



Financial Statements

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

For the year ended 31 January 2024

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 2024

Scottish Youth Hostels Association (operating as Hostelling Scotland) is a registered Scottish charity No. SC01318 and a company limited guarantee, registered in Scotland, No. SC310841.

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:

| | | |
|---------------------|-----------|-----------------------|
| Claire McCorquodale | (2023-26) | Re-appointed 16.09.23 |
| Paul Randall | (2022-25) | Re-appointed 17.09.22 |
| Sophie Bell | (2021-24) | Re-appointed 04.09.21 |
| Martin Davidson | (2022-25) | Appointed 19.11.22 |
| Donald Martin | (2021-24) | Appointed 04.09.21 |
| Yvonne Milne | (2022-25) | Appointed 19.11.22 |
| Jennifer Ruddick | (2020-23) | Retired 16.09.23 |
| Robert Swinfen | (2021-24) | Appointed 04.09.21 |
| Carolyn Wright | (2022-25) | Appointed 19.11.22 |
| Andrew Aldous | (2023-26) | Appointed 16.09.23 |
| Catherine Ratcliff | (2023-26) | Appointed 16.09.23 |

Executive Management

| | |
|---|------------------|
| Chief Executive & Company Secretary: | Margo S Paterson |
| Director of Operations & Deputy Chief Executive: | Sabine Mackenzie |
| Director of Property & Health and Safety | Audrey Greenwood |

| | | |
|---------------------------|---|--|
| Registered Office: | 7 Glebe Crescent Stirling FK8 2JA | Telephone: 01786 891400 Facsimile: 01786 891333 Email: info@hostellingscotland.org.uk Website: www.hostellingscotland.org.uk |
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Legal and administrative information (continued)
for the year ended 31 January 2024

| | |
|----------------------------|--|
| 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 |
| Auditor: | Henderson Loggie LLP 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 (including Strategic Report)

The Trustees present their report and financial statements for the year ended 31 January 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and "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 UK and Republic of Ireland (FRS 102)".

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'.

Patron

SYHA was honoured to have HRH The Prince Philip, Duke of Edinburgh, ^{KG, KT, OM, GCVO, GBE, ONZ, QSO, AK, GCL, CC, CMM} as patron for many years.

Our Values

- We promote our charitable objectives by being open to all.
- We work together with pride and integrity to get things done.
- We are committed to operating in an environmentally sustainable way.
- We actively promote and take equality, diversity and inclusion into account in everything that we do.
- We pledge to give back and provide young people and families, who otherwise wouldn't have the opportunity, the chance to experience Scotland and develop their skills for life, learning and work.
- We empower our teams by providing a fair work environment with meaningful opportunities for advancement.
- We work proactively in partnership with local communities, authorities and agencies.

Our Mission

Inspire all, especially young people to experience Scotland through the provision of great value and welcoming hostelling accommodation.

Our Vision

Staying true to our values, we offer the best hostelling experience throughout Scotland for everyone.

The Board of Trustees approved the following post-Covid Recovery Strategy 2023-2025:

Recovery Strategy 2023-25

Hostelling Scotland (also known as Scottish Youth Hostels Association) exists to inspire all, but especially young people, through the provision of great value and welcoming hostelling accommodation.

Our charitable objectives and our values will be central to the delivery of our 2023-2025 Recovery Strategy.

Trustee Report (continued)

The 2023-2025 Recovery Strategy concentrates on improving the long term viability of the organisation through meaningful activities that will have the greatest impact on retained surpluses.

This will provide Hostelling Scotland with the necessary reserves to develop, invest and grow the organisation ahead of the Centenary in 2031.

Strategy Aims & Activities

This Recovery Strategy is built on four central and interdependent themes.

1. Nurture our Charitable Objectives and Activities

- a) Progress a governance framework that fulfils our social responsibilities in particular focusing on improving diversity and inclusion opportunities.
- b) Develop partnership and community engagement initiatives that promote the good work and reputation of the organisation.
- c) Formulate a plan to enable the relaunch of youth and family explorer programmes and volunteering opportunities.

2. Foster a Culture of People Development

- a) Create an environment that promotes diversity, inclusiveness and engagement.
- b) Provide personal growth opportunities for everyone.

