



Financial Statements

Scottish Youth Hostels Association
(also known as Hostelling Scotland and SYHA)

For the year ended 31 January 2021

A registered Scottish charity no. SC013138 and a company limited by guarantee,
registered in Scotland, No. SC310841
Registered Office: 7 Glebe Crescent, Stirling, FK8 2JA

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Legal and administrative information for the year ended 31 January 2021

Patron

The Board of Trustees was deeply saddened by the death of our Patron, HRH The Prince Philip, Duke of Edinburgh, ^{KG, KT, OM, GCVO, GBE, ONZ, QSO, AK, GCL, CC, CMM}. Scottish Youth Hostels Association was honoured to have been awarded his patronage and is extremely grateful for the support received over the years and we look forward to receiving continued royal patronage in the future.

Trustees and Directors

The Board, who are the Charity Trustees and Directors of the Company, received no remuneration for their services. Those who served as Board members during the year were:

Sally Mayer	Chair	(2019-22)	Appointed 15.06.19
Martin Ambrose	Vice Chair	(2018-21)	Appointed 16.06.18
Claire McCorquodale	Vice Chair	(2020-23)	Appointed 05.09.20
Michael Anderson		(2019-22)	Appointed 15.06.19
Duncan Craig		(2020-23)	Appointed 05.09.20
Paul Randall		(2019-22)	Appointed 15.06.19
Sophie Bell (co-option)		(2018-21)	Appointed 06.10.18
William Thomson		(2017-20)	Retired 05.09.20
Michael West		(2018-21)	Appointed 16.06.18
Josephine Smith		(2018-21)	Appointed 16.06.18
Jennifer Ruddick		(2020-23)	Appointed 05.09.20

Executive Management

Chief Executive & Company Secretary: Margo S Paterson

Director of Operations & Deputy Chief Executive: Sabine Mackenzie

Registered Office: 7 Glebe Crescent
Stirling
FK8 2JA
Telephone: 01786 891400
Facsimile: 01786 891333
Email: info@hostellingscotland.org.uk
Website: www.hostellingscotland.org.uk

Bankers: The Royal Bank of Scotland plc
Units 22/23
Thistles Shopping Centre
Stirling
FK8 2EA

Solicitors: Lindsays WS
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Legal and administrative information (continued)
for the year ended 31 January 2021

Auditor:	Henderson Loggie LLP Registered Auditor and Chartered Accountants Ground Floor, 11-15 Thistle Street Edinburgh EH2 1DF
Insurance Brokers:	Aon Corporate Division 103 Waterloo Street Glasgow G2 7BW
Financial Advisers:	Chase de Vere 33 Bothwell Street Glasgow G2 6NL

Trustee Report

Principal Charitable Objectives

The principal charitable objective of SYHA is 'the advancement of education, for the public benefit, by helping all, but especially young people, to experience and appreciate the Scottish countryside, environment, natural heritage and places of historic and cultural interest in Scotland, and through the promotion of their health, recreation and education, particularly by providing low cost accommodation for them on their travels'.

The Trustees and Directors in March 2018 agreed the following 7 key strategic aims in their adopted 2018 – 2021 Growth Strategy:

1. **Delivering Excellence** – *to our members, guests and stakeholders*
2. **Developing our People** – *by nurturing our employee family so they in turn will deliver exceptional service*
3. **Enhancing our Properties** – *to a standard of comfort and facilities that meet the needs of our guests*
4. **Innovating new Systems** – *to attract new members and guests and to be able to respond quickly to their needs*
5. **Working with Young People** – *supporting and promoting youth engagement and providing accessibility to Scotland for all*
6. **Engaging Membership** – *ensuring members feel valued through regular communication*
7. **Securing the Future** – *remaining relevant and ensuring our longevity to achieve the vision and charitable objectives of the organisation.*

With the impact of the COVID-19 pandemic starting from March 2020, the organisation moved into crisis management and the Board of Trustees was unable to approve the proposed 2020-21 strategic objectives in what would have been the final year of the Growth Strategy 2018-2021.

It is proposed to stick with the key aims as outlined in the Growth Strategy above for the basis of the 2021-22 Strategic Objectives.

Strategic Objective summary for 2021-22

Hostelling Scotland is committed to putting members, guests and employees at the heart of the organisation. This strategic approach empowers our teams to deliver a consistently positive experience to all. Our aim is to anticipate guest needs from the moment they hear and think about staying with us, through to delivering a quality product and services. We will support this commitment through continued development of available resources, technology and communications. We want to succeed in achieving the most positive hostelling experience, creating a good lasting impression and satisfied guests.

Strategic Aim 1: Delivering Excellence

1. Strategic Objective: Development of our existing customer journey processes to ensure the delivery of continued positive and seamless guest experiences at all touchpoints and across all channels.

Strategic Aim 2: Developing our People

2. Strategic Objective: Create a culture of wellbeing at work through the development of a positive working environment, development of retention plans, ongoing training and revised recruitment strategies.

Trustee Report (continued)

Strategic Aim 3: Enhancing our Properties

3. Strategic Objective: With asset protection in mind, support the development of a sustainable and well-functioning hostel network, ensuring employees, guests and visitors can expect and experience a high standard of accommodation and working environment.

Strategic Aim 4: Innovating new Systems

4. Strategic Objective: Roll out of system upgrades to improve the booking journey, overall online experience, increase guest engagement and support productivity.

Strategic Aim 5: Working with Young People

5. Strategic Objective: Re-establishment of Explorers Programmes and volunteering opportunities for 2022.

Strategic Aim 6: Engaging Membership

6. Strategic Objective: To retain existing and attract a diverse range of new members to the organisation through regular engagement and development of a membership that meets their requirements.

Strategic Aim 7: Securing the Future

7. Strategic Objective: Protect the long term sustainability of the organisation.

Review of Annual Activities including Strategic Report

Impact of the COVID-19 Pandemic

We operated for the full month of February 2020 and in March 2020 until the country went into lockdown. We were then able to re-open seven of our hostels between August and October 2020 on a private room only basis, with RentaHostel available in other hostels. As a result, we welcomed 36,246 overnight guests (2020: 346,989) during the year, a decrease of 90% on the previous year.

