

**Report to:** Governance and Finance Sub Committee 05<sup>TH</sup> May 2023

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

**Subject:** Management Accounts to 31.03.23

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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<sup>st</sup> March 2023.

### **STATEMENT OF COMPREHENSIVE INCOME**

The Association is reporting a surplus of £15,212 at 31<sup>st</sup> March 2023. The variance reported is mainly due to the following:

- increase in staff costs,
- less overhead costs,
- increase in bad debts,
- increase in reactive costs and void loss.

### **STATEMENT OF FINANCIAL POSITION**

A program of works has been completed with several boilers, kitchens and bathrooms upgraded to the value of £196,000. In addition, £9,000 has been incurred on a replacement door entry system. The association acquired six properties, whilst grant funding was received for the majority of the costs, £52,500 was funded from the Associations reserves.

Costs of £15,598 have been incurred on refurbishment costs for the server room, video conferencing equipment and consultancy for the new business system.

The Association received grant of £1.1M from the Scottish Government to fund the cost of 6 acquisitions. In addition, grant funding of £12,000 in relation to Fuel Support Fund and £26,500 for Stage 3 Aid and Adaptations was received.

The Association can report a healthy cash balance of £1.82M as at 31<sup>st</sup> March 2023. Accrued income of £350,000 was included in respect of 2 acquired properties.

The Association has one remaining loan with the Triodos Bank, capital repayments continue as planned and the outstanding balance has reduced to £0.83M.

Further to the recent valuation update from SHAPS, the deficit payment plan ceased in September 2022. The Association has repaid £49,000 in the year. The total reserves as at 31<sup>ST</sup> March 2023 were £3.27M.

We are in the process of preparing the year end accounts, final accruals including late invoices, pension adjustments and accrued income have still to be processed. Audit due to be completed at the beginning of July 23.

## **Notes to Management Accounts:**

### **OVERHEADS**

#### **1. Employee Costs - Budget £761,145 Actual £790,993 Difference £-29,848**

Budgeted staff costs were set too low during budget review exercise. Actual cost is true reflection of employee costs for 22/23.

#### **2. Recruitment Cost – Budget £3,000 Actual £9,839 Difference £-6,839**

Costs well above budget. CEO recruitment package was much higher than was anticipated (£7,600).

#### **3. Course and Conference Fees – Budget £10,400 Actual £18,531 Difference £-8,131**

More costs have been incurred in this area of the budget. Additional training was required within Property Services on working at heights regulation (£2,500). In addition some staff have started further education courses (£1,500) and first aid courses (£1,000).

#### **4. Audit Fees- Budget £28,000 Actual £10,530 Difference £17,470**

Less costs have been received for internal audit work. External audit invoice will be accrued at year end.

#### **5. Postage Stationery and Printing - Budget £14,200 Actual £16,319 Difference £-2,119**

Costs of letterheads and general postage was more than was budgeted.

#### **6. Marketing and Tenant Participation Costs- Budget £5,108 Actual £2,883 Difference £2,225**

The xmas newsletter and annual report were produced and delivered, no other newsletters published in the year.

### **DIRECT COSTS**

#### **7. Insurance Costs- Budget £54,000 Actual £51,412 Difference £2,588**

Insurance costs for the year received in May 22. Underspend of just over £2,500 and includes recharges to owners.

#### **8. Reactive Repair Costs- Budget £129,000 Actual £179,563 Difference £-50,563**

Higher costs in this area of the budget as catch up repairs are completed. Large accrual at year end should reduce variance with respect to work charged to owners for period November 22 to March 23.

#### **9. Cyclical Repairs- Budget- £153,000 Actual £139,197 Difference £14,803**

Less costs incurred in this area. Attic tank cleaning and electrical inspection costs less than budgeted. Some costs will be recharged to owners during year end process.

#### **10. Void Reactive Costs – Budget £58,000 Actual £85,487 Difference £-27,487**

Costs higher than was expected. Some large costs incurred in respect of individual properties requiring upgrade before re- let.

#### **11. Major Repairs Costs – Budget £139,000 Actual £124,389 Difference £14,611**

Costs less than was budgeted. Full analysis provided by Property Services. Some costs will be recharged to owners during year end process.