3. Operate and Promote our Hostels Sustainably and Responsibly

- a) Protect the assets through enhancement and development of our estate, hostel facilities, website and systems including where possible implementation of initiatives that will improve accessibility.
- b) Deliver the best, affordable and flexible hostelling experiences.
- c) Inspire travel and promote the Hostelling experience to a wider audience, encouraging adoption as a lifestyle choice.
- d) Develop an environmental plan to support the delivery of responsible tourism specific to the hostelling sector thereby reducing our carbon footprint and improving operational efficiency.

4. Protect our Financial Future

- a) Rebuilding of cash reserves to allow for future expansion and financial growth.

Outcome of 2023-24 Objectives

1. Strategic Aim: Nurture our Charitable Objectives and Activities

- a) Progress a governance framework that fulfils our social responsibilities in particular focusing on improving diversity and inclusion opportunities.

2023-24 objectives:

- **Trustees to connect with their network and external organisations to promote involvement in governance.**

Achieved. Trustees had active involvement ahead of 2024 call for applications to stand for Board Election resulting in a higher level of interest.

Trustee Report (continued)

- **Board of Trustees to review the effectiveness of the current governance recruitment processes and bring forward a programme of recommendations for change ahead of the call for nominations 2024.**

Achieved, with changes made in advance of the 2024 call for nominations resulting in the recruitment process being shared via social media channels in particular business network platform LinkedIn.

- b) **Develop partnership and community engagement initiatives that promote the good work and reputation of the organisation.**

2023-24 objectives:

- **Through social media storytelling and media communications, grow awareness of Hostelling Scotland as a sustainable charity to the broadest possible audience.**

Achieved. This is achieved through the use of current social channels and the successful launch of our Tiktok channel. Across all platforms Hostelling Scotland is maximising reach through Influencer social channels, blogs and Podcasts along with paid advertising.

Media coverage has included:

- Edinburgh Spaniels article in Times Alba.
 - WoofHostelling press trips to Glasgow and Oban have taken place working with DogFriendly.co.uk, featuring in their monthly newsletters.
 - Kathi (Watch me see) solo female travel Podcast.
 - Mother and Daughter trip with Lee, Alice and Phil covered in print by The Herald and also on Podcast.
 - Gabby's Rent-a-Hostel piece in The Scotsman
 - Press trip with Mark Jones (Daily Mail) focussed on dispelling 'Youth' Hostel misconceptions completed
 - Times Alba, editor trip to Loch Ossian had to be cancelled at the last minute due to adverse weather conditions. This will be revisited in the New Year.
 - Newsletters continually enjoying +50% open rate.
- **Grow partnership connections that support, through association, the promotion of hostelling with a particular focus on under-represented groups.**
- Achieved. This has been achieved through:
- The Adventure Syndicate: A series of mini campaigns captured on video and on Podcast including: Boot Camp Aviemore, Lochinver Pie Run, Islay Whisky, Mums and Daughters and Coast to Coast.
 - SOYT: Eco hostelling trip to Loch Ossian helped promote youth group travel, responsible tourism and celebrated inclusivity, diversity and the social aspect of hostelling.
 - HI: A closer working relationships with Hostelling International and Member Associations individual marketing teams is work in progress. A content sharing platform has now been established and regular meetings will be scheduled across 2024 to share best practice and encourage broader cross member association (international) promotion.
 - Lochaber Chamber of Commerce: Press trip with Mark Jones (Daily Mail) was done in partnership with Lochaber Chamber who worked with local activity providers and food and drink businesses in the provision of activities and fresh local ingredients for him to prepare in the hostel's self-catering kitchen.

Trustee Report (continued)

- Girls on Hills: Future partnership agreed and projects for the 2024 season at the planning stage.
Girls on Hills have already announced on their social channels that they will be teaming up with SYHA for events in the New Year.

c) Formulate a plan to enable the relaunch of youth and family explorer programmes and volunteering opportunities.

2023-24 objectives:

- **Assess the role of Charity Youth Engagement Officer to ensure it best meets the needs of the charity in delivering youth and family breaks.**

In progress. The Youth Engagement Coordinator job description is being finalised. The post has been included in 2024-25 budget.

- **Working with key partners to provide access to youth and family breaks.**

Achieved. Parent Network Scotland weekend has taken place in Lochranza and discussions have commenced in regards to ideal hostel location to support families and children. Throughout the year through the Respite Breaks partnership, Hostelling Scotland has offered short bed and breakfast breaks including an end of year carer's event which took place in Glasgow Youth Hostel in November 2023.

- **Provide opportunities for individuals to apply for volunteer projects.**

Achieved. Hostelling Scotland has hosted volunteer projects in Loch Ossian and Gairloch Youth Hostels. Both have been with pre-existing contacts and the project work (primarily maintenance and upkeep) was agreed mutually and scoped out directly based on the individuals' time available and capabilities.

Furthermore the existing volunteer policy, volunteer contract and volunteer guidance notes for managers have been updated.

Next step is the HR team to attend the postponed volunteer strategy course in the New Year (2024) with a view to expanding the volunteer programme.

2. Strategic Aim: Foster a Culture of People Development

a) Create an environment that promotes diversity, inclusiveness and engagement.

2023-24 objectives:

- **Create a new induction programme that equips employees with the knowledge and tools to succeed in their role.**

Achieved ready for the 2024 season. A more detailed Group Manager Induction programme has been developed which includes off-site training at Head Office, Stirling and work shadowing another Group Manager.

The standard employee induction schedule was also refreshed for 2023 but ahead of 2024 this has been further developed with core training now accessible via an online platform.

Trustee Report (continued)

This will cover topics to include:

- safeguarding
 - GDPR
 - food safety
 - health and safety
 - Training on absence management course for managers to focus on absence reduction and managing absences correctly
- **Develop communications within the organisation to include re-energising the employee forum.**
Achieved. Development of the structure of monthly management team meetings with Head Office and Group Managers.

The in person pre and post season Group Hostel Manager Meetings now include an invite to all Head Office employees. This provides an opportunity to catch up and share information with hostel colleagues.

Information on individual hostel financial outcomes and guest feedback is now cascaded to all hostels.

Developments within technology allows us to invite representatives from hostels to communicate on an internal platform via video conference or call.

All employees can now access their own information and company policies via our HR information system.

The format of the colleague forum has being finalised with the relaunch planned in the first business period of 2024-25 when the network reopens for the season.

b) Provide personal growth opportunities for everyone.

2023-24 objective:

- **Provide opportunities for personal development that enhance employee skills to facilitate career progression within the organisation.**

Achieved. The internal promotion development plan has allowed for appointment of the following promoted roles within the organisation; 3 Supervisors, 3 Duty Managers, 2 Managers (Hostel and Relief), 1 Group Manager and 1 IT Manager.

Mentoring and coaching sessions are in place for new manager posts supporting and equipping colleagues with the knowledge and the confidence to perform in their roles.

3. Strategic Aim: Operate and Promote our Hostels sustainably and responsibly

a) Protect the assets through enhancement and development of our estate, hostel facilities, website and systems and including where possible implementation of initiatives that will improve accessibility.

2023-24 objectives:

- **Refresh the website by improving navigation and product information to enable guests to access content improving their browsing and booking experience.**

Achieved. Improvements have been made to wording and imagery on the current website which includes changes to the access guide and hostel facts sheets making them easier to update and access.

Trustee Report (continued)

The current website while migrating to the latest version of Umbraco has been streamlined with initial discussions on future website development taking place in advance of 2024 plans with a view to making the main interface and booking experience seamless for everyone.

In tandem with the website refresh to improve search engine optimisation, we have also updated Hostelling Scotland Google AdWords in an effort to make online advertising easier and more effective. This will allow us to target ads to google on a regular basis to promote traffic and various promotions.

Throughout the hostel network the broadband connectivity has been improved. By doing this it allows all users to access systems a lot quicker with better connected speeds.

Linked to the Rowardennan Legacy project we were also approached by BT Open Reach to have full fibre broadband installed free of charge. This is part of the government's broadband rural project to get fast broadband to remote locations, providing faster broadband and full Wi-Fi coverage which will allow our guests and employees to keep in touch with family and friends while at the hostel.

- **Completion of phase 1 of Rowardennan legacy project in March 2023 and commencement of phase 2 from October 2023.**

Achieved. Phase 1 of the project to create washroom facilities is complete.

Phase 2 is underway with work having commenced January 2024.

- **Upgrading of composting toilets in Loch Ossian.**

In Progress. Working in partnership with a specialised company, a solution is being sourced that will improve the facilities during the 2024 season. This project will be funded through the Small Hostels Fund.

- **Replacement of roofs at Ullapool and Glenbrittle.**

Achieved. Roof works have been successfully completed on both properties.

- **Feasibility assessment of Braemar Youth Hostel refurbishment works**

Achieved. Contractor appointed January 2024.

- **Develop a small hostels project from donation received.**

In progress. Having also considered Gairloch and Ratagan, Achmelvich Beach has been identified as the hostel that would benefit most from additional works that would enhance the guest comfort. These works will be carried in 2024.

b) Deliver the best, affordable and flexible hostelling experiences.

2023-24 objectives:

- **Enhance the guest experience and stay satisfaction through the improvement of in room guest facilities including washrooms.**

Achieved. Enhancements have taken place across the network to increase comfort which includes window dressings and midge screens fitted in three hostels. Under bed storage lockers purchased for Rowardennan, new beds for Portree and Broadford and bed side lamps procured for Stirling. Inverness received new self-catering dining chairs.

Trustee Report (continued)

Additional furniture has also been purchased for Glasgow to complete the public area upgrade. Furthermore, the lounge and dining furniture from Aberdeen was repurposed and transferred up to Pitlochry. Additional furnishings from Aberdeen, namely bedframes, mattresses, lounge chairs and tables have been placed into storage awaiting completion of the works in Braemar. A full replacement of beds and mattresses were procured for Ratagan and the mattresses awaiting replacement in Aviemore have also been installed improving the look and comfort for our guests.

A programme for upgrading shower rooms and a project to provide additional sockets in all bedrooms has been developed to be rolled out in 2024.

- **Develop the hostelling catering provision with a particular focus on breakfast delivery and availability of food and beverage choices.**

Achieved. The food and drink section of the website has been updated with the inclusion of sample menus for Edinburgh and Cairngorm Lodge.

To encourage early booking and additional uptake, all guests that book a bed and breakfast package at the point of booking will receive a small discount.

Improvements have been made to promote the availability of hostelling food & drink through better pre-arrival communications, signage, menus and introduction of in-house QR codes to help raise awareness of what is on offer. Improvements have also been made to the visual display of breakfast across all hostels.

In response to feedback from guests and team, the breakfast price was reduced which has had a positive impact on perceived value.

- **Enhance customer responsiveness through developing team product knowledge and improving processes and guest communications.**

Achieved. Pre-arrival communications and hostel information has been centralised directing all guests to one point which is accessed through a link to the hostel website page. This has created a better guest experience and internally is managed when hostel details have to be updated.

Rolling out the room plan (showing available beds and rooms) of each hostel to be visible across all sites through the Central Reservations System has improved guest response time and onward sales for the network.

Head Office Reservations team pre-season conducted site visits to expand their knowledge of the hostels which has greatly supported them through the season when speaking to guests.

A new sales system has been developed and is in the process of being rolled out across the hostel network. The system provides a smoother process for employees to offer and sell various food and beverage products.

- c) **Inspire travel and promote the Hostelling experience to a wider audience, encouraging adoption as a lifestyle choice.**

2023-24 objectives:

- **Through targeted marketing activities and supported by influencer/partnership working, stimulate travel by celebrating hostelling's core strengths to include:**

Trustee Report (continued)

- **Fantastic and unique locations**
- **Affordable, flexible, informal and welcoming accommodation that is open to all.**
- **Part of the communities in which we operate and supporting responsible and sustainable travel.**

Achieved. We have welcomed 27 influencers, press or partnership related trips during 2023-24. Key themes have focused on dispelling misconceptions of hostelling, highlighting safe and welcoming hostel accommodation, sustainable active travel, solo female travel, affordable and flexible family travel, inclusion and diversity, adventure tourism, eco-tourism, and support of local communities. Through our social channels we have looked to inspire future travel plans by promoting affordable accommodation in unique and stunning locations, the social aspect of hostelling, sustainability, cultural city breaks, dog friendly 'WoofHostelling' escapes and the range of food and drink available for our guests to enjoy.

d) Develop an environmental plan to support the delivery of responsible tourism specific to the hostelling sector thereby reducing our carbon footprint and improving operational efficiency.

2023-24 objective:

- **Working in partnership with VisitScotland and Keep Scotland Beautiful, progress a climate action plan.**

On-going. We continue to work with VisitScotland who are a key partner in supporting the delivery of the Scotland Outlook 2030. They provide us with excellent resources and guidance on our continuous journey to being a Responsible Tourism organisation.

We are reviewing how we can work in partnership on what more Hostelling Scotland can do to inspire action and changes in behaviour that will make a positive environmental difference.

On a day to day basis we have removed single use plastic products such as cups, straws and plastic bottles and where possible we use refillable soap dispensers. LED lighting is also being installed across the network and whenever feasible, we will work with local food and drink suppliers.

Whenever possible we will always partner with third sector organisations to donate old Hostelling Scotland bedding, towels, uniforms, furniture so they can be reused or repurposed – locally where possible.

The organisation is progressing with a three year programme that will focus on upgrading bike sheds in the most popular locations which will improve facilities for cyclists and include provision of e-bike charging points.

Throughout the year in our Marketing communications we have championed the message to our guests that we all have a responsibility to travel in a sustainable and responsible manner (Responsible travel). We have consistently shared sustainable travel options to include walking, bike-packing and train travel.

Hostelling Scotland continues to progress with ensuring that sustainable options are being considered when hostel upgrades and refurbishment are being carried out.

Trustee Report (continued)

4. Strategic Aim: Protect our Financial Future

a) Rebuilding of cash reserves to allow for future expansion and financial growth.

2023-24 objectives:

- **Continual review of hostel pricing strategy**

Achieved. All hostel business including availability and pricing is reviewed at the monthly revenue meetings which is attended by all members of the Central Management team.

Furthermore, Hostel Managers in partnership with the Reservation Manager review competitor pricing, hostel peaks and troughs, guest feedback and with their awareness of special events work towards driving accommodation income when demand is higher and look to increase volume through promotional offers during less popular days/months.

The team also ensures that the all accommodation is available to book for all hostels as far in advance as possible.

- **Explore potential cost efficiencies and additional income streams**

Achieved. Utility savings have been made across the network of 14% for electricity and 7% for Gas.

Renegotiation of electricity contracts following the 2022 unit cost increases will make savings in the winter months ahead.

Detailed review of billing and usage has resulted in capacity reductions being made in Glen Nevis and Edinburgh.

Installation of energy saving monitors in Edinburgh which will monitor usage 24 hours in all areas allowing for improvements to be made within Edinburgh Central Youth Hostel and the learnings are to be implemented in hostels across the network.

We have extended the wild camping area at Rowardennan Youth Hostel and developed the food and beverage offering at Edinburgh Central Café in addition to introducing a loyalty card to encourage repeat local business.

Furthermore we have made significant progress in our bid to becoming a paperless organisation with the HR Department progressing with contracting new employees electronically and moving all employee information online. Cost benefits are being realised through reduced printing, postage and paper costs.

In preparation of landlines phones expected to be phased out in 2025, all hostels have been moved onto our new VOIP telephone system called RingCentral. Having all locations on the same connected phone system allows us to connect with everyone in the organisation via a variety of methods (voice, messaging, video calls). This has meant that cost savings have been made as we no longer have to pay for telephone lines at each hostel location and calls will be cheaper.

- **Work with online third party agents in the delivery of targeted promotions**

Achieved. Hostelling Scotland has and is successfully running promotions in Perth, Cairngorm Lodge, Oban, Glasgow and Inverness. Running these promotions during periods of low demand has increased visibility to the hostel network and ensured the listing is featured more often than not on the first page.

Trustee Report (continued)

Winter 'Late Escape' deal has been introduced on third parties to drive volume to open hostels and generate additional base business for the winter months.

- **Sale of Aberdeen Youth Hostel**
Achieved. Aberdeen Youth Hostel was sold on 10th October 2023.
- **Research the potential to expand Hostelling Scotland student residency services**
Ongoing. Discussions continue with Orkney College and Heriot Watt University with view to Kirkwall Youth Hostel being available for student use over the winter period. The Perth Residency three year contract was successfully extended by one more year to 31st August 2024.
- **Consider rescheduling of borrowing**
Achieved. Part settlement of the CBILS loan, thus reducing interest payments.

The impact of these measures is included later in the Financial Statements.

The Board of Trustees approved the following Objectives for 2024-25:

1. Strategic Aim: Nurture our Charitable Objectives and Activities

a) Progress a governance framework that fulfils our social responsibilities in particular focusing on improving diversity and inclusion opportunities.

2024-25 objectives:

- Launch of annual Trustee teambuilding and governance day.
- Review of Articles of Association

b) Develop partnership and community engagement initiatives that promote the good work and reputation of the organisation.

2024-25 objectives:

- Develop opportunities with new and existing partners, raising awareness of Hostelling Scotland to our core 'Adventure Seeking /Outdoor Enthusiast' audience.
- Promote sustainable travel and the benefits of hostel accommodation over alternatives such as wild camping and bothies.
- Champion the "good element" of Hostelling to all social backgrounds, in particular under-represented groups, to highlight that hostelling is open for all.

c) Formulate a plan to enable the relaunch of youth and family explorer programmes and volunteering opportunities.

2024-25 objectives:

- Creation of the role of Youth Engagement Coordinator
- Provision of work placement and volunteer opportunities to support network opening and end of season close down of hostels.

2. Strategic Aim: Foster a Culture of People Development

a) Create an environment that promotes diversity, inclusiveness and engagement.

2024-25 objectives:

- Launch of the colleague forum
- Roll out of diversity training for all colleagues
- Regular production of Wellbeing Newsletter

Trustee Report (continued)

b) Provide personal growth opportunities for everyone.

2024-25 objectives:

- Review of current Hostelling Scotland recognition and reward package
- Develop performance review procedures
- Develop a pipeline of talent to feed into our succession plan
- Create a structured mentoring programme

3. Strategic Aim: Operate and Promote our Hostels sustainably and responsibly

a) Protect the assets through enhancement and development of our estate, hostel facilities, website and systems and including wherever possible implementation of initiatives that will improve accessibility.

2024-25 objectives:

- Embark on a 2 year website development programme aimed at improving the web accessibility and online experience including booking journey.
- Upgrade of WI-FI coverage throughout the network in hostels and employee accommodation.
- Strengthen network security by installation of new Firewalls and introducing 24/7/365 security monitoring.
- Completion of Phase Two of Rowardennan Youth Hostel legacy project in May 2024 for re-opening in June 2024.
- Carry forward: Upgrading of composting toilets in Loch Ossian.
- Completion of Braemar Youth Hostel refurbishment works in June 2024 for re-opening in July 2024.
- Development of a Small Hostels project at Achmelvich Youth Hostel.

b) Deliver the best, affordable and flexible hostelling experiences.

2024-25 objectives:

- Commence on a 2 year programme (Feb 2024 to January 2026) of improving shared dorm accommodation comfort and facilities through the provision of adequate secure storage for each guest and ensuring sufficient availability of plug and USB points.
- Enhancement of self-catering facilities and opening hours across the network.
- Relaunch of customer feedback form to provide better understanding of guests' needs.

c) Inspire travel and promote the Hostelling experience to a wider audience, encouraging adoption as a lifestyle choice.

2024-25 objectives:

- Develop our in-hostel and online messaging, raising awareness of Hostelling Scotland's charitable status, helping to differentiate our organisation and offering guests a tangible benefit from choosing to stay with Hostelling Scotland.
- Continue to invest in influencer activity (recognised as one of the most trusted sources of travel inspiration) raising awareness of Hostelling Scotland to a wider audience, dispelling misconceptions and encouraging trial, especially with those who wouldn't normally consider hostelling.
- Commence the upgrade of bike sheds across the network to provide charging points for E-bikes.

d) Develop an environmental plan to support the delivery of responsible tourism specific to the hostelling sector thereby reducing our carbon footprint and improving operational efficiency.

2024-25 objectives:

- Promote and encourage sustainable travel and responsible tourism through PR opportunities, partnership working, social media and our regular marketing communications.
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Trustee Report (continued)

- Creation of Hostelling Scotland Environment and Sustainability Commitment and Actions charter.

4. Strategic Aim: Protect our Financial Future

a) Rebuilding of cash reserves to allow for future expansion and financial growth.

2024-25 objectives:

- Aim for a surplus of £1M
- Early repayment of CBILs borrowing by August 2024.
- Re-opening of Braemar Youth Hostel following a closure period of 2 years
- Upgrade of facilities at Rowardennan Youth Hostel
- Increase incremental sales and breakfast ratings
- Tender for Energy Consulting Services to support the management of current utility cost challenges.
- Progress with the Perth College tender negotiations to deliver student residence management services and summer hostel accommodation.
- Carry forward: Re-energise the potential to expand Hostelling Scotland student services
- Future project development: conduct a feasibility study to evaluate the opportunities of developing alternative accommodation, reviewing location, practicality and return on investment. This will be completed in advance of submitting a new project proposal to commence in 2025-26.

Review of Annual Activities

Hostelling Guests

We welcomed 317,447 overnight guests (2023: 292,744) during the year, an increase of 8% on the previous year.

Guest profiles were:

- 65% Individuals & Families (2023: 65%)
- 24% Groups (10 persons or more) (2023: 24%)
- 11% Exclusive Private Hire RentaHostel (2023: 11%)

Guest nationalities were:

- 23% Scotland (2023: 26%)
- 29% England, Wales and Ireland (2023: 33%)
- 33% European (2023: 30%)
- 15% Other International (2023: 11%)

Affiliates

24 affiliated hostels within our network welcomed 55,853 overnight guests during the year.

Membership increased to 12,763 (2023: 11,784), with lifetime membership continuing to be popular with 385 new members in this category during 2023-24.

Trustee Report (continued)

Working with Young People & Families

Explorer Fund

We hosted the final postponed group trip as a result of lockdown in 2020 and look forward to re-launching our youth engagement programme in 2024-25.

Respite & Parent Network Scotland

We continued our partnership working throughout 2022-23, with 12 much needed short breaks enjoyed by unpaid carers and families.

Hostelling People

Training

A new suite of online training was launched in 2023 working in partnership with learning platform Virtual College. Courses are tailored to each job level focusing on softer skills, key legislative and health and safety knowledge. Equality, Diversity and Inclusion, data protection, confidentiality in the workplace and fire safety and manual handling training is provided for all employees.

HR System

A new HR Information system went live in 2023 resulting in all contracts being sent digitally enabling quick turnaround for all employee documentation. Colleagues also have access to their own information, with employee information now uploaded securely leading to the achievement of paperless communication and onboarding. This has made significant savings in postal costs and contributes to our environmental objectives.

Volunteers

In 2023-24 we were extremely grateful for volunteer contribution in supporting the hostels to get ready for the start of the season.

Hostelling Operations

65% of all bookings in the year (2023: 65%) were generated through Reservations, at the hostels and on our website, with 35% (2023: 35%) being generated through third party booking engines.

On a basis of 5,443 reviews (2023: 5,057), Hostelling Scotland Guest Reviews scored 94% (2023: 92%) for overall stay, with guests scoring the following for the individual parts of their hostelling experience:

- 92% Good Value (2023: 92%)
- 92% Atmosphere (2023: 94%)
- 92% Cleanliness (2023: 92%)
- 88% Comfort (2023: 88%)
- 88% Facilities (2023: 88%)
- 96% Check in (2023: 94%)
- 94% Service (2023: 94%)
- 96% Location (2023: 96%)

Hostelling Scotland Guest recommendation score was 96% (2023: 95%).

Trustee Report (continued)

VisitScotland Quality Assurance (QA)

Visit Scotland inspected 11 properties, with the remaining hostels having their awards upheld from the inspections completed in 2019 and 2022. All 11 hostels retained their existing grading.

| | Hostels 2023-24 | Network % | Hostels 2022-23 | Network % |
|---------------------------|----------------------------|----------------------|----------------------------|----------------------|
| 4-5 Stars | 16 | 55% | 17 | 57% |
| 3 Star | 10 | 35% | 11 | 37% |
| 1-2 Star | 2 | 7% | 2 | 6% |
| Awaiting Accreditation | 1 | 3% | 0 | 0% |
| Total SYHA Hostels | 29 | 100% | 30 | 100% |

Sustainable Tourism

Post pandemic, Hostelling Scotland took the decision to leave the Green Tourism Business Scheme and is currently reviewing alternative sustainable tourism certification scheme providers that will support the organisation's green credentials and achievement of environmental sustainability objectives.

We consider hostels to be the perfect choice for the sustainable traveller. Within our workplace we are committed to being sustainable in our actions and activities. We will continue to encourage our own people and our guests to make more sustainable choices and to think about their impact on the planet and to looking after the environment.

Hostelling Property

£1,232,261 (2023: £1,057,023) was re-invested into the network during the year. £156,482 (2023: £129,886) was expended on capital, the major elements of this being roof works, washroom enhancements and electrical upgrades. A further £187,047 was expended on the Rowardennan Project and £17,500 on the pre works for the Braemar project. £649,241 (2023: £555,908) was expended on routine property and equipment maintenance and costs relating to statutory compliance and health and safety. £117,343 (2023: £313,846) was spent on furniture and equipment across the network, with the remaining £104,648 (2023: £57,383) spent on upgrading the organisation's information technology infrastructure and system enhancements.

Hostelling Finance

Total operational income was £10,032,371 (2023: £8,407,404) a 19% increase of £1,624,967 on prior year (2023: £3,750,731 increase). Total resources expended was £9,291,251 (2023: £7,441,058), a 25% increase of £1,850,193 (2023: £2,636,707 increase). The resulting surplus of income over expenditure was £741,120 in the year after all costs including depreciation (2023: surplus £966,346).

SYHA (Trading) Ltd. a wholly owned subsidiary trading company generated, in its fourteenth year of trading, incoming resources of £259,193 (2023: £203,197), with resources expended of £206,168 (2023: £153,259) providing a net profit of £53,025 (2023: £49,938), a sum which has been gift-aided to the parent company under deed of covenant.

SYHA gratefully received general donations and legacies of £45,840 (2023: £128,249) along with restricted donations and legacies totalling £39,431 (2023: £36,544). The following expenditure was made from these restricted funds in the year:

- Social Inclusion: £5,824 (2023: £15,139) was expended on social inclusion youth programmes
- Small Hostels Project: £800 (2023: £5,595)
- Property Legacy : £99,648 (2023: NIL)

Trustee Report (continued)

After making all due enquiry, 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 31). Hostelling Scotland reports net surplus in funds for the year ended 31 January 2024 of £741,120 (2023: £966,346 surplus) after providing for all charges, including depreciation. The resulting balance of funds as at 31 January 2024 is £14,364,704 (2023: £13,623,584).

The majority of reserves is represented by the hostels held within tangible fixed assets which are the income generators for the Charity. The Trustees are therefore focused on maintaining and investing in the estate, using the net current assets of Hostelling Scotland to further its charitable objectives.

Hostelling International (HI)

Since our formation in 1931, we have taken an active part in the activities of Hostelling International (HI) which as a global network provides support by driving direct reservations and promoting the mission and quality of the brand on behalf of 61 Youth Hostel Associations around the world, with over 3,000 hostels in 59 countries.

We meet regularly with British and Irish Youth Hostelling Associations and other European national associations to discuss matters of mutual benefit and cooperation.

2024 is an exciting year for HI as it embarks on an ambitious transformation programme. Intent on elevating and strengthening its position as a pioneering global charity and youth hostel member organisation three main work streams are underway; brand, digital transformation and social impact.

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 are delighted to represent the hostelling sector in Scotland on the Council of The Scottish Tourism Alliance (STA) which is the largest member organisation for tourism businesses in Scotland and the leading representative body for its tourism industry.

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;
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

Trustee Report (continued)

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 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. Regular reporting and review of SYHA's risk management process.

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

In 2023-24 we operated 28 Hostels welcoming 317,447 guests, achieving a phenomenal occupancy of 68% which was 8% ahead of 2022-23.

Overall it was