



# Financial Statements

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

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**For the year ended 31 January 2020**

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 2020

### Patron

HRH The Prince Philip, Duke of Edinburgh, KG, KT, OM, GCVO, GBE, ONZ, QSO, AK, GCL, CC, CMM.

### 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	(2017-20)	Appointed 17.06.17
Michael Anderson		(2019-22)	Appointed 15.06.19
Duncan Craig		(2017-20)	Appointed 17.06.17
Paul Randall		(2019-22)	Appointed 15.06.19
Sophie Bell (co-option)		(2018-21)	Appointed 06.10.18
William Thomson		(2017-20)	Appointed 17.06.17
Michael West		(2018-21)	Appointed 16.06.18
Josephine Smith		(2018-21)	Appointed 16.06.18
David Calder (co-option)		(2018-19)	Retired 15.06.19

### 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

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Legal and administrative information (continued)  
for the year ended 31 January 2020

<b>Bankers:</b>	The Royal Bank of Scotland plc Units 22/23 Thistles Shopping Centre Stirling FK8 2EA
<b>Solicitors:</b>	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
<b>Auditor:</b>	MHA Henderson Loggie Registered Auditor and Chartered Accountants Ground Floor, 11-15 Thistle Street Edinburgh EH2 1DF
<b>Insurance Brokers:</b>	Aon Corporate Division 103 Waterloo Street Glasgow G2 7BW
<b>Financial Advisers:</b>	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.*

To aid the achievement of these 7 strategic aims the Board of Trustees and Directors sets annual objectives. Set out below are the annual strategic objectives for 2019-20, the second year of the 2018-2021 strategy period, and the achievements against those objectives.

### 2019-2020 Strategic Objectives

#### Strategic Aim 1: Delivering Excellence

1. **To develop core services paying attention to accommodation, food & beverage and RentaHostel to ensure invariable high standards across all products in line with competition and modern trends in hospitality.** Achievement included improvement of food & beverage revenue, upgrading of bedrooms and guest services.
2. **To review and standardise the organisation’s current environmental responsibility guidelines in order to strengthen our shared commitment and pro-actively demonstrate our social responsibility across the organisation.** Achievement included marketing of sustainability communication to guests, water station installations and ongoing engagement of energy consultant to establish hostel targets to reduce energy consumption.
3. **To sustain a positive image of a well-established organisation through development of marketing practices and raise awareness of the brand.** Achievement included the introduction of the new Hostelling Scotland handbook and promotion of Woofhostelling, meeting spaces and youth engagement.

## Trustee Report (continued)

### **2019-2020 Strategic Objectives (continued)**

4. **Development of online and off-line reputation management practices to proactively monitor, respond and strengthen the organisation's reputation and value proposition.** Achievement included customer service training, appraisal and introduction of guest reputation management system with VisitScotland gradings maintained.

#### **Strategic Aim 2: Developing our People**

5. **Engagement and development of a knowledgeable workforce to positively impact organisational performance.** Achievement included successfully secured training funds of £9K to provide training to 96 employees and development of bespoke Customer Service e-learning modules.
6. **Promotion of recruitment opportunities for young people.** Achievement included visits to High Schools, presentations and career fairs in partnership working with Developing the Young Workforce. Welcomed our first apprentice who undertook Foundation Apprenticeship in Business Administration. Confirmation of apprenticeship partnership with Forth Valley College putting apprenticeship scheme in place for Hostelling Scotland, using framework of Modern Apprenticeship Hospitality Service.
7. **Review auto-enrolment and defined contribution pension schemes.** Achievement by review of our current schemes with Chase de Vere.

#### **Strategic Aim 3: Enhancing our Properties**

8. **Refurbishment projects at Cairngorm Lodge & Aviemore.** Achievement included completion of Cairngorm Lodge external Wind & Watertight project. Aviemore still under consideration.
9. **Focus on developing receptions in key city sites.** Achievement included enhancements in Inverness reception and in progress in Oban, Glencoe, Torridon and Stirling. Edinburgh Central ground floor refurbishment completed in January 2020.
10. **Pilot of alternative accommodation.** Achievement on site at Glencoe of a pod incorporating sleeping, seating and shower facilities and available to book in 2020.

#### **Strategic Aim 4: Innovating new Systems**

11. **Identify a new property management systems solution for full roll out across the network in 2020.** Ongoing - Initial tender process has been completed followed by site visits in early December. With the downturn in business and further investigation of our own system, we have taken time to fully review our current functionality along with future requirements and will be assessing the outcome of this exercise and site visits in early 2020.
12. **Investment in WIFI infrastructure to improve speed and availability to meet guest expectation and to match competition particularly in the city locations.** Achievement at Cairngorm Lodge, Inverness, Aviemore, Glasgow and Ullapool

## Trustee Report (continued)

### **2019-2020 Strategic Objectives (continued)**

#### **Strategic Aim 5: Working with Young People**

13. **Develop and enhance promotion, delivery and evaluation of Explorer Fund in 2019 enabling residential experiences for a wide range of children.** Achievement by supporting 20 funded youth groups and schools welcoming 342 participants with a 2<sup>nd</sup> round of funding supporting a further 27 youth organisations and schools from across Scotland.

Involved with longitudinal research into the impact of Residential experiences on young people, with a focus on disadvantaged young people resulting in Muirkirk Primary undertaking a research trip to Lochranza on the long term impact of residential experiences in early 2020.

Increased impact and outreach of Youth and Community Programmes through increased funding along with support to other programmes including developing and delivering Mini Explorers to support families and younger children.

Increased outreach through developing new partnerships including Parent Network Scotland, Leith Citadel Young Parents and Fife Gingerbread.

14. **Build on Youth Involvement and Youth Engagement ensuring young people are involved at all levels of Hostelling Scotland and have appropriate opportunities.** Achievement included a Hostel Takeover project which successfully took place in April/May 2019 engaging with young people placed across 3 hostels.

In addition, The Braw Buildings project offered 30 trips in celebration of 30 years of Doors Open Days, supporting families and young people to undertake trips to 6 Youth Hostels.

New Festive Fun project launched working in partnership with theatres to provide free panto tickets along with a festive break, to families and young people in November/December. Worked with groups to co-design all funded trips with young people and families, including them in planning and where possible in delivering residential trips.

Continued to offer Scot Spirit and Respitality funded trips to support groups of families to undertake trips.

Worked with marketing on Stirling University student project to research and feedback on their views of Hostelling Scotland and hostels across the network (Edinburgh, Glasgow, Oban and Stirling).

Worked with Scottish Civic Trust to look at developing a small youth volunteer forum to support the Braw Buildings project and develop a youth-designed guide, video and Instagram content to a number of locations and hostels in 2020.