Having entered the COVID-19 crisis in a healthy financial position, we saw our cash reserves decrease rapidly due to repayment of bookings made for 2021. We carefully managed costs and having seen an 89% drop in our operational income, we took advantage of the Coronavirus Business Interruption Loan Scheme (CBILS) and borrowed £1M to aid cashflow. We were also fortunate to receive some funding from the Strategic Framework Business Fund and were able to retain cash at bank throughout the year and into 2021, without having to take any further assistance from external lenders.

Hostelling Guests

Guest profiles were:

- 79% Individuals & Families (2020: 72%)
- 21% Groups (10 persons or more) (2020: 28%)

Guest nationalities were:

- 28% Scotland (2020: 25%)
- 43% England, Wales and Ireland (2020: 28%)
- 23% European (2020: 36%)
- 6% Other International (2020: 11%)

Trustee Report (continued)

Membership dropped to 9,778 (2020: 12,580) as a result of the COVID-19 pandemic and the impact on members' ability to utilise membership. Engaging Membership is a key focus of the 2018-21 Growth Strategy.

Working with Young People

Explorer Fund

Four groups were able to enjoy their funded Explorer trips before lockdown in March 2020. All other group trips scheduled to benefit from funding in 2020 have been moved to 2021 or 2022.

Respitality

We continued our partnership working throughout 2020-21 and hope to host much needed breaks for carers in late 2021.

Volunteers

Our well established and successful German volunteer programme had to be put on hold due to the continuing overseas travellers' restrictions, and our network having been closed for the majority of 2020-21. We do not expect volunteering to commence again until late 2021 or early season 2022.

Hostelling People

Employees: During the coronavirus pandemic, Hostelling Scotland accessed the Government's Coronavirus Job Retention Scheme (CJRS) to protect jobs wherever possible. At the beginning of the pandemic 75% of our workforce was eligible to be placed on furlough. With the prolonged lockdown measures, we regrettably had to make a difficult decision around the operational scope of our organisation, resulting in 49 redundancies of various posts across the organisation with 15 employees securing alternative employment within the network to avoid redundancies.

As a result of the pandemic, although our application for training funding was approved under the 2020 Flexible Workforce Development Fund (FWDF), all funded training was suspended during the year. We continued to provide internal training including refresher courses to ensure employees were well informed, trained and prepared on COVID-19 compliant policies, procedures and practices leading up to the summer when our network re-opened in a reduced capacity. All risk assessments including pre-reopening COVID-19 health check interviews were conducted with employees to ensure support during their return and the re-opening of hostels in 2020.

The pandemic has also created a different working environment for employees to work remotely, with our Continuity Team adopting this working pattern.

Following the end of the Brexit transition period, UK General Data Protection Regulation Awareness Refresher training was also rolled out to all employees reinforcing the importance of data protection and our commitment through our policies, procedures and practices, to safeguarding personal information of individuals.

Trustee Report (continued)

Hostelling Operations

69% of all bookings in the year (2020: 66%) were generated through Reservations, at the hostels and on our website, with 31% (2020: 34%) being generated through third party booking engines.

For the months of February and March and then August to October 2020 and on a basis of 643 reviews, Hostelling Scotland Guest Reviews scored 94% overall, with a breakdown of:

- 92% Value
- 88% Atmosphere
- 94% Cleanliness
- 90% Comfort
- 86% Facilities
- 96% Check in
- 94% Service
- 96% Location

VisitScotland Quality Assurance (QA): 2019 Gradings were carried forward due to the COVID-19 pandemic:

	Hostels 2020/21	Network %	Hostels 2019/20	Network %
4-5 Stars	17	52%	17	52%
3 Star	11	33%	11	33%
1-2 Star	4	12%	4	12%
Awaiting Accreditation	1	3%	1	3%
Total SYHA Hostels	33	100%	33	100%

Green Tourism: We continue to take steps to increase energy efficiency, reduce carbon footprint through hostel refurbishment and promote sustainable projects to reduce negative environmental impacts. We work closely with the independent environmentally qualified assessors of Green Tourism to reassure members and guests that we care about sustainability and are working hard to make a difference. Green Tourism rating is valid for three years.

	Hostels 2020/21	Network %	Hostels 2019/20	Network %
Gold	11	33%	11	33%
Silver	18	55%	18	55%
Bronze	1	3%	1	3%
Awaiting Accreditation	3	9%	3	9%
	33	100%	33	100%

Trustee Report (continued)

Hostelling Property

£768,672 was re-invested into the network during the year. £469,018 was expended on capital, the major element of this being on the refurbishments of Cairngorm Lodge (£288,297) and Edinburgh Central ground floor (£43,450), the balance was invested into various projects throughout the network including replacement windows and boilers, upgrades to washrooms and health and safety and compliance works. £236,028 was expended on routine youth hostel maintenance and equipment and costs relating to statutory compliance and health and safety. £54,575 was spent on furniture and equipment across the network, with the remaining £9,051 spent on upgrading the organisation's information technology infrastructure and system enhancements.

Hostelling Finance

Total operational income was £3,658,477 (2020: £8,812,616) a 58.5% decrease of £5,154,139 on prior year (2020: £162,152 increase). Total resources expended was £4,438,877 (2020: £8,057,567), a 44.9% decrease of £3,618,690 (2020: £5,176 decrease). The resulting deficit of expenditure over income was £780,400 in the year after all costs including depreciation (2020: surplus £755,049).

SYHA (Trading) Ltd. a wholly owned subsidiary trading company generated, in its eleventh year of trading, incoming resources of £154,766 (2020: £232,437), with resources expended of £128,026 (2020: £194,531) providing a net profit of £26,740 (2020: £37,906), a sum which has been gifted to the parent company.

SYHA gratefully received general donations and legacies of £79,943 (2020: £219,186) along with restricted donations and legacies totalling £802,299 (2020: £156,472).

The following expenditure was made from these restricted funds in the year;

- Social Inclusion: £3,642 (2020: £56,535) was expended on social inclusion youth programmes
- Small Hostels Project: £132,695 (2020: £4,434) on the Cairngorm Lodge refurbishment (£130,000) and window renewals for Achmelvich Beach

After making all due enquiry, and in light of the continuing impact of the COVID-19 crisis post balance sheet, the Trustees confirm their expectation following preparation of forecasts and in consideration of key scenarios and assumptions, that SYHA has adequate resources to continue to operate as a charity for the foreseeable future. Therefore, in preparing the accounts, the Trustees continue to adopt the going concern basis as explained further in the accounting policies (Page 21). SYHA reports net deficit in funds for the year ended 31 January 2021 of £780,400 (2020: £755,049 net income) after providing for all charges, including depreciation. The resulting balance of funds as at 31 January 2021 is £12,804,916 (2020: £13,585,316). It is the intention of the Trustees that this sum be carried forward to be utilised by SYHA to further its charitable objectives.