#### **12. Welfare Rights Service- Budget £21,000 Actual £11,936 Difference £9,064**

The Association stopped receiving Welfare Rights services from October 2021 but services will resume October/November 22. Further accrued expenses to be added for final accounts.

## **STATEMENT OF COMPREHENSIVE INCOME**

### **13. Voids- Budget - £16,569 Actual £-22,937 Difference £-6,368**

Void loss is higher than budgeted, similar pattern to previous quarters. An adjustment will be process at year end to take account of unlettable properties.

### **14. Fuel Support Grant- Budget £0 Actual £12,000 Differnce £12,000**

The Association has received Grant funding in respect to the Fuel Support Fund. All funding has been spent and costs allocated to Welfare Rights expenses.

### **15. Bad debts – Budget £20,000 Actual £23,835 Difference £-3,835**

Year end write off's were approved by Committee in March. The amount written off was higher than was budgeted.

### **16. Interest Receipts – Budget £3,000 Actual £6,235 Difference £3,235**

The association has received a higher amount of interest receipts as a result of interest rate increases throughout the year. Further accrued income will be included in final accounts.

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 31ST MARCH 2023**

	<b>BUDGET TO</b>	<b>ACTUAL TO</b>	<b>DIFF</b>	<b>DIFF</b>	<b>Note</b>	<b>22-23</b>
	<b>31.03.23</b>	<b>31.03.23</b>		<b>%</b>		
<b>Operating Costs</b>						
			-			
<b>Employee Costs</b>	761,145	790,993	29,848	-4%	1	761,145
<b>Overheads</b>						
Rent Rates & Insurance	10,500	8,692	1,808	17%		10,500
Heating, Lighting, Cleaning	15,000	16,676	-1,676	-11%		15,000
Telephones	6,500	5,251	1,249	19%		6,500
Office Repairs & Supplies	5,200	2,585	2,615	50%		5,200
Recruitment Costs	3,000	9,839	-6,839	0%	2	3,000
Travel	1,000	526	474	47%		1,000
Subscriptions	28,300	31,214	-2,914	-10%		28,300
Course & Conf Exp	10,400	18,531	-8,131	-78%	3	10,400
Audit Fees	28,000	10,530	17,470	0%	4	28,000
Postage, Stationery, Printing	14,200	16,319	-2,119	-23%	5	14,200
Computer Costs	68,714	66,568	2,146	3%		68,714
Bank Charges	7,600	6,633	967	13%		7,600
Depreciation on fixtures and fittings	33,813	33,813	0	0%		33,813
Depreciation Office Premises	6,061	6,061	0	0%		6,061
Sundry Expenses	11,792	12,560	-768	-7%		11,792
Legal Expenses	3,100	1,669	1,431	46%		3,100
Marketing & Tenant Participation Costs	5,108	2,883	2,225	0%	6	5,108
	258,287	250,350	7,937			
<b>Total Admin Costs.</b>	1,019,432	1,041,343	-21,911			1,019,433

**YORKHILL HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT ACCOUNTS 31ST MAR 2023**

**Direct Costs**

Property Insurance	54,000	51,412	2,588	5%	7	54,000
Legal fees-Rents	2,000	3,776	-1,776	-89%		2,000
Council tax Vacant Flats	0	0	0	0%		0
Other Factoring Costs	1,600	3,106	-1,506	0%		1,600
Legal fees - Factoring	0	0	0	0%		0
Factoring Write Offs	300	0	300	0%		300
			-			
Reactive Repairs	129,000	179,563	50,563	-39%	8	129,000
Cyclical Repairs	153,000	138,197	14,803	10%	9	153,000
			-			
Void Reactive\Major Repairs	58,000	85,487	27,487	-47%	10	58,000
Major Repairs	139,000	124,389	14,611	11%	11	139,000
Legal Fees - Gas Servicing	0	0	0	0%		0
Key Purchase	300	875	-575	-192%		300
Welfare Rights	21,000	11,936	9,064	43%	12	21,000
Consultancy fees	17,500	18,354	-854	-5%		17,500
	575,700	617,095	-41,394			
<b>Total Operating Costs</b>	1,595,132	1,658,438	-63,305			575,700