15. **Review of volunteer programme to ensure it meets the needs of the organisation while providing rewarding experiences.** Achievement included a full review carried out of the Volunteer Programme resulting in updating the offering and application processes.

## Trustee Report (continued)

### **2019-2020 Strategic Objectives (continued)**

#### **Strategic Aim 6: Engaging Membership**

16. **Conduct a review of membership categories and benefits.** Ongoing - Exploration of membership as part of a wider research project by Stirling University students in progress. Review of other hostelling associations undertaken in comparison with Hostelling Scotland membership categories and benefits as part of the membership review project. Membership review committee is in place and review underway.
17. **Promote increased member participation and involvement.** Achievement by continual increase in direct communication and exclusive promotional offers to members followed up with an update on Hostelling Scotland news once a year. Targeted social media posts to encourage uptake of membership.

#### **Strategic Aim 7: Securing the Future**

18. **Forge new strategic alliances with other key organisations and advisors.** Achievement through continued support of and participation in the Cairngorm Business Partnership and Lochaber Chamber of Commerce. Council member of the Scottish Tourism Alliance. Actively involved in the Santander Young Trustee initiative to encourage young people to take up positions on charity boards. Continued to develop our strong relationship with VisitScotland across all departments and in advance of the Year of Coasts & Waters 2020. Member of the newly formed VisitScotland Quality in Tourism Industry Group. Worked in collaboration with Hostelling International associations through participation in the Marketing forum and project on youth travel.
19. **Promote diversity in governance and with our employees.** Achievement through promotion of Hostelling Scotland as being open to all, diversity of Board Election nominations received & attendance at career fairs and expanding our recruitment activities and reach.
20. **Create a review of efficiencies across the organisation including procurement, resource management and unwanted brand attributes.** Review complete of all operational contracts and suppliers along with utilities and servicing, with savings generated coming through in 2020. Performance plan and process developed to review Hostel Performance.
21. **Identify opportunities to grow and diversify the brand and revenue base of the organisation.** Achievement included Glencoe identified as the first suitable site and base to trial Pod accommodation. Work ongoing to increase affiliate hostels in key areas where we currently have no presence. Development of new markets through launch of Woofhostelling. Improvement of website RentaHostel availability screen along with simplification of exclusive hire pricing and targeted marketing promotion through literature and social media. Developed partnership with Perth College in advance of the re-tender of the contract and to identify further opportunities to support each other and increase revenue during the summer season. Successful negotiation of 2020 Edinburgh Metro rent and improvements to maintenance service. Enhanced communications throughout all hostels creating guest friendly notices with a focus on selling services available.

2020/21 Objectives were formulated immediately prior the COVID-19 crisis which saw our network of hostels having to temporarily close from 23rd March 2020. At the time of signing these Financial Statements, with the period of lockdown still in place, the network remains closed.



## Trustee Report (continued)

### Review of Annual Activities including Strategic Report

#### Hostelling Guests

We welcomed 346,989 overnight guests (2019: 356,428) during the year, a decrease of 3% on the previous year.

Guest profiles were:

- 72% Individuals & Families (2019: 70%)
- 28% Groups (10 persons or more) (2019: 30%)

Guest nationalities were:

- 25% Scotland (2019: 27%)
- 28% England, Wales and Ireland (2019: 25%)
- 36% European (2019: 36%)
- 11% Other International (2019: 12%)

#### Working with Young People

##### Youth & Community Engagement

To reach those most in need we have built targeted programmes, identifying and developing partnerships with key organisations. In 2019 we have been successful in making Scotland accessible to more people with an increase in the number of participants we have supported through our programmes. Working with new partners, and with our diverse range of youth hostels across Scotland as an asset, we have engaged with new audiences and target groups, providing memorable positive hostelling experiences to over 900 children, young people, families and leaders.

##### Explorer Fund

Following a successful pilot in 2018, we ran the Hostelling Scotland Explorer Fund for a second year in 2019. We supported 28 schools and youth groups across Scotland to have trips away, enabling disadvantaged young people to explore and experience Scotland and reap the benefits of a stay away from home in one of our Youth Hostels.

The Explorer fund supports disadvantaged children and young people from across Scotland to explore and experience Scotland through funded residential trips. The fund also supports groups in planning and delivering high quality 'Brilliant Residential' experiences.

The groups and schools came from local authorities including Edinburgh, Glasgow, Angus, Falkirk, Highland, West Dunbartonshire, Renfrewshire, Stirling, Moray and Dundee. The young people supported through the fund included LGBT young people, young people with additional support needs, young people at risk of offending, young carers, young people affected by the imprisonment of a sibling or parent, young people living in areas of deprivation and young people who have never had a residential experience. The groups stayed in a range of different hostels across Scotland including Stirling, Oban, Aviemore, Edinburgh, Pitlochry, Glasgow, Cairngorm, Newton Stewart and Braemar.

## Trustee Report (continued)

### **Review of Annual Activities including Strategic Report (continued)**

#### **Mini Explorer Fund**

Following the first ever Mini Explorers Trip in 2018, we developed our unique Mini Explorer Fund to support early years settings and charities working with disadvantaged families to have trips away. We identified a needs gap in the market to support these groups, and have worked with partners to provide that support in undertaking their first ever trip with these groups. In 2019 Catrine Early Years Centre travelled to Pitlochry with a group of their families. This trip was so successful they won an award for best residential in East Ayrshire in 2019. We also supported Parent Network Scotland to take a group of disadvantaged families on a trip to Oban Youth Hostel.

In total we supported 610 young people and leaders to have Explorer and Mini Explorer Funded trips (2019; 618).

#### **Scotspirit**

In 2019 we continued to support the Scotspirit Programme run by Visit Scotland, in partnership with the Family Holiday Association. This programme offers disadvantaged families across Scotland the opportunity to have a short holiday. The families haven't had a holiday for years, with some families never having had a holiday at all. Families were supported with trips to Inverness, Lochranza, Oban, Aviemore, Aberdeen, Cairngorm Lodge, Inverness and Edinburgh Youth Hostels. We funded 10 trips for individual families and 3 groups trips supporting 107 families and group leaders over the year (2019; 86).

#### **Respality**

We continued our support of the Respality programme in 2019. Respality is run by Shared Care Scotland, supported by Scottish Government to link the Hospitality industry with Carers Centres to support unpaid carers across Scotland. In 2019 we supported 34 young and adult carers with a fantastic break in hostels across Scotland. There were stays in Lochranza, Aberdeen, Crianlarich, Pitlochry and Glen Nevis. We worked in partnership with Respality to develop the programme to offer 2 night breaks in 2019, to better meet the needs of carers.