Hostelling International

Since our formation in 1931, we have taken an active part in the activities of Hostelling International (HI) which co-ordinates over 70 national Youth Hostel Associations across the world, averaging over 30 million overnights per annum. HI provides our members access to over 4,000 youth hostels worldwide.

We meet with British and Irish Youth Hostelling Associations and other European national associations annually to discuss matters of mutual benefit and cooperation. Meetings were held virtually during 2020-21 to which the Chairman and CEO attended.

Trustee Report (continued)

We are pleased to continue our Affiliate Hostel programme with independent, trust and community accommodation providers. We promote hostels in the western and northern isles belonging to the Gatliff Hebridean Hostels Trust and Orkney and Shetland Councils along with all other Affiliate Hostels throughout the country. We also continue to collaborate with the Cairngorm Business Partnership to promote and develop the hostelling ethos within the Cairngorms National Park.

Risk Management

SYHA's major risks are assessed to be:

1. Financial sustainability in a challenging economic climate, such as the impact of COVID-19 and Brexit;
2. Competitor growth in market share and SYHA brand protection;
3. Breakdown of Key IT infrastructure;
4. Fire or other serious incident involving employees, guests and property;
5. Declining tourism

The Board of Trustees endorse the following key procedural controls used to manage the charity's risks:

Clear terms of reference for roles and responsibilities, formal agendas and minutes for Governance, and Management meetings and special projects, including structural lines of reporting and issuing of instructions, authorisation and approval at each level;

1. Strategic and operational planning, budgeting, management control and finance reporting, conducted through the Board and Management meetings;
2. Formal written policies where required;
3. A formal review of SYHA's risk management process, undertaken on an annual basis.

SYHA's Board of Trustees maintains a Risk Register which includes measures to control and mitigate these risks. The Register is reviewed regularly at Management and Board meetings. It is recognised that systems can only provide reasonable, and not absolute, assurance that major risks have been appropriately managed.

Annual Activities Summary

We commenced 2020-21 with a clear plan of action in place and an ambitious programme of capital works as our focus was, and remains on, the guest experience, raising standards and improving the product throughout the network.

Having operated during February and March 2020 up until the initial lockdown of the country, all previous plans had to be put on hold as the key priorities were to ensure continuity management of the organisation, look after our people and properties, continue marketing and provide customer services along with ensuring financial going concern.

We did manage to officially open the refurbished ground floor at Edinburgh Central Youth Hostel and the new look café, bar, lobby, restaurant, meeting and games rooms were hailed a great success by travel writers and the press.

Trustee Report (continued)

Throughout 2020-21, it was important for us to ensure awareness of Hostelling Scotland and we continued to promote hostelling as a lifestyle choice 'when it was safe to so again'. Social media channels were a key source of engagement throughout the year and we also continued to communicate with our members and followers through regular e-mail and newsletter updates.

We are extremely grateful to all individuals, trusts and corporate organisations that have supported our charitable objectives during the year - to our own people, for their work as employees and contributions as volunteers, to our members and guests for their custom, support and patience during these difficult times, and to those who have provided financial support by gift or waiver.

Our recovery post COVID-19 will take a number of years to achieve and we will continue to work with colleagues in the hostelling sector to consult with Scottish Government on timescales when we can return to the full hostelling experience. As part of an international youth hostelling family, we are concerned by the loss of our international visitors, groups and employees and look forward to an easing of restrictions surrounding international travel, when it is deemed safe to do so.

We commenced planning for our 90th Anniversary year, determined to approach 2021 with positivity and hope. In celebration of our anniversary, we introduced a £90 Life membership offer which has been extremely successful, providing much needed income during 2020-21.

Early 2021 started off with some great news that our Torridon Youth Hostel had won Silver in this year's prestigious TGO Magazine Awards under 'Bunkhouse/Hostel' accommodation, following its sister hostel Achmelvich Beach Youth Hostel's win in 2020.

We continue to achieve our charitable objectives through our financial management, investment in properties and drive to deliver customer excellence to guests, along with our development of and commitment to social tourism and youth programmes. In our 90th year, the Board of Trustees and Directors is committed to rebuilding surpluses to invest back into the Youth Hostelling network as we recover from the impact of the COVID-19 pandemic, ensuring our long-term future. Since 1931 it has been our mission to make more of Scotland more accessible to more people. This remains core to everything we do and we will continue to work hard to provide quality experiences for all.

Hostelling Governance

As defined by the Articles of Association, the governance of SYHA derives from a Board of Trustees and Directors of up to 9 members who are elected by rotation annually for a renewable term of three years up to a maximum of 9 years, through a ballot of SYHA's current Hostelling Members prior to each AGM. The Articles of Association also provide for 3 individuals to be co-opted to be members of the Board. SYHA remains committed to broaden participation in its Board's diversity and skills base, in order to facilitate succession planning and enhance the achievement of its charitable purposes.

At the AGM in June 2018, members passed a motion to change Article 35 which allows the Board of Trustees to extend the maximum term of a Board Member (previously set at nine years, i.e. three successive periods of three years) for 1 further year in a co-opted place, thus safeguarding the constitutional opportunities for members to be elected. This provision allows the Board extra flexibility to ensure continuity of skills/knowledge if it was required.

The Board normally meets formally at least four times per annum and during the COVID-19 pandemic met more frequently averaging once every month. The Board is accountable in law for SYHA's charitable and company activities with specific responsibility for governance, strategy, and the monitoring of operational activities, risk and financial sustainability. Furthermore the Audit and Risk and the Governance

Trustee Report (continued)

Committees of the Board, meet formally at least four times each year, along with the Remuneration Committee which meets at least twice every year. The day-to-day executive and operational management is delegated to the Chief Executive and where appropriate, to those to whom specific duties have been responsibly delegated.

The training of Trustees and Directors after election or co-option comprises an induction briefing programme involving elected Board members, the Chief Executive and Management Team. Trustees and Directors are issued with copies of previous annual reports and minutes, audited financial statements and management accounts, relevant governance strategy and procedural policies, the Articles of Association, and a copy of the Office of the Scottish Charity Regulator's Trustees' guidelines. Ongoing training is also provided where needs are identified.