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME 31/03/2023**

	<b>BUDGET TO 31.03.23</b>	<b>ACTUAL TO 31.03.23</b>	<b>VARIANCE</b>	<b>VARIANCE %</b>	<b>NOTE</b>	<b>YEAR</b>
Rents Receivable	1,847,780	1,856,064	8,284	0%		1,847,780
Service Income	101,523	96,911	-4,612	-5%		101,523
Rent Overnewton St. Office	12,858	12,500	-358	-3%		12,858
	<u>1,962,161</u>	<u>1,965,475</u>	<u>3,314</u>			<u>1,962,161</u>
Voids -	-15,706	-22,174	-6,468	41%	13	-15,706
Voids - Services	-863	-763	100	-12%	13	-863
	<u>1,945,592</u>	<u>1,942,538</u>	<u>-3,054</u>			<u>1,945,592</u>
Amortisation of HAG	285,325	285,325	0			285,325
Management Fees	80,315	74,723	-5,592	-7%		80,315
Admin fee - Major Repairs	2,000	513	-1,487	-74%		2,000
Admin fee - Processing Sales	4,000	3,251	-749	-19%		4,000
Admin fee - fire alarm Testing	2,280	1,417	-863	-38%		2,280
Admin fee - Insurance	2,500	4,169	1,669	67%		2,500
Maintenance Allowances	2,500	2,648	148	6%		2,500
Fuel Support Grant	0	12,000	12,000		14	0
<b>Total Income</b>	<u>2,324,512</u>	<u>2,326,584</u>	<u>-9,928</u>	0%		<u>2,324,512</u>
 <b>Less: Operating Costs</b>	 1,595,132	 1,658,438	 -63,305	 -4%		 1,595,133
Service Costs - General Lettings	101,523	101,227	296	0%		101,523
Bad Debts	20,000	23,835	-3,835		15	20,000
Depn. HLB	506,565	506,565	0	0%		506,565
<b>Total Expenditure</b>	<u>2,223,220</u>	<u>2,290,065</u>	<u>-66,845</u>			<u>2,223,221</u>
<b>Operating Surplus/Deficit</b>	<b>101,292</b>	<b>36,519</b>	<b>-76,773</b>			<b>101,291</b>
 Loss/Gain on Sale of Fixed Assets	 5,600	 0	 5,600			 5,600
Interest on investments	3,000	6,235	3,235	0%	16	3,000
Interest payable	-27,542	-27,542	0	0%		-27,542
<b>Surplus/Deficit</b>	<u>82,351</u>	<u>15,212</u>	<u>-67,938</u>			<u>82,349</u>

**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 31/03/2023**

	<b>2021/22</b>	<b>31/03/23</b>	<b>2022/23 BUDGET</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties	6,913,807	7,789,860	7,047,860
Other Fixed Assets	423,919	399,643	439,046
	<u>7,337,726</u>	<u>8,189,503</u>	<u>7,486,906</u>
<b>CURRENT ASSETS</b>			
Debtors	254,664	545,124	255,160
Cash at bank and in hand	2,355,154	1,827,477	1,897,899
	<u>2,609,818</u>	<u>2,372,601</u>	<u>2,153,059</u>
<b>CREDITORS</b>			
Amounts falling due within one year	1,247,320	1,084,491	1,247,320
<b>NET CURRENT ASSETS</b>	<u>1,362,498</u>	<u>1,288,110</u>	<u>905,739</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>8,700,224</u>	<u>9,477,613</u>	<u>8,392,645</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	5,381,957	6,185,915	5,045,023
SHAPS DB Liability	53,000	12,322	0
<b>NET ASSETS</b>	<u>3,265,267</u>	<u>3,279,376</u>	<u>3,347,623</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	106	105	103
Revenue reserves	3,265,161	3,279,271	3,347,520
	<u>3,265,267</u>	<u>3,279,376</u>	<u>3,347,623</u>