We also offered a funded group trip to young carers to have a much needed summer break away at Newton Stewart Youth Hostel. We supported 20 adult carers, with 2-night breaks away, (2019; 25 - overnight breaks only) and 14 young carers and leaders with a group break away (2019; 34).

#### **Braw Buildings**

Doors Open Days is a free, annual architectural festival which celebrates Scotland's amazing buildings and rich heritage. It involved over a thousand venues, many of which are not normally open to the public. We partnered with Doors Open Days for Braw Buildings 2019, and expanded the project to include families, targeting families who may not otherwise be able to have a trip away. We aimed to fund 30 trips to celebrate 30 years of Doors Open Days. The project was a great success; 101 young people and families received 33 funded trips across 6 participating Youth Hostel in 2019. (2019; 34 participants). They were able to visit new places, and enjoy a weekend break, with many families highlighting that they would not have been able to take up the opportunity without the support provided by the project.

## Trustee Report (continued)

### **Review of Annual Activities including Strategic Report (continued)**

#### **Festive Fun**

Hostelling Scotland partnered with 3 theatres across Scotland to offer this fantastic project to disadvantaged families. The project offered families a weekend break in one of 3 city hostels, with the chance to take in the Christmas lights and enjoy a Christmas theatre show all for free. We worked with the Festival Theatre in Edinburgh, Tron Theatre in Glasgow and Eden Court Theatre in Inverness. We also worked with a range of new charities to reach disadvantaged families in need of a break. In total 54 participants and 15 families took part. (2019; 14 participants).

In total 906 children, young people, parents and leaders were supported through our charitable programmes in 2019/2020 (2019; 851).

#### **Volunteers**

We continued to support a range of volunteer programmes in 2019, offering opportunities for volunteers to meet new people from around the world, gain new skills and support Hostelling Scotland.

We successfully delivered a Gold Duke of Edinburgh Residential course at Newton Stewart Youth Hostel. The 7 young volunteers worked together to design and paint the hostel, and improve the grounds while also planning and cooking their meals, experiencing hostelling and exploring the local area.

We developed a new student volunteer placement project with New College Lanarkshire offering travel and tourism students the option to go to 1 of 3 city Youth Hostels. 4 students were supported in gaining work experience through this project. We worked in partnership with Lochaber High School and Developing the Young Workforce to offer a work experience taster day at Glen Nevis Youth Hostel. 5 pupils were supported to gain work experience through this project.

The popular and successful German volunteer programme has continued to grow with 12 new German Volunteers welcomed in 2019, and 11 young people successfully finishing their year with us.

In the year, we supported 83 seasonal, work experience and project volunteers (2019; 81). Of these, 79 were individual volunteers as a small number of volunteers completed 2 placements. In addition we supported 7 Gold Duke of Edinburgh Volunteers for the first time and 12 German Volunteers (2019; 11). In total we supported 102 volunteers over the year (2019; 122)

**Membership** in total dropped to 12,580 (2019: 12,840). Life Membership increase by 1% (2019: 1% increase) on the previous year. Temporary membership increased by 1% to 152,837 (2019: 151,417). Engaging Membership is a key focus of the 2018-20 Growth Strategy.

## Trustee Report (continued)

### Review of Annual Activities including Statagic Report (continued)

Guest satisfaction overall ratings taken from [hostellingscotland.org.uk](http://hostellingscotland.org.uk):

	Hostels 2019/20	Network %	Hostels 2018/19	Network %
90% to 100%	24	73%	20	59%
80% to 89%	8	24%	13	38%
70% to 79%	1	3%	1	3%
<b>Total SYHA Hostels</b>	<b>33</b>	<b>100%</b>	<b>34</b>	<b>100%</b>

#### Hostelling People

**Employees:** 215 employees participated in at least 22 types of personal development training events during the year. As an apprenticeship levy employer, we secured funding for Flexible Workforce Development to train 95 employees on courses ranging from personal and professional development courses such as coaching and mentoring, change management, team working to health and safety training such as IOSH Working Safely and Emergency First Aid at Work.

Other training we provided to employees during the year included customer service training using our bespoke e-learning Customer Service modules and also guest service and upselling skills to promote best practice and confidence, in particular for Edinburgh Central team members to prepare for the opening of the newly refurbished ground floor, along with a re-fresher on Equal Opportunities training that complemented our Customer Service training in line with delivering our customer service and employee promise.

In addition, and although not part of the statistics, induction training for all new starts, on-going compliance related training and sessions including fire safety and GDPR are routinely delivered across the network.

#### Hostelling Operations

**Network:** Consisted of 57 Hostels (2019: 59); 33 SYHA youth hostels (2019: 34) and 24 affiliated hostels (2019: 25) were operational during the year.

66% of all bookings in the year (2019: 71%) were generated through Reservations, at the hostels and on our website, with 34% (2019: 29%) being generated through third party booking engines.

**VisitScotland Quality Assurance (QA):** Youth hostel awards during the period were:

	Hostels 2019/20	Network %	Hostels 2018/19	Network %
4-5 Stars	17	53%	18	53%
3 Star	11	32%	10	29%
1-2 Star	4	12%	5	15%
Awaiting Accreditation	1	3%	1	3%
<b>Total SYHA Hostels</b>	<b>33</b>	<b>100%</b>	<b>34</b>	<b>100%</b>

## Trustee Report (continued)

### Review of Annual Activities including Statigic Report (continued)

**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.

	<b>Hostels</b>	<b>Network</b>	<b>Hostels</b>	<b>Network</b>
	<b>2019/20</b>	<b>%</b>	<b>2018/19</b>	<b>%</b>
Gold	11	33%	11	32%
Silver	18	54%	18	53%
Bronze	1	3%	1	3%
Awaiting Accreditation	3	10%	4	12%
	<b>33</b>	<b>100%</b>	<b>34</b>	<b>100%</b>

#### Hostelling Property

In line with the Sustainable Strategy objectives, £2,133,880 was re-invested into the network during the year. £1,251,626 was expended on capital, the major element of this being on the refurbishments of Cairngorm Lodge (£397,564) and Edinburgh Central ground floor (£376,702), the balance was invested into various projects throughout the network including replacement windows and boilers, upgrades to washrooms, roof renewals and alternative accommodation. £628,132 was expended on routine youth hostel maintenance and equipment and costs relating to statutory compliance and health and safety. £158,562 was spent on furniture and equipment across the network, with the remaining £95,560 spent on upgrading the organisation's information technology infrastructure and system enhancements.