SYHA maintains liability insurance cover for Trustees, Directors and Officers, which includes provision for legal representation expenses for Trustees and Directors and for the Executive Management of the Charity and Company.

Trustees' Responsibilities Statement

The Trustees (who are also Directors of SYHA for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and

Trustee Report (continued)

- the Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ON BEHALF OF THE TRUSTEES AND DIRECTORS

Sally Mayer
Sally Mayer - 2021-08-05, 17:20:08 UTC

Sally Mayer
Chair
5th August 2021

Margo Paterson
Margo Paterson - 2021-08-05, 17:15:01 UTC

Margo Paterson
Chief Executive
5th August 2021

Standard operating policies for the year ended 31 January 2021

The Board of Trustees and Management Team operate the following key policies and procedures:

Reserves

The reserves policy of SYHA is to hold its reserves in the form of property, which represents its principal working asset and is integral to the pursuit of its charitable objectives. SYHA re-invests all surpluses generated through the running of youth hostels back into the network.

It is the Trustees' opinion that the substantial reserve which exists in excess of market value over book value of SYHA's heritable properties along with strict cash management during this period of recovery post COVID-19 pandemic provides sufficient security to meet existing and future known commitments.

Investments

An investment is held in SYHA (Trading) Ltd. which is a wholly owned subsidiary of SYHA.

Payments

It is SYHA's policy to settle the terms of payment with suppliers when agreeing the terms of transaction, to ensure that suppliers are aware of these terms, and to abide by them.

Employees

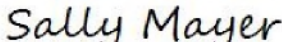
SYHA declares its intention to continue to work for the furtherance of equality of opportunity in all areas of its work; in particular, equality is sought in employment practices, access to services, service provision, Board and committee structures, Hostel Membership, volunteer recruitment, selection and training processes.

SYHA has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting SYHA through employee meetings and communications, regular meetings with the management team and postings on the internal intranet system. It is the policy of SYHA that appropriate training, career development and promotion opportunities should be available to all employees.

The Board of Trustees determines the terms and conditions of employment of the Chief Executive Officer, taking into account employment market conditions and financial affordability. It also reviews, on an annual basis, the remuneration of the Chief Executive Officer, Senior Management Team and all other employees.

SYHA operates a defined contribution pension provision which was established in February 2010. The scheme provider is AEGON Scottish Equitable and contributions made by both SYHA and members are a percentage of participating members' pay dependent on length of continuous service. In addition, a Qualifying Workplace Pension Scheme commenced on 1st April 2014 to allow SYHA to comply with its auto enrolment requirements. The scheme provider is The Peoples Pension. All eligible employees are auto enrolled into the scheme following a three month postponement period, with contributions in line with the current minimum auto enrolment requirements.

ON BEHALF OF THE TRUSTEES AND DIRECTORS


Sally Mayer – 2021-08-05, 17:20:08 UTC

Sally Mayer
Chair
5th August 2021


Margo Paterson – 2021-08-05, 17:15:01 UTC

Margo Paterson
Chief Executive
5th August 2021

Independent auditor's report to the trustees and members of the Scottish Youth Hostels Association

Opinion

We have audited the financial statements of Scottish Youth Hostels Association (the 'charitable company') for the year ended 31 January 2021 which comprise the group and parent charitable company statements of financial activities, the group and parent charitable company balance sheets, the group and parent charitable company statements of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 January 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the trustees and members of the Scottish Youth Hostels Association (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Trustees' Report which includes the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report which includes the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the trustees and members of the Scottish Youth Hostels Association (*continued*)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading correspondence with regulators including OSCR;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to depreciation charges; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act and Charity legislation.

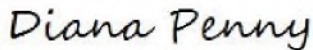
Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the trustees and members of the Scottish Youth Hostels Association (continued)

Use of this report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Diana Penny – 2021-08-05, 21:49:52 UTC

Diana Penny (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11-15 Thistle Street

Edinburgh

EH2 1DF

Group statement of financial activities (incorporating the group income and expenditure account)
for the year ended 31 January 2021

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
<i>Donations and legacies</i>	2	79,943	802,299	882,242	375,658
<i>Grants receivable</i>	3	718,068		718,068	-
<i>Charitable activities</i> - Operating Youth Hostels		814,900	-	814,900	7,696,519
Other trading activities					
Commercial Income from SYHA (Trading) Ltd	4	154,766	-	154,766	232,437
Membership subscriptions	4	79,343	-	79,343	471,906
<i>Investments</i> – bank interest		9,158	-	9,158	36,096
Other Income – insurance receipt		1,000,000		1,000,000	-
Total income		2,856,178	802,299	3,658,477	8,812,616
Expenditure on:					
<i>Raising funds</i>					
SYHA (Trading) Ltd expenditure	8	128,026	-	128,026	194,531
Membership costs		38,988	-	38,988	31,678
<i>Charitable activities</i> - Operating Youth Hostels		4,135,526	136,337	4,271,863	7,831,358
Total expenditure	5	4,302,540	136,337	4,438,877	8,057,567
Net income		(1,446,362)	665,962	(780,400)	755,049
Transfers between funds		-	-	-	-
Net movement in funds		(1,446,362)	665,962	(780,400)	755,049
Reconciliation of funds					
Total funds brought forward		13,350,022	235,294	13,585,316	12,830,267
Total funds carried forward	16	11,903,660	901,256	12,804,916	13,585,316

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities

The accompanying accounting policies and notes form an integral part of these financial statements.

**Charity statement of financial activities (incorporating the charity
income and expenditure account)**
for the year ended 31 January 2021

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
<i>Donations and legacies</i>	2	79,943	802,299	882,242	375,658
<i>Grants Receivable</i>	3	718,068		718,068	-
<i>Charitable activities</i> - Operating Youth Hostels		814,900		814,900	7,696,519
<i>Other trading activities</i>					
Membership subscriptions	4	79,343	-	79,343	471,906
<i>Investments</i> – bank interest		9,158	-	9,158	36,096
- donation from subsidiary		26,740	-	26,740	37,906
Other Income – insurance receipt		1,000,000		1,000,000	-
Total income		2,728,152	802,299	3,530,451	8,618,085
Expenditure on:					
<i>Raising funds</i>					
Membership costs		38,988	-	38,988	31,678
<i>Charitable activities</i> - Operating Youth Hostels		4,135,526	136,337	4,271,863	7,831,358
Total expenditure	5	4,174,514	136,337	4,310,851	7,863,036
Net income		(1,446,362)	665,962	(780,400)	755,049
Transfers between funds		-	-	-	-
Net movement in funds		(1,446,362)	665,962	(780,400)	755,049
Reconciliation of funds					
Total funds brought forward		13,350,022	235,294	13,585,316	12,830,267
Total funds carried forward	16	11,903,660	901,256	12,804,916	13,585,316

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities

The accompanying accounting policies and notes form an integral part of these financial statements.