**YORKHILL HOUSING ASSOCIATION**  
**STATEMENT OF CASH FLOW AS AT 31/03/2023**

	<b>2021/22</b>	<b>to 31/03/23</b>	<b>2022/23 PROJECTED</b>
Operating Surplus	122,745.0	36,519	101,292.1
Depcn & Amort	226,300.0	261,114	261,113.0
Inc/(Dec) in payables	99,364.0	-162,829	0.0
(Inc)/Dec in receivables	(23,735.0)	(290,460.0)	(495.7)
<b>Net Cash from Operating Activities</b>	<b>424,674</b>	<b>-155,656</b>	<b>361,909.4</b>
Interest Received	2,473.0	6,235	3,000.0
Interest Paid	(36,166.0)	(27,542.0)	(27,542.0)
<b>Return on Investment</b>	<b>-33,693</b>	<b>-21,307</b>	<b>(24,542.0)</b>
Capital Expenditure & Financial Investment			
Construction or acquisition of Housing properties			
Improvement of Housing	(170,455.0)	(1,382,618.5)	(640,618.0)
Construction or acquisition of other Non-Current Assets	(43,448.0)	(15,598.0)	(55,000.0)
Sale of Social Housing Properties	0	0	0.0
Grants (Repaid) / Received	0	0	0.0
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>-213,903</b>	<b>-1,398,216</b>	<b>(695,618.0)</b>
<b>NET CASH BEFORE FINANCING</b>	<b>177,078</b>	<b>-1,575,179</b>	<b>(358,250.6)</b>
Financing	0.0	0	0.0
Equity drawdown	0.0	0	0.0
Debt drawdown	0.0	0	0.0
Debt repayment	(115,171.0)	1,047,493.0	(99,014.4)
Reserves Ajd re Auditors Journals		0.0	0.0
<b>NET CASH FROM FINANCING</b>	<b>-115,171</b>	<b>1,047,493</b>	<b>(457,265.0)</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>61,907</b>	<b>-527,686</b>	<b>(815,515.6)</b>
Cash Balance			
Balance Brought Forward	2,293,256.0	2,355,163	2,355,163.0
Increase / (Decrease) in Net Cash	61,907.0	-527,686	(457,265.0)
<b>CLOSING BALANCE</b>	<b>2,355,163</b>	<b>1,827,477</b>	<b>1,897,898.0</b>

**ADDITIONAL NOTES:****TREASURY MANAGEMENT UPDATE AS AT 31/03/2023**

The Association has now one loan facility with the Triodos bank for £1.3M. The loan have been drawn down and a capital repayment schedule is in place.

The amount outstanding as at 31 March 2023 Triodos was £832,047.

Total capital repayments of £51,610 have been made in the year towards the loan balances as at 31st March 2023.

The Association received interest of £6,235 in the year and paid interest of £27,542 on loan balance.

**BANK BALANCES AS AT 31/03/2023**

	£	
Bank of Scotland Current Account	310,155	
Bank of Scotland HOBS	480,705	0.75% per annum on account balance
Nationwide	521,138	1.30% on account balance, on call for 30 days
Bank of Scotland	515,279	0.5% 1 year term deposit fixed until 12/05/2023
Petty Cash	200	
	<u>1,827,477</u>	

**DEBTOR ANALYSIS**

Factoring Arrears	41,543
Rent Arrears	134,019
Prepayments including Grant Income Acquisitions	438,350
Tenant Recharges	6,296
Insurance Claims	19,107
Parking Permits	3,900
Overnewton Community Centre	5,540
Prov for Bad Debts	-103,631
	<u>545,124</u>

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

Purchase Ledger	137,406
Sundry Creditors	50,311
Rent Prepayments	71,628
Factoring Prepayments	111,598
Overnewton Resident Fund Furniture and Equipment	97,140
Overnewton Resident Fund	8,270
Glasgow City Council Right to Buy Refund	274,401
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	750,754
Loans due within 1 year	48,412
Deferred Grant within 1 year	285,325
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	1,084,491
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**CREDITOR ANALYSIS (amounts due after one year)**

Triodos Loan	790,231
Deferred Capital Grants	5,395,684
SHAPS deficit	12,322
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	6,198,237
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