1,437	1%		750,441
<b>Overheads</b>						
Rent Rates & Insurance	4,080	7,720	-3,640	-89%	1	10,200
Heating, Lighting, Cleaning	3,600	2,661	939	26%		14,400
Telephones	1,300	958	342	26%		5,200
Office Repairs & Supplies	1,275	1,325	-50	-4%		5,100
Recruitment Costs	0	0	0	0%		2,000
Travel	275	0	275	100%		1,100
Subscriptions	14,560	14,896	-336	-2%		18,200
Course & Conf Exp	2,688	2,561	127	5%		10,750
Audit Fees	6,050	3,654	2,396	0%	2	24,200
Postage, Stationery, Printing	3,250	5,060	-1,810	-56%	3	13,000
Computer Costs	17,958	46,914	-28,957	-161%	4	32,650
Bank Charges	1,563	1,596	-34	-2%		6,250
Depreciation on fixtures and fittings	10,850	0	10,850	0%		43,400
Depreciation Office Premises	2,375	2,375	0	0%		9,501
Sundry Expenses	2,319	1,696	623	27%		11,594
Legal Expenses	763	0	763	100%		3,050
Marketing & Tenant Participation Costs	0	0	0	0%		5,900
	<u>72,904</u>	<u>91,416</u>	<u>-18,512</u>			
<b>Total Admin Costs.</b>	<u>260,514</u>	<u>277,589</u>	<u>-17,075</u>			<u>966,936</u>

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

**Direct Costs**

Property Insurance	55,000	45,903	9,097	17%	5	55,000
Legal fees-Rents	1,275	0	1,275	100%		5,100
Council tax Vacant Flats	154	0	154	100%		615
Other Factoring Costs	398	450	-52	-13%		1,591
Legal fees - Factoring	1,016	1,641	-625	-61%		4,066
Factoring Write Offs	0	0	0	0%		300
Reactive Repairs	26,600	4,307	22,293	84%	6	133,000
Cyclical Repairs	56,261	19,887	36,374	65%	7	170,487
Void Reactive\Major Repairs	13,750	12,504	1,246	9%		55,000
Major Repairs	22,593	23,581	-988	-4%		205,389
Legal Fees - Gas Servicing	268	0	268	100%		1,070
Key Purchase	75	120	-45	-60%		300
Welfare Rights	5,000	0	5,000	100%	8	20,000
Consultancy fees	0	0	0	-100%		10,000
	<u>182,389</u>	<u>108,393</u>	<u>73,996</u>			
<b>Total Operating Costs</b>	<b>442,903</b>	<b>385,982</b>	<b>56,921</b>			<b>661,918</b>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME 30/06/2021**

	<b>BUDGET TO 30.06.21</b>	<b>ACTUAL TO 30.06.21</b>	<b>VARIANCE</b>	<b>VARIANCE %</b>	<b>NOTE</b>	<b>YEAR</b>
Rents Receivable	443,484	441,927	-1,557	0%		1,773,937
Service Income	24,358	24,147	-211	-1%		97,431
Rent Overnewton St. Office	3,085	3,085	0	0%		12,340
	<b>470,927</b>	<b>469,159</b>	<b>-1,768</b>			<b>1,883,708</b>
Voids -	-3,770	-5,121	-1,351	36%	9	-15,078
Voids - Services	-207	-990	-783	378%	9	-828
	<b>466,950</b>	<b>463,048</b>	<b>-3,902</b>			<b>1,867,802</b>
Amortisation of HAG	71,850	71,850	0			287,400
Management Fees	11,430	8,250	-3,180	-28%	10	76,200
Admin fee - Major Repairs	576	1,509	933	162%		2,000
Admin fee - Processing Sales	1,152	1,100	-52	-4%		4,000
Admin fee - fire alarm Testing	656	434	-222	-34%		2,280
Admin fee - Insurance	2,500	0	-2,500	-100%		2,500
Maintenance Allowances	0	0	0			2,500
<b>Total Income</b>	<b>555,114</b>	<b>546,191</b>	<b>-8,923</b>			<b>2,244,682</b>
<b>Less: Operating Costs</b>	<b>442,903</b>	<b>385,982</b>	<b>56,921</b>	<b>13%</b>		<b>1,628,854</b>
Service Costs - General Lettings	24,358	24,468	-110	0%		97,431
Bad Debts	0	0	0			20,000
Depcn. HLB	128,924	128,924	0	0%		515,695
<b>Total Expenditure</b>	<b>596,184</b>	<b>539,374</b>	<b>56,810</b>			<b>2,261,980</b>
<b>Operating Surplus/Deficit</b>	<b>-41,070</b>	<b>6,817</b>	<b>47,887</b>			<b>-17,298</b>
Loss/Gain on Sale of Fixed Assets	0	0	0			0
Interest on investments	0	0	0	0%		2,200
Interest payable	-7,294	-7,441	-147	2%		-29,177
<b>Surplus/Deficit</b>	<b>-48,364</b>	<b>-624</b>	<b>47,740</b>			<b>-44,275</b>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 30/06/2021**