Group and charity balance sheets

As at 31 January 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	7	16,255,262	16,408,381	16,255,262	16,408,381
Investments	8	-	-	100	100
		<u>16,255,262</u>	<u>16,408,381</u>	<u>16,255,362</u>	<u>15,408,481</u>
Current assets					
Stocks	9	15,908	32,784	15,908	32,784
Debtors	10	1,926,330	299,305	1,960,134	335,656
Cash at bank and in hand		1,931,798	4,948,203	1,897,894	4,911,752
		<u>3,874,036</u>	<u>5,280,292</u>	<u>3,873,936</u>	<u>5,280,192</u>
Creditors: amounts falling due within one year	11	(1,764,551)	(3,296,859)	(1,764,551)	(3,296,859)
		<u>2,109,485</u>	<u>1,983,433</u>	<u>2,109,385</u>	<u>1,983,333</u>
Net current assets		2,109,485	1,983,433	2,109,385	1,983,333
Total assets less current liabilities		18,364,747	18,391,814	18,364,747	18,391,814
Creditors: amounts falling due after more than one year	13	(5,559,831)	(4,806,498)	(5,559,831)	(4,806,498)
Net assets		12,804,916	13,585,316	12,804,916	13,585,316
Funds					
Restricted Funds	16	901,256	235,294	901,256	235,294
Unrestricted general funds	16	11,903,660	13,350,022	11,903,660	13,350,022
		<u>12,804,916</u>	<u>13,585,316</u>	<u>12,804,916</u>	<u>13,585,316</u>
Total charity funds	16	12,804,916	13,585,316	12,804,916	13,585,316

The financial statements were approved by the Board of Trustees on 5th August 2021 and signed on their behalf by:

Sally Mayer

Sally Mayer - 2021-08-05, 17:20:08 UTC

Sally Mayer

Director

MARTIN AMBROSE

MARTIN AMBROSE - 2021-08-05, 17:51:10 UTC

Martin Ambrose

Director

Company Registration Number SC310841

The accompanying accounting policies and notes form an integral part of these financial statements

Group and charity cash flow statement for the year ended 31 January 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities:					
Net cash provided by/ (outflow from) operating activities	18	(3,182,851)	1,606,669	(3,180,304)	1,602,472
Cash flows from investing activities					
Interest and similar income received		9,158	36,096	9,158	36,096
Proceeds from sale of tangible fixed assets		-	-	-	-
Purchase of tangible fixed assets		(532,644)	(1,505,748)	(532,644)	(1,505,748)
Net cash outflow from investing activities		(523,486)	(1,469,652)	(523,486)	(1,469,652)
Cash flows from financing activities					
Interest paid		(62,403)	(85,589)	(62,403)	(85,589)
Repayment of defined benefit scheme		(180,000)	(180,000)	(180,000)	(180,000)
Repayment of borrowings		(67,663)	(266,792)	(67,663)	(266,792)
Additional borrowing in year		1,000,000	-	1,000,000	-
Net cash from/used in financing activities		689,934	(532,381)	689,934	(532,381)
Increase/ (decrease) in cash and cash equivalents for the year		(3,016,405)	(395,364)	(3,013,858)	(399,561)
Cash and cash equivalents at the beginning of the year		4,948,203	5,343,567	4,911,752	5,311,313
Cash and cash equivalents at the end of the year		1,931,798	4,948,203	1,897,894	4,911,752

Notes to the financial statements for the year ended 31 January 2021

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including the Charities SORP (FRS 102)– Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and with the Companies Act (2006) and the Charities and Trustee Investment (Scotland) Act 2005. They have been prepared under the historical cost convention.

The charity meets the definition of a public benefit entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The Financial Statements are prepared under FRS102 and are prepared in £ Sterling, the functional currency of the charity rounded to the nearest pound.

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including the annual budget, forecasted future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the charitable company's operations including the temporary closure of hostels and a significant loss of income. The Trustees have performed a robust analysis of forecasted future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19 and have secured a statement of appetite from the bank for additional borrowing of up to £500,000 in case it is required. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

In making these assessments the key scenarios and assumptions (including how long the effect of COVID-19 will last) are as follows:

- Trading continues throughout financial year 2021-22 as planned on a private room only basis, with a return to the full hostelling experience i.e. sale of bedspaces in shared accommodation and private rooms from February 2022.
 - Assumptions being:
 - Opening of viable hostels where social distancing requirements can be met
 - Sufficient income is generated to cover costs.
- Trading is impacted by further increased restrictions due to COVID-19 pandemic.
 - Assumptions being:
 - Immediate action will be taken to minimise costs to core expenditure only, reduce staffing and where necessary temporarily close hostels
 - Where required sufficient loan and grant financing will be obtained to enable the charity to maintain a positive cashflow
 - That the charity will avail itself of available reliefs put forward by HM Government including:
 - Furloughing of staff
 - Securing additional grant funding.

The forecast is prepared taking into account the matters described above, support the ability of the charitable company to remain a going concern and be able to trade and meet its debts as they fall due. The full impact of COVID 19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

The Trustees have concluded that these circumstances give rise to uncertainties however given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts, and the current resources available, the Trustees are of the position that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the financial statements for the year ended 31 January 2021

1 Accounting policies (continued)

Income

Income is recognised when there is entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from accommodation, goods supplied and services is recognised in the statement of financial activities when a guest stays in a hostel. Income received in advance of a visit is held as deferred income until such time as the stay occurs. Cancellation charges are applied as per the standard SYHA terms and conditions if a guest cancels a booking within the allotted timeframe.

Membership fees, including life membership fees, are recognised when membership is taken out and fees are non-refundable.

Donations, gifts and legacies that provide core funding or are of a general nature are recognised when there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Commercial income from SYHA (Trading) Ltd represents goods and services supplied and is recognised when goods and services are delivered.