#### Hostelling Finance

Total operational income was £8,812,616 (2019: £8,650,464) a 1.9% increase of £162,152 on prior year (2019: £320,207 decrease). Total resources expended was £8,057,567 (2019: £8,062,743), a 0.1% decrease of £5,176 (2019: £432,490 increase). The resulting surplus of income over expenditure was £755,049 in the year after all costs including depreciation (2019: £587,721).

SYHA (Trading) Ltd. a wholly owned subsidiary trading company generated in its tenth year of trading incoming resources of £232,437 (2019: £239,670), with resources expended of £194,531 (2019: £206,858) providing a net profit of £37,906 (2019: £32,812), a sum which has been gifted to the parent company.

SYHA gratefully received general donations and legacies of £219,186 (2019: £46,198) along with restricted donations and legacies totalling £156,472 (2019: £8,910).

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

- Social Inclusion: £56,535 (2019: £66,450) was expended on social inclusion youth programmes
- Small Hostels Project: £4,434 (2019: £2,144) on furniture for Achmelvich Beach

## Trustee Report (continued)

### Review of Annual Activities including Strategic Report (continued)

#### Hostelling Finance (continued)

After making all due enquiry, and in light of the impact of the COVID-19 crisis post balance sheet, which saw the network temporarily close from 23<sup>rd</sup> March 2020 and cash reserves depleted, the Trustees confirm their expectation following preparation of forecasts and application for bank funding 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 25). SYHA reports net income in funds for the year ended 31 January 2020 of £755,049 (2019: £587,721) after providing for all charges, including depreciation. The resulting balance of funds as at 31 January 2020 is £13,585,316 (2019: £12,830,267). It is the intention of the Trustees that this sum be carried forward to be utilised by SYHA to further its charitable objectives.

#### Free Reserves

The majority of the Charity's income comes from operating youth hostels. After deduction from the balance of funds of net fixed assets value of £16,408,381 (2019: £15,574,286) and restricted funds of £235,294 (2019: £109,791), the Association has no free reserves with a negative (£3,059,359; 2019: negative £2,853,810) on unrestricted funds. This situation is largely attributable to capital investment in recent years and the bank loan for Edinburgh Central of £3,999,507 (2019; £4,266,299). Our consolidated balance sheet remains strong with net current assets of £1,983,433 (2019: £2,515,488) and future bookings for 2021 already secured. The reserves policy on Page 17 states that SYHA holds its reserves in the form of property, which represents its principal working asset and is integral to the pursuit of its charitable objectives. The Trustees' opinion is that there is a substantial reserve which exists in excess of market value over book value of SYHA's heritable properties.

#### 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 in Ireland and Stockholm during 2019-20 to which the Chairman and CEO attended.

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.

## Trustee Report (continued)

### **Review of Annual Activities including Strategic Report (continued)**

#### **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.

## Trustee Report (continued)

### Annual Activities Summary

Operational net income of £1.4M before depreciation was generated in the year despite continued increase in competition especially within the city locations. Towards the latter half of the year there was a strong indication that leisure travellers, especially those from Europe (despite the weak pound) were beginning to adopt a “wait and see” attitude. This had a negative impact on overall trading with accommodation providers across all sectors adjusting their pricing in a bid to maintain occupancy. There also continues to be an increase in provision of alternative accommodation products and brands such as Airbnb, serviced apartments, commercially operated hostels and home share accommodation. However, Hostelling Scotland has continued to focus on the guest experience, raising standards and improving the product throughout the network, spending £2.1M in order to compete on all levels and ensure that our product, price and value is in line with guest expectations in a highly competitive marketplace.

We remain focussed on raising awareness of Hostelling Scotland and promoting Hostelling as a lifestyle choice. 2019-20 saw the welcome return of the Hostel Handbook, combining travel inspiration with news and information on all the hostels across our network, with a section to record memories and collect our unique hostel stamps. Social media channels are a key source of engagement and throughout the year we have continued to grow our audience. Travel influencers have also helped promote hostelling to a wider ‘travel interested’ audience. This has been particularly effective in the promotion of WoofHostelling. With 12 dog friendly hostels now in the network, our social channels have helped us reach and engage with an audience who may not have considered hostelling in the past.

One of our objectives in the year was to enhance public areas, improving the hostelling experience. This led to the upgrading of Inverness, Glencoe and Oban public areas and a £0.5M project to transform the ground floor of Edinburgh Central Youth Hostel.

These projects along with the refurbishment at Glen Nevis have helped stimulate interest from the press and across the year we were featured prominently in key Scottish publications such as The Herald, The Scotsman, Press & Journal and the Sunday Post along with radio interviews with both our Chief Executive and Youth Engagement Manager, who was invited onto the Kaye Adam’s Radio Show following coverage in the Scotsman of our ‘Mini Explorers’ fund, successfully piloted in 2019.

The official opening of Glen Nevis took place on 4th April 2019 and was a great celebration, bringing together of our members, the community and young people.

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 and support, and to those who have provided financial support by gift or waiver.

We are operating in a time of economic uncertainty, with the potential impact of Brexit on the number of European guests, cost of supplies and as a multi-national employer concern around the supply of workforce and retention of our people. This has been eclipsed in recent months with the devastating impact of COVID-19 which caused the temporary closure of our network in March 2020. The uncertainties surrounding the lockdown and possible long term requirement for social distancing provides us with new challenges, however, we are committed to ensuring the organisation remains viable in the long term. We are closely monitoring the situation and planning accordingly.



## Trustee Report (continued)

### Annual Activities Summary

We continue to achieve our charitable objectives through our financial results, 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 89th year, the Board of Trustees and Directors remains committed to reinvesting surpluses back into the Youth Hostelling network. With the drive to be recognised as the modern face of Scottish Hostelling, we will continue to work hard to ensure that we provide quality modern facilities and experiences for all. Since 1931 it has been our mission to make more of Scotland more accessible to more people and this remains core to everything we do.

### 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 governance 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 mix if it was required.

The Board meets formally at least four times per annum and 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 Committees of the Board, meet formally at least four times each 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.

## Trustee Report (continued)

### 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.

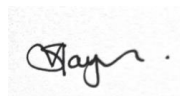
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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
- 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, Chair**  
30 June 2020



**Marga Paterson, Chief Executive**  
30 June 2020

## Standard operating policies for the year ended 31 January 2020

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 surpluses generated 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

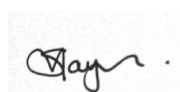
SYHA declares its intention to continue to work for the furtherance of equality of opportunity in all areas of its work; in particular, equality is sought in employment practices, access to services, service provision, Board and committee structures, Hostel Membership, volunteer recruitment, selection 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 the employee forum, regular meetings with the management team, routine meetings and communications on the internal staff 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 Senior Management Team, comprising the CEO and Director of Operations / Deputy CEO, taking into account employment market conditions and financial affordability. It also reviews, on an annual basis, the remuneration of 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 1<sup>st</sup> 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, Chair**  
30 June 2020



**Margo S Paterson, Chief Executive**  
30 June 2020

## **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 2020 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 2020 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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.