	<b>2020/21</b>	<b>to 30/06/21</b>	<b>2021/22 BUDGET</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties	7,220,876	7,105,385	7,436,430
Other Fixed Assets	408,640	419,704	560,619
	<u>7,629,516</u>	<u>7,525,089</u>	<u>7,997,049</u>
<b>CURRENT ASSETS</b>			
Debtors	250,944	200,258	259,252
Cash at bank and in hand	2,293,256	2,170,721	1,480,503
	<u>2,544,200</u>	<u>2,370,979</u>	<u>1,739,755</u>
<b><u>CREDITORS</u></b>			
Amounts falling due within one year	1,148,126	978,847	1,112,610
<b>NET CURRENT ASSETS</b>	<u>1,396,074</u>	<u>1,392,132</u>	<u>627,145</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>9,025,590</u>	<u>8,917,221</u>	<u>8,624,194</u>
<b><u>CREDITORS</u></b>			
Amounts falling due after more than one year	5,688,520	5,604,323	5,345,421
SHAPS DB Liability	360,000	336,496	-89,337
<b>NET ASSETS</b>	<u>2,977,070</u>	<u>2,976,402</u>	<u>3,368,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	115	114	110
Revenue reserves	2,976,955	2,976,288	3,367,999
	<u>2,977,070</u>	<u>2,976,402</u>	<u>3,368,109</u>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF CASH FLOW AS AT 30/06/2021**

	<b>2020/21</b>	<b>to 30.06.2021</b>	<b>2021/22 PROJECTED</b>
Operating Surplus	292,125.0	6,817	(17,297.0)
Depcn & Amort	199,695.0	59,449	281,195.0
Inc/(Dec) in payables	(114,529.0)	-169,279	57,990.0
(Inc)/Dec in receivables	(9,067.0)	50,686.0	(6,330.0)
<b>Net Cash from Operating Activities</b>	<b>368,224</b>	<b>-52,327</b>	<b>315,558.0</b>
Interest Received	5,683.0	0	2,200.0
Interest Paid	(30,738.0)	(7,441.0)	(29,177.0)
Return on Investment	-25,055	-7,441	(26,977.0)
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(89,836.0)	(13,432.8)	(643,606.0)
Construction or acquisition of other Non-Current Assets	(36,448.0)	(13,439.0)	(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>-26,872</b>	<b>(733,606.0)</b>
<b>NET CASH BEFORE FINANCING</b>	<b>216,885</b>	<b>-86,640</b>	<b>(445,025.0)</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)	(35,895.0)	(145,311.0)
Reserves Ajd re Auditors Journals		0.0	0.0
<b>NET CASH FROM FINANCING</b>	<b>-135,222</b>	<b>-35,895</b>	<b>(590,336.0)</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>81,663</b>	<b>-122,535</b>	<b>(1,035,361.0)</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	-122,535	(590,336.0)
<b>CLOSING BALANCE</b>	<b>2,293,256</b>	<b>2,170,721</b>	<b>1,702,920.0</b>



**ADDITION NOTES:****TREASURY MANAGEMENT UPDATE AS AT 30/06/2021**

The Association has now one loan facility with the Triodos 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 30 June 2021 Triodos was £921,295.

Total capital repayments of £12,346 have been made in the year towards the loan balances as at 30 June 2021.

The Association paid loan interest of £7,441 in the year to date which was as budgeted.

**BANK BALANCES AS AT 30/06/2021**

	£	
Bank of Scotland Current Account	237,683	
Bank of Scotland HOBS	681,296	<b>0.01% per annum</b>
Santander	219,073	<b>0.35% 1 year term deposit fixed until 14/06/2022</b>
Nationwide	511,592	<b>0.30% 1 year term deposit fixed until 08/02/2022</b>
Bank of Scotland	520,877	<b>0.05% 1 year term deposit fixed until 12/05/2022</b>
Petty Cash	200	
	<u>2,170,721</u>	

**DEBTOR ANALYSIS**

	£
Factoring Arrears	67,123
Rent Arrears	170,554
Prepayments	11,034
Tenant Recharges	3,916
Insurance Claims	13,882
Parking Permits	1,800
Overnewton Community Centre	15,564
Prov for Bad Debts	-83,615
	<u>200,258</u>

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

	£
Purchase Ledger	55,870
Sundry Creditors	88,800
Rent Prepayments	58,365
Factoring Prepayments	73,871
Overnewton Resident Fund Furniture and Equipment	87,551
Overnewton Resident Fund	5,712
Glasgow City Council Right to Buy Refund	274,401
	<hr/> 644,570
Loans due within 1 year	48,413
Deferred Grant within 1 year	285,864
	<hr/> 978,847
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**CREDITOR ANALYSIS (amounts due after one year)**

	£
Triodos Loan	872,881
Deferred Capital Grants	4,803,292
SHAPS deficit	336,496
	<hr/> 6,012,669
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