Grants

Revenue grants are credited as income when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted income when receivable. The grant is released to general reserves by equal annual instalments over the expected useful lives of the relevant assets.

Income from investments

Investment income is recognised when receivable.

Fund accounting

Restricted funds are those for which specified purposes were laid down by the donor or grant-giving body. Expenditure for those purposes is charged to the appropriate fund.

Unrestricted funds are donations and other income received or generated for expenditure on the general objectives of SYHA. Designated funds are unrestricted funds that have been designated for specific purposes by the Trustees.

When grants and donations are received for a specific purpose involving capital investment, the cash will be recorded against a restricted fund. When the investment has been made, the relevant capital asset will be recorded against the relevant fund, and depreciation of the asset charged against the fund. Once any restrictions on the use of the asset have expired, the asset will be transferred from the restricted fund to SYHA's unrestricted funds.

Notes to the financial statements *(continued)* for the year ended 31 January 2021

1 Accounting policies *(continued)*

Tangible fixed assets

Individual fixed assets costing more than £500 and which are not part of a designated project are capitalised at cost.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. No depreciation is charged during the period of development or construction.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rates generally applicable are:

Heritable property	-3% - 5%	straight line
Short leasehold property	-10%	straight line or, for leases of less than 10 years, over the period of the lease
Long leasehold property	-3%	straight line
Hostel equipment	-10%	straight line
Office equipment	-20%	straight line
Computer equipment	-33%	straight line
Transport	-30%	of cost in the first year and 15% of cost thereafter

Assets under construction policy

Costs of construction projects which are unfinished at the year-end are classed as Assets Under Construction and are not depreciated. When the project is complete the costs will be transferred out and will be subject to depreciation at the above rates for Heritable Property.

Impairment

Tangible Fixed Assets will be tested for impairment if there is an indication that impairment has occurred. Impairment will be measured by comparing the net book value of the asset with the net recoverable value of the asset or group of assets.

Expenditure

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure on charitable activities which include costs of operating the hostels and associated support costs; and
- costs of raising funds which comprise the cost of commercial trading and membership matters.

Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes to the financial statements *(continued)* **for the year ended 31 January 2021**

1 Accounting policies *(continued)*

Leased assets

Operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

Pensions

The pension costs charged are the contributions payable in the year.

Redundancy and termination payments

Hostelling Scotland aims to avoid redundancies, where this is not possible redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the charity is demonstrably committed to: terminate the employment of an employee.

Basis of consolidation

The group financial statements consolidate those of the Scottish Youth Hostels Association and its subsidiary undertaking, SYHA (Trading) Ltd

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the trustees have made the following judgements:

- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid.#

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

2 Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Group and charity						
Donations - general	24,620	-	24,620	69,829	-	69,829
Give Us a Break/ Social Inclusion	-	2,299	2,299	-	8,472	8,472
Explorer Fund	-	-	-	-	18,000	18,000
Legacies	55,323	800,000	855,323	149,357	130,000	279,357
	<u>79,943</u>	<u>802,299</u>	<u>882,242</u>	<u>219,186</u>	<u>156,472</u>	<u>375,658</u>

3 Grants Receivable

Group	2021 £	2020 £
- Strategic Business Fund	12,500	-
- CJRS Grants	705,568	-
	<u>718,068</u>	<u>-</u>

4 Income from other trading activities

Group	2021 £	2020 £
Income from SYHA (Trading) Ltd		
- Property management fees	132,455	119,160
- Other income	11,848	31,484
- Catering sales	10,463	81,793
	<u>154,766</u>	<u>232,437</u>
Group & Charity		
Membership income received directly by SYHA	79,343	471,906
	<u>79,343</u>	<u>471,906</u>

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

4 Income from other trading activities

Membership categories and prices are:

	2021 £	2020 £
Life	90	150
Individual (Adult) – 1 year	15	15
Group (10 or more members) – 1 year	30	30
Young person (25 years and under)	6	6
Temporary membership	3	3

5 Total resources expended

	Direct staff costs £	Other direct costs £	Support costs £	Total 2021 £	Total 2020 £
Costs of operating Youth Hostels	2,086,169	1,380,155	805,539	4,271,863	7,831,858
Membership costs	38,988	-	-	38,988	31,678
Total charity	2,125,157	1,380,155	805,539	4,310,851	7,863,036
SYHA (Trading) Limited	109,744	18,282	-	128,026	194,531
Total group	2,234,901	1,398,437	805,539	4,438,877	8,057,567
Total group 2020	<u>3,921,392</u>	<u>3,168,438</u>	<u>967,737</u>	<u>8,057,567</u>	

	2021 £	2020 £
Other direct costs		
Repairs and maintenance of buildings and equipment	236,028	628,132
Fuel, telephone, cleaning and laundry	476,168	936,576
Catering and store purchases	67,274	469,667
Interest payable on bank loans	62,403	85,589
Marketing and publications and social inclusion costs	71,681	214,241
Rent, rates and insurance	203,917	428,237
Operating lease rentals		
Land and buildings	10,215	10,068
Fixtures, fittings and equipment	18,530	19,620
Other direct costs	252,221	376,308
	1,398,437	3,168,438
Support costs		
Depreciation	684,219	671,653
Governance costs	38,959	64,977
Auditors' remuneration		
Audit fees	19,000	18,500
Non audit fees	965	
Administration	62,396	212,607
	805,539	967,737

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

6 Staff numbers and costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	1,883,613	3,589,073	1,883,613	3,589,073
Social security costs	147,524	258,611	147,524	258,611
Pension contributions	60,743	90,970	60,743	90,970
Other pension costs	12,170	15,313	12,170	15,313
Redundancy payments	159,129	14,180	159,129	14,180
	<hr/> 2,263,179 <hr/>	<hr/> 3,968,147 <hr/>	<hr/> 2,263,179 <hr/>	<hr/> 3,968,147 <hr/>

At the year end £6,964 (2020; £13,943) of pension contributions were due to the defined contribution pension scheme.

The pay of key management in the year totalled £151,719 (2020; £197,979). One employee earned remuneration excluding pension contributions which exceeded £60,000 which fell in the band between £80,000 and £90,000 (2020: one employee had remuneration between £80,000 and £90,000).

The average number of employees of the group during the year was 115 this was split 129 high season and 105 low season (2020: average number of employees was 220 split 255 high season; 155 low season). The average number of charity employees was 109 (2020; 213).