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.

### **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 (Senior Statutory Auditor)**

**For and on behalf of MHA Henderson Loggie**

**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

1 July 2020

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

## Group statement of financial activities (incorporating the group income and expenditure account) *for the year ended 31 January 2020*

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>					
<i>Donations and legacies</i>	2	219,186	156,472	375,658	55,108
<i>Charitable activities</i> - Operating Youth Hostels		7,696,519	-	7,696,519	7,895,364
<i>Other trading activities</i>					
Commercial Income from SYHA (Trading) Ltd	3	232,437	-	232,437	239,670
Membership subscriptions	3	471,906	-	471,906	437,705
<i>Investments</i> – bank interest		36,096	-	36,096	22,617
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total income</b>		<b>8,656,144</b>	<b>156,472</b>	<b>8,812,616</b>	<b>8,650,464</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on:</b>					
<i>Raising funds</i>					
SYHA (Trading) Ltd expenditure	7	194,531	-	194,531	206,858
Membership costs		31,678	-	31,678	33,734
<i>Charitable activities</i> - Operating Youth Hostels		7,770,389	60,969	7,831,358	7,822,151
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditure</b>	4	<b>7,996,598</b>	<b>60,969</b>	<b>8,057,567</b>	<b>8,062,743</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net income</b>		<b>659,546</b>	<b>95,503</b>	<b>755,049</b>	<b>587,721</b>
<b>Transfers between funds</b>		<b>(30,000)</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>629,546</b>	<b>125,503</b>	<b>755,049</b>	<b>587,721</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		12,720,476	109,791	12,830,267	12,242,546
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	15	<b>13,350,022</b>	<b>235,294</b>	<b>13,585,316</b>	<b>12,830,267</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2020*

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>					
<i>Donations and legacies</i>	2	219,186	156,472	375,658	55,108
<i>Charitable activities</i> - Operating Youth Hostels		7,696,519		7,696,519	7,895,364
<i>Other trading activities</i>					
Membership subscriptions	3	471,906	-	471,906	437,705
<i>Investments</i> – bank interest		36,096	-	36,096	22,617
- donation from subsidiary		37,906	-	37,906	32,812
<b>Total income</b>		<b>8,461,613</b>	<b>156,472</b>	<b>8,618,085</b>	<b>8,443,606</b>
<b>Expenditure on:</b>					
<i>Raising funds</i>					
Membership costs		31,678	-	31,678	33,734
<i>Charitable activities</i> - Operating Youth Hostels		7,770,389	60,969	7,831,358	7,822,151
<b>Total expenditure</b>	4	<b>7,802,067</b>	<b>60,969</b>	<b>7,863,036</b>	<b>7,855,885</b>
<b>Net income</b>		<b>659,546</b>	<b>95,503</b>	<b>755,049</b>	<b>587,721</b>
<b>Transfers between funds</b>		<b>(30,000)</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>629,546</b>	<b>125,503</b>	<b>755,049</b>	<b>587,721</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		12,720,476	109,791	12,830,267	12,242,546
<b>Total funds carried forward</b>	15	<b>13,350,022</b>	<b>235,294</b>	<b>13,585,316</b>	<b>12,830,267</b>

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.

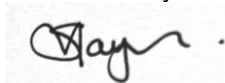


## Group and charity balance sheets

As at 31 January 2020

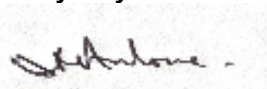
	Note	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Fixed assets</b>					
Tangible assets	6	16,408,381	15,574,286	16,408,381	15,574,286
Investments	7	-	-	100	100
		<u>16,408,381</u>	<u>15,574,286</u>	<u>16,408,481</u>	<u>15,574,386</u>
<b>Current assets</b>					
Stocks	8	32,784	32,699	32,784	32,699
Debtors	9	299,305	244,525	335,656	276,679
Cash at bank and in hand		4,948,203	5,343,567	4,911,752	5,311,313
		<u>5,280,292</u>	<u>5,620,791</u>	<u>5,280,192</u>	<u>5,620,691</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(3,296,859)</b>	<b>(3,105,303)</b>	<b>(3,296,859)</b>	<b>(3,105,303)</b>
		<u>1,983,433</u>	<u>2,515,488</u>	<u>1,983,333</u>	<u>2,515,388</u>
<b>Net current assets</b>		<b>1,983,433</b>	<b>2,515,488</b>	<b>1,983,333</b>	<b>2,515,388</b>
<b>Total assets less current liabilities</b>		<b>18,391,814</b>	<b>18,089,774</b>	<b>18,391,814</b>	<b>18,089,774</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(4,806,498)</b>	<b>(5,259,507)</b>	<b>(4,806,498)</b>	<b>(5,259,507)</b>
		<u>13,585,316</u>	<u>12,830,267</u>	<u>13,585,316</u>	<u>12,830,267</u>
<b>Net assets</b>		<b>13,585,316</b>	<b>12,830,267</b>	<b>13,585,316</b>	<b>12,830,267</b>
<b>Funds</b>					
Restricted Funds	15	235,294	109,791	235,294	109,791
Unrestricted general funds	15	13,350,022	12,720,476	13,350,022	12,720,476
		<u>13,585,316</u>	<u>12,830,267</u>	<u>13,585,316</u>	<u>12,830,267</u>
<b>Total charity funds</b>	15	<b>13,585,316</b>	<b>12,830,267</b>	<b>13,585,316</b>	<b>12,830,267</b>

The financial statements were approved by the Board of Trustees on 30 June 2020 and signed on their behalf by:



Sally Mayer

Director



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 2020

	Note	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Cash flows from operating activities:</b>					
Net cash provided by operating activities	17	1,606,669	1,185,663	1,602,472	1,186,690
<b>Cash flows from investing activities</b>					
Interest and similar income received		36,096	22,617	36,096	22,617
Proceeds from sale of tangible fixed assets		-	150	-	150
Purchase of tangible fixed assets		(1,505,748)	(2,195,581)	(1,505,748)	(2,195,581)
<b>Net cash provided by investing activities</b>		<b>(1,469,652)</b>	<b>(2,172,814)</b>	<b>(1,469,652)</b>	<b>(2,172,814)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(85,589)	(86,861)	(85,589)	(86,861)
Repayment of defined benefit scheme		(180,000)	(180,000)	(180,000)	(180,000)
Repayment of borrowings		(266,792)	(260,717)	(266,792)	(260,717)
<b>Net cash used in financing activities</b>		<b>(532,381)</b>	<b>(527,578)</b>	<b>(532,381)</b>	<b>(527,578)</b>
<b>Increase/ (decrease) in cash and cash equivalents for the year</b>					
Cash and cash equivalents at the beginning of the year		5,343,567	6,858,296	5,311,313	6,825,015
<b>Cash and cash equivalents at the end of the year</b>		<b>4,948,203</b>	<b>5,343,567</b>	<b>4,911,752</b>	<b>5,311,313</b>

## Notes to the financial statements for the year ended 30 January 2020

### 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 (FRS 102) 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 trustees have prepared forecasts for the next twelve months taking into account the impact that COVID-19 pandemic has had and will continue to have on the operation of the charity. The impact of COVID-19 pandemic has been explained in the Trustee's Report. Taking into account the current economic climate and after reviewing the charity's forecasts and projections the trustees believe that additional funding will be required to restart the hostels once permitted. The trustees have been in touch with their bankers who have provided an offer of finance should it be required. The charity therefore continues to adopt the going concern basis in preparing the financial statements.

#### 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.

## Notes to the financial statements *(continued)* for the year ended 31 January 2020

### 1 Accounting policies *(continued)*

#### 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.

#### 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.

## **Notes to the financial statements** *(continued)* *for the year ended 31 January 2020*

### **1 Accounting policies** *(continued)*

#### **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.

#### **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 and estimates**

Preparation of the financial statements requires management to make judgements and estimates. Management consider that in light of recent valuations it is appropriate to assign a residual value to each property and write down the remaining net book value of these assets to the residual value over its estimated useful life. All other judgements and estimates have been addressed in these accounting policies.

#### **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 2020*

**2 Income from donations and legacies**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
<b>Group and charity</b>						
Donations - general	69,829	-	69,829	46,198	-	46,198
Small Hostels Fund	-	-	-	-	700	700
Give Us a Break/ Social Inclusion	-	8,472	8,472	-	8,210	8,210
Explorer Fund	-	18,000	18,000	-	-	-
Legacies	149,357	130,000	279,357	-	-	-
	<u>219,186</u>	<u>156,472</u>	<u>375,658</u>	<u>46,198</u>	<u>8,910</u>	<u>55,108</u>

**3 Income from other trading activities**

	2020 £	2019 £
<b>Group</b>		
Income from SYHA (Trading) Ltd		
- Property management fees	119,160	108,671
- Other income	31,484	34,460
- Catering sales	81,793	96,539
	<u>232,437</u>	<u>239,670</u>
<b>Group &amp; Charity</b>		
Membership income received directly by SYHA	471,906	437,705
	<u>471,906</u>	<u>437,705</u>

Membership categories and prices are:

	2020 £	2019 £
Life	150	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
	<u>3</u>	<u>3</u>

**4 Total resources expended**

	Direct staff costs £	Other direct costs £	Support costs £	Total 2020 £	Total 2019 £
Costs of operating Youth Hostels	3,770,797	3,092,824	967,737	7,831,358	7,822,151
Membership costs	31,678	-	-	31,678	33,734
<b>Total charity</b>	<u>3,802,475</u>	<u>3,092,824</u>	<u>967,737</u>	<u>7,863,036</u>	<u>7,855,885</u>
SYHA (Trading) Limited	118,917	75,614		194,531	206,858
<b>Total group</b>	<u>3,921,392</u>	<u>3,168,438</u>	<u>967,737</u>	<u>8,057,567</u>	<u>8,062,743</u>
<b>Total group 2019</b>	<u>3,731,386</u>	<u>3,433,139</u>	<u>898,218</u>	<u>8,062,743</u>	

**Notes to the financial statements** (continued)  
for the year ended 31 January 2020

**4 Total resources expended (continued)**

	<b>2020</b>	2019
	<b>£</b>	£
<b>Other direct costs</b>		
Repairs and maintenance of buildings and equipment	<b>628,132</b>	625,399
Fuel, telephone, cleaning and laundry	<b>936,576</b>	974,068
Catering and store purchases	<b>469,667</b>	468,025
Interest payable on bank loans	<b>85,589</b>	86,861
Marketing and publications and social inclusion costs	<b>214,241</b>	270,145
Rent, rates and insurance	<b>428,237</b>	571,608
Operating lease rentals	<b>10,068</b>	9,790
Land and buildings	<b>19,620</b>	18,794
Fixtures, fittings and equipment	<b>376,308</b>	408,449
Other direct costs	<b>3,168,438</b>	3,433,139
	<hr/> <hr/>	<hr/> <hr/>
<b>Support costs</b>		
Depreciation	<b>671,653</b>	609,689
Governance costs	<b>64,977</b>	78,957
Auditors' remuneration	<b>18,500</b>	20,500
Audit fees	<b>212,607</b>	189,072
Administration	<b>967,737</b>	898,218
	<hr/> <hr/>	<hr/> <hr/>

**5 Staff numbers and costs**

	<b>Group</b>	Group	<b>Charity</b>	Charity
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£</b>	£	<b>£</b>	£
Wages and salaries	<b>3,589,073</b>	3,488,378	3,589,073	3,488,378
Social security costs	<b>258,611</b>	241,666	258,611	241,666
Pension contributions	<b>90,970</b>	67,764	90,970	67,764
Other pension costs	<b>15,313</b>	12,535	15,313	12,535
Redundancy payments	<b>14,180</b>	-	14,180	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>3,968,147</b>	3,810,343	3,968,147	3,810,343

At the year end £13,943 (2019; £3,318) of pension contributions were due to the defined contribution pension scheme.

The pay of key management in the year totalled £197,979 (2019; £202,062). One employee earned remuneration excluding pension contributions which exceeded £60,000 which fell in the band between £80,000 and £90,000 (2019: one employee had remuneration between £90,000 and £100,000).

The average number of employees of the group during the year was 220 this was split 255 high season and 155 low season (2019: average number of employees was 222 split 252 high season; 166 low season). The average number of charity employees was 213 (2019; 215).

Members of the Board receive no salary. Out of pocket expenses totalling £nil (2019; £36) which were reimbursed to no (2019; one) Trustees.

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**6 Tangible fixed assets**

Group and charity	Freehold properties £	Long leasehold property £	Short leasehold property £	Assets under construction £	Hostel and office equipment £	Transport £	Total £
<b>Cost</b>							
At 1 February 2019	25,502,229	588,265	123,599	17,119	2,427,098	45,306	28,703,616
Additions	1,238,033	1,374	-	12,219	254,122	-	1,505,748
Disposals	(26,146)	-	-	-	-	-	(26,146)
Transfers	15,500	-	-	(15,500)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2020	26,729,616	589,639	123,599	13,838	2,681,220	45,306	30,183,218
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>							
At 1 February 2019	10,872,641	355,940	123,599	-	1,749,044	28,106	13,129,330
Provided in the year	443,184	20,607	-	-	201,691	6,171	671,653
Disposals	(26,146)	-	-	-	-	-	(26,146)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2020	11,289,679	376,547	123,599	-	1,950,735	34,277	13,774,837
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>							
At 31 January 2020	15,439,937	213,092	-	13,838	730,485	11,029	16,408,381
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2019	14,629,588	232,235	-	17,119	678,054	17,200	15,574,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

All tangible fixed assets were used for charitable purposes.

As at 31 January 2018 SYHA instructed GVA, independent Chartered Surveyors to carry out a valuation exercise on the freehold properties. In addition, in the year to 31 January 2019, a valuation was completed on Glen Nevis Youth Hostel. Those hostels owned by SYHA at 31 January 2020 were valued at £31,005,000 which includes £5,025,000 for the value of the land. This valuation has not been incorporated into the accounts.



**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**7 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:

	2020 £	2020 £	2019 £	2019 £
Turnover		<b>232,437</b>		239,670
Cost of sales	<b>(34,815)</b>		(44,155)	
Administrative expenses	<b>(159,716)</b>		(162,703)	
		<b>(194,531)</b>		(206,858)
Profit for the period		<b>37,906</b>		32,812
Distribution to parent company under gift aid		<b>(37,906)</b>		(32,812)
Net assets carried forward		<b>≡</b>		<b>≡</b>

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 £37,906 (2019: £32,812), which will be paid to the parent company within 9 months of the year end.

**8 Stocks**

<b>Group and charity</b>	<b>2020 £</b>	2019 £
Consumable stores	<b>11,416</b>	11,667
Goods for resale	<b>21,368</b>	21,032
	<b>32,784</b>	32,699

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**9 Debtors**

	<b>Group 2020 £</b>	Group 2019 £	<b>Charity 2020 £</b>	Charity 2019 £
Trade debtors	<b>33,928</b>	18,372	<b>33,928</b>	18,372
Prepayments and accrued income	<b>262,318</b>	225,669	<b>262,318</b>	225,669
Other debtors	<b>3,059</b>	484	<b>3,059</b>	484
Amounts owed by group company	-	-	<b>36,351</b>	32,154
	<b>299,305</b>	244,525	<b>335,656</b>	276,679

**10 Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	Group 2019 £	<b>Charity 2020 £</b>	Charity 2019 £
Bank loans	<b>273,009</b>	266,792	<b>273,009</b>	266,792
Trade creditors	<b>683,449</b>	489,506	<b>683,449</b>	489,506
Social security and other loans	<b>146,055</b>	188,855	<b>146,055</b>	188,855
Other creditors	<b>8,430</b>	8,671	<b>8,430</b>	8,671
Accruals	<b>253,372</b>	235,060	<b>253,372</b>	235,060
Defined benefit pension scheme debt	<b>180,000</b>	180,000	<b>180,000</b>	180,000
Deferred income (note 11)	<b>1,752,544</b>	1,736,419	<b>1,752,544</b>	1,736,419
	<b>3,296,859</b>	3,105,303	<b>3,296,859</b>	3,105,303

**11 Deferred income**

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

<b>Group and charity</b>	<b>2020 £</b>
Balance at 1 February 2019	<b>1,736,419</b>
Amounts released to incoming resources	<b>(1,736,419)</b>
Amounts deferred in the year	<b>1,752,544</b>
Balance as at 31 January 2020	<b>1,752,544</b>

**12 Creditors: Amounts falling due after more than one year**

<b>Group and charity</b>	<b>2020 £</b>	2019 £
Bank loans	<b>3,726,498</b>	3,999,507
Defined benefit pension scheme debt	<b>1,080,000</b>	1,260,000
	<b>4,806,498</b>	5,259,507

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**13 Bank loans**

Bank loans are repayable in instalments as follows:

	<b>Group 2020</b>	Group 2019	<b>Charity 2020</b>	Charity 2019
	£	£	£	£
Within one year	<b>273,009</b>	266,792	<b>273,009</b>	266,792
After one year and within two years	<b>279,370</b>	273,009	<b>279,370</b>	273,009
After two years and within five years	<b>877,778</b>	857,791	<b>877,778</b>	857,791
After five years	<b>2,569,350</b>	2,868,707	<b>2,569,350</b>	2,868,707
	<hr/>	<hr/>	<hr/>	<hr/>
Total borrowings	<b>3,999,507</b>	4,266,299	<b>3,999,507</b>	4,266,299
Cash at bank and in hands	<b>(4,948,203)</b>	(5,343,567)	<b>(4,911,752)</b>	(5,311,313)
	<hr/>	<hr/>	<hr/>	<hr/>
Net funds	<b>(948,696)</b>	(1,077,268)	<b>(912,245)</b>	(1,045,014)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The bank loan of £3,999,507 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 2032.

**14 Defined benefit pension scheme debt**

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

<b>Group and charity</b>	<b>2020</b>	2019
	£	£
Within one year	<b>180,000</b>	180,000
After one year and within two years	<b>180,000</b>	180,000
After two years and within five years	<b>540,000</b>	540,000
After five years	<b>360,000</b>	540,000
	<hr/>	<hr/>
Total debt	<b>1,260,000</b>	1,440,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**15 Funds analysis**

<b>Group</b>	<b>Funds at 1 February 2019 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Funds at 31 January 2020 £</b>
<i>Restricted</i>					
Social Inclusion	47,795	26,472	(56,535)	<b>30,000</b>	<b>47,732</b>
Small Hostels Fund	61,996	130,000	(4,434)	-	<b>187,562</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	109,791	156,472	(60,969)	<b>30,000</b>	<b>235,294</b>
<i>Unrestricted</i>	12,720,476	8,656,144	(7,996,598)	<b>(30,000)</b>	<b>13,350,022</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	12,830,267	8,812,616	(8,057,567)	-	<b>13,585,316</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<b>Charity</b>	<b>Funds at 1 February 2019 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Funds at 31 January 2020 £</b>
<i>Restricted</i>					
Social Inclusion	47,795	26,472	(56,535)	<b>30,000</b>	<b>47,732</b>
Small Hostels Fund	61,996	130,000	(4,434)	-	<b>187,562</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	109,791	156,472	(60,969)	<b>30,000</b>	<b>235,294</b>
<i>Unrestricted</i>	12,720,476	8,461,613	(7,802,067)	<b>(30,000)</b>	<b>13,350,022</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	12,830,267	8,618,085	(7,863,036)	-	<b>13,585,316</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**15 Funds analysis (continued)**

Group	Funds at	Income	Expenditure	Funds at
	1 February			2019
	2018			2019
	£	£	£	£
<i>Restricted</i>				
Social Inclusion	56,035	58,210	(66,450)	<b>47,795</b>
Small Hostels Project	45	-	(45)	-
Environmental/Rustic/Rural	9,590	-	(9,590)	-
Small Hostels Fund	63,395	700	(2,099)	<b>61,996</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	129,065	58,910	(78,184)	<b>109,791</b>
<i>Unrestricted</i>	12,113,481	8,591,554	(7,984,559)	<b>12,720,476</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	12,242,546	8,650,464	(8,062,743)	<b>12,830,267</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Charity	Funds at	Income	Expenditure	Funds at
	1 February			2019
	2018			2019
	£	£	£	£
<i>Restricted</i>				
Social Inclusion	56,035	58,210	(66,450)	<b>47,795</b>
Small Hostels Project	45	-	(45)	-
Environmental/Rustic/Rural	9,590	-	(9,590)	-
Small Hostels Fund	63,395	700	(2,099)	<b>61,996</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	129,065	58,910	(78,184)	<b>109,791</b>
<i>Unrestricted</i>	12,113,481	8,384,696	(7,777,701)	<b>12,720,476</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	12,242,546	8,443,606	(7,855,885)	<b>12,830,267</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Social Inclusion**

Provident Financial provided funds for youth programmes. In addition, SYHA raised funds for Youth Programmes through online and collection tin donations and in 2019-2020 set aside £30,000 from Membership Income towards the Explorer Fund. During 2019-2020, 30 groups were granted funding with the funds remaining at 31 January 2020 to be used throughout 2020.

**Small Hostels Fund**

The small hostels fund value is to be used for improvements to the smaller hostels in the network. During the year a £130,000 legacy was received and £4,434 was expended on furniture for Achmelvich Beach.

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

**16 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Group</b>			
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>
<b>Charity</b>			
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>
	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Group</b>			
Tangible fixed assets	15,574,286	-	15,574,286
Current assets	5,511,000	109,791	5,620,791
Current liabilities	(3,105,303)	-	(3,105,303)
Long term liabilities	(5,259,507)	-	(5,259,507)
	<u>12,720,476</u>	<u>109,791</u>	<u>12,830,267</u>
<b>Charity</b>			
Tangible fixed assets	15,574,286	-	15,574,286
Investments	100	-	100
Current assets	5,510,900	109,791	5,620,691
Current liabilities	(3,105,303)	-	(3,105,303)
Long term liabilities	(5,259,507)	-	(5,259,507)
	<u>12,720,476</u>	<u>109,791</u>	<u>12,830,267</u>

**Notes to the financial statements** *(continued)*  
*for the year ended 31 January 2020*

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

	<b>Group</b> <b>2020</b> £	Group 2019 £	<b>Charity</b> <b>2020</b> £	Charity 2019 £
Surplus of income over expenditure	<b>755,049</b>	587,721	<b>755,049</b>	587,721
Depreciation	<b>671,653</b>	609,689	<b>671,653</b>	609,689
Interest and similar income	<b>(36,096)</b>	(22,617)	<b>(36,096)</b>	(22,617)
Interest payable	<b>85,589</b>	86,861	<b>85,589</b>	86,861
Profit on sale of tangible fixed assets	-	(150)	-	(150)
Decrease/(increase) in stock	<b>(85)</b>	(2,344)	<b>(85)</b>	(2,344)
Decrease/(increase) in debtors	<b>(54,780)</b>	(138,881)	<b>(58,977)</b>	(137,854)
Increase in creditors	<b>185,339</b>	65,384	<b>185,339</b>	65,384
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	<b>1,606,669</b>	1,185,663	<b>1,602,472</b>	1,186,690
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**18 Analysis of changes in net debt**

	<b>Group</b> <b>2020</b> £	Group 2019 £	<b>Charity</b> <b>2020</b> £	Charity 2019 £
As at 1 February 2019	<b>(362,762)</b>	(711,279)	<b>(394,986)</b>	(677,998)
Net cash inflow/ (outflow)	<b>51,428</b>	348,517	<b>47,231</b>	283,012
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 January 2020	<b>(311,304)</b>	(362,762)	<b>(347,755)</b>	(394,986)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	As at 1 February 2019 £	Group Cashflows £	As at 31 January 2020 £	As at 1 February 2019 £	Charity Cashflows	As at 31 January 2020
Cash	5,343,567	(395,364)	<b>4,948,203</b>	5,311,313	(399,561)	<b>4,911,752</b>
Loans	(4,266,299)	266,792	<b>(3,999,507)</b>	(4,266,299)	266,792	<b>(3,999,507)</b>
Pension scheme debt	(1,440,000)	180,000	<b>(1,260,000)</b>	(1,440,000)	180,000	<b>(1,260,000)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(362,762)</b>	51,428	<b>(311,304)</b>	<b>(394,986)</b>	47,231	<b>(347,755)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements** *(continued)*  
 for the year ended 31 January 2020

**19 Leasing commitments**

The future minimum operating lease payments are as follows:

	<b>2020</b>	2019
<b>Group and charity</b>	<b>£</b>	<b>£</b>
Within one year	<b>28,678</b>	29,373
Between one and two years	<b>28,678</b>	29,373
Between two and five years	<b>78,954</b>	40,544
Five years and over	<b>674,190</b>	655,960
	<hr/> <b>810,500</b> <hr/>	<hr/> 755,250 <hr/>

**20 Capital commitments**

	<b>2020</b>	2019
<b>Group and charity</b>	<b>£</b>	<b>£</b>
Capital expenditure authorised and contracted for	<b>7,595</b>	-
	<hr/> <b>7,595</b> <hr/>	<hr/> - <hr/>

**21 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 £37,906 (2019: £32,812 were gift aided to Scottish Youth Hostel Association) in the year.

**22 Events after the balance sheet date**

The COVID-19 outbreak post year has presented new challenges and risks to the business but in view of the substantial uncertainty related to the magnitude and duration, it is impossible to predict the impact of COVID-19 on its markets and activities. The COVID-19 outbreak is considered a non-adjusting subsequent event.