Members of the Board receive no salary. Out of pocket expenses totalling £nil (2020; £nil) which were reimbursed to none (2020; none) Trustees.

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

7 Tangible fixed assets

Group and charity	Freehold properties £	Long leasehold property £	Short leasehold property £	Assets under construction £	Hostel and office equipment £	Transport £	Total £
Cost							
At 1 February 2020	26,729,616	589,639	123,599	13,838	2,681,220	45,306	30,183,218
Additions	419,858	-	-	-	112,786	-	532,644
Disposals	-	-	-	-	(1,716)	-	(1,716)
At 31 January 2021	27,149,474	589,639	123,599	13,838	2,792,290	45,306	30,714,146
Depreciation							
At 1 February 2020	11,289,679	376,547	123,599	-	1,950,735	34,277	13,774,837
Provided in the year	466,745	20,607	-	-	192,725	4,142	684,219
Disposals	-	-	-	-	(172)	-	(172)
At 31 January 2021	11,756,424	397,154	123,599	-	2,143,288	38,419	14,458,884
Net book amount							
At 31 January 2021	15,393,050	192,485	-	13,838	649,002	6,887	16,255,262
At 31 January 2020	15,439,937	213,092	-	13,838	730,485	11,029	16,408,381

All tangible fixed assets were used for charitable purposes.

Notes to the financial statements *(continued)*
 for the year ended 31 January 2021

8 Investments

The investment held by the charity is 100 shares in SYHA (Trading) Limited.

A summary of the results of the trading activities of the subsidiary is set out below:

	2021 £	2021 £	2020 £	2020 £
Turnover		154,766		232,437
Cost of sales	(4,612)		(34,815)	
Administrative expenses	(123,414)		(159,716)	
		<u>(128,026)</u>		<u>(194,531)</u>
Profit for the period		26,740		37,906
Distribution to parent company under gift aid		(26,740)		(37,906)
Net assets carried forward		<u>≡</u>		<u>≡</u>

SYHA (Trading) Ltd is a company registered in Scotland (No. SC330788) and a wholly owned subsidiary of Scottish Youth Hostels Association (SYHA). The trustees of SYHA have the authority to appoint the board of directors of SYHA (Trading) Ltd.

The principal activities of SYHA (Trading) Ltd in the year were: the provision of coffee shops, conferencing facilities and student residence management.

SYHA (Trading) Ltd pays any surplus taxable profits to the parent company by gift aid. The surplus taxable profits this period are £26,740 (2020: £37,906), which will be paid to the parent company within 9 months of the year end.

9 Stocks

Group and charity	2021 £	2020 £
Consumable stores	4,724	11,416
Goods for resale	11,184	21,368
	<u>15,908</u>	<u>32,784</u>

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

10 Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade debtors	20,452	33,928	20,452	33,928
Prepayments and accrued income	1,905,878	262,318	1,905,878	262,318
Other debtors	-	3,059	-	3,059
Amounts owed by group company	-	-	33,804	36,351
	<hr/> 1,926,330 <hr/>	<hr/> 299,305 <hr/>	<hr/> 1,960,134 <hr/>	<hr/> 335,656 <hr/>

11 Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	272,012	273,009	272,012	273,009
Trade creditors	91,900	683,449	91,900	683,449
Social security and other loans	73,548	146,055	73,548	146,055
Other creditors	2,920	8,430	2,920	8,430
Accruals	143,562	253,372	143,562	253,372
Defined benefit pension scheme debt	180,000	180,000	180,000	180,000
Deferred income (note 12)	1,000,609	1,752,544	1,000,609	1,752,544
	<hr/> 1,764,551 <hr/>	<hr/> 3,296,859 <hr/>	<hr/> 1,764,551 <hr/>	<hr/> 3,296,859 <hr/>

12 Deferred income

Deferred income in the current year relating to advanced bookings for hostel stays is as follows:

Group and charity	2021 £
Balance at 1 February 2020	1,752,544
Amounts released	(1,752,544)
Amounts deferred in the year	1,000,609
	<hr/>
Balance as at 31 January 2021	1,000,609 <hr/>

13 Creditors: Amounts falling due after more than one year

Group and charity	2021 £	2020 £
Bank loans	4,659,831	3,726,498
Defined benefit pension scheme debt	900,000	1,080,000
	<hr/>	<hr/>
	5,559,831 <hr/>	4,806,498 <hr/>

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

14 Bank loans

Bank loans are repayable in instalments as follows:

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Within one year	272,012	273,009	272,012	273,009
After one year and within two years	479,370	279,370	479,370	279,370
After two years and within five years	1,477,778	877,778	1,477,778	877,778
After five years	2,702,683	2,569,350	2,702,683	2,569,350
	-----	-----	-----	-----
Total borrowings	4,931,843	3,999,507	4,931,843	3,999,507
Cash at bank and in hand	(1,931,798)	(4,948,203)	(1,897,895)	(4,911,752)
	-----	-----	-----	-----
Net funds	3,000,045	(948,696)	3,033,948	(912,245)
	=====	=====	=====	=====

The bank loan of £3,931,843 is secured by a fixed charge over Edinburgh Central Youth Hostel and Glasgow Youth Hostel, and a bond and floating charge over all assets. The combined market value of Edinburgh Central Youth Hostel and Glasgow Youth Hostel is £11,000,000. Repayment of the loan is due by 2033. During the year a £1,000,000 CBILS loan was drawn down and repayment of this loan is due by 2026.

15 Defined benefit pension scheme debt

Defined benefit pension scheme debt is repayable in instalments as follows:

Group and charity	2021	2020
	£	£
Within one year	180,000	180,000
After one year and within two years	180,000	180,000
After two years and within five years	540,000	540,000
After five years	180,000	360,000
	-----	-----
Total debt	1,080,000	1,260,000
	=====	=====

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

16 Funds analysis

Group	Funds at 1 February 2020 £	Income £	Expenditure £	Transfers £	Funds at 31 January 2021 £
<i>Restricted</i>					
Social Inclusion	47,732	2,299	(3,642)	-	46,389
Small Hostels Fund	187,562		(132,695)	-	54,867
Property Legacy		800,000			800,000
	235,294	802,299	(136,337)	-	901,256
<i>Unrestricted</i>	13,350,022	2,856,178	(4,302,540)	-	11,903,660
Total funds	13,585,316	3,658,477	(4,438,877)	-	12,804,916

Charity	Funds at 1 February 2020 £	Income £	Expenditure £	Transfers £	Funds at 31 January 2021 £
<i>Restricted</i>					
Social Inclusion	47,732	2,299	(3,642)	-	46,389
Small Hostels Fund	187,562		(132,695)	-	54,867
Property Legacy		800,000			800,000
	235,294	802,299	(136,337)	-	901,256
<i>Unrestricted</i>	13,350,022	2,728,152	(4,174,514)	-	11,903,660
Total funds	13,585,316	3,530,451	(4,310,851)	-	12,804,916

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

16 Funds analysis (continued)

Group	Funds at	Income	Expenditure	Funds at
	1 February			31 January
	2019			2020
	£	£	£	£
<i>Restricted</i>				
Social Inclusion	47,795	26,472	(56,535)	47,732
Small Hostels Fund	61,996	130,000	(4,434)	187,562
	109,791	156,472	(60,969)	235,294
<i>Unrestricted</i>	12,720,476	8,656,144	(7,996,598)	13,350,022
Total funds	12,830,267	8,812,616	(8,057,567)	13,585,316
Charity	Funds at	Income	Expenditure	Funds at
	1 February			31 January
	2019			2020
	£	£	£	£
<i>Restricted</i>				
Social Inclusion	47,795	26,472	(56,535)	47,732
Small Hostels Fund	61,996	130,000	(4,434)	187,562
	109,791	156,472	(60,969)	235,294
<i>Unrestricted</i>	12,720,476	8,461,613	(7,802,067)	13,350,022
Total funds	12,830,267	8,618,085	(7,863,036)	13,585,316

Social Inclusion

SYHA raised funds for Youth Programmes through online and collection tin donations. During 2020-2021, 4 groups were granted funding with the funds remaining at 31 January 2021 to be used throughout 2021 and 2022.

Small Hostels Fund

The small hostels fund value is to be used for improvements to the smaller hostels in the network. £2,695 was expended on window renewals for Achmelvich Beach with a further £130,000 being spent on the refurbishment at Cairngorm Lodge.

Legacy

During the year an £800,000 legacy was received for the construction, or part or whole reconstruction, of one new or existing hostel in a mountainous region of Scotland primarily for the use of walkers. The Board of Trustees is currently assessing possible projects for this fund when it becomes available.

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2021 £
Group			
Tangible fixed assets	16,255,262	-	16,255,262
Current assets	2,972,780	901,256	3,874,036
Current liabilities	(1,764,551)	-	(1,764,551)
Long term liabilities	(5,559,831)	-	(5,559,831)
	<u>11,903,660</u>	<u>901,256</u>	<u>12,804,916</u>
Charity			
Tangible fixed assets	16,255,262	-	16,255,262
Investments	100	-	100
Current assets	2,972,680	901,256	3,873,936
Current liabilities	(1,764,551)	-	(1,764,551)
Long term liabilities	(5,559,831)	-	(5,559,831)
	<u>11,903,660</u>	<u>901,256</u>	<u>12,804,916</u>
	Unrestricted funds £	Restricted funds £	Total 2020 £
Group			
Tangible fixed assets	16,408,381	-	16,408,381
Current assets	5,044,998	235,294	5,280,292
Current liabilities	(3,296,859)	-	(3,296,859)
Long term liabilities	(4,806,498)	-	(4,806,498)
	<u>13,350,022</u>	<u>235,294</u>	<u>13,585,316</u>
Charity			
Tangible fixed assets	16,408,381	-	16,408,381
Investments	100	-	100
Current assets	5,044,898	235,294	5,280,192
Current liabilities	(3,296,859)	-	(3,296,859)
Long term liabilities	(4,806,498)	-	(4,806,498)
	<u>13,350,022</u>	<u>235,294</u>	<u>13,585,316</u>

Notes to the financial statements *(continued)*
for the year ended 31 January 2021

18 Reconciliation of changes in resources to net cash inflow from operating activities

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Surplus of income over expenditure	(780,400)	755,049	(780,400)	755,049
Depreciation	684,219	671,653	684,219	671,653
Interest and similar income	(9,158)	(36,096)	(9,158)	(36,096)
Interest payable	62,403	85,589	62,403	85,589
Loss on sale of assets	1,544	-	1,544	-
Decrease/(increase) in stock	16,876	(85)	16,876	(85)
Decrease/(increase) in debtors	(1,627,025)	(54,780)	(1,624,478)	(58,977)
Decrease/ increase in creditors	(1,531,311)	185,339	(1,531,311)	185,339
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	(3,182,851)	1,606,669	(3,180,304)	1,602,472
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19 Analysis of changes in net debt

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
As at 1 February 2020	(311,304)	(362,762)	(347,755)	(394,896)
Net cash inflow/ (outflow)	(2,768,741)	51,428	(2,766,194)	47,231
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 January 2021	(3,080,045)	(311,304)	(3,113,949)	(347,755)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	As at 1 February 2020 £	Group Cashflows £	As at 31 January 2021 £	As at 1 February 2020 £	Charity Cashflows	As at 31 January 2021
Cash	4,948,203	(3,016,405)	1,931,798	4,911,752	(3,013,858)	1,897,894
Loans	(3,999,507)	67,664	(3,931,843)	(3,999,507)	67,664	(3,931,843)
Pension scheme debt	(1,260,000)	180,000	(1,080,000)	(1,260,000)	180,000	(1,080,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(311,304)	(2,768,741)	(3,080,045)	(347,755)	(2,766,194)	(3,113,949)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*
 for the year ended 31 January 2021

20 Leasing commitments

The future minimum operating lease payments are as follows:

	2021	2020
Group and charity	£	£
Within one year	28,678	28,678
Between one and two years	28,678	28,678
Between two and five years	60,885	78,954
Five years and over	663,975	674,190
	<hr/> 782,216 <hr/>	<hr/> 810,500 <hr/>

21 Capital commitments

	2021	2020
Group and charity	£	£
Capital expenditure authorised and contracted for	-	7,595
	<hr/> - <hr/>	<hr/> 7,595 <hr/>

22 Related party transactions

There were no transactions with Trustees other than those disclosed in note 5. There were no material transactions with related parties.

As SYHA (Trading) Ltd is a wholly-owned subsidiary of SYHA, trading profits of SYHA (Trading) Ltd of £26,740 (2020: £37,906 were gift aided to Scottish Youth Hostel Association) in the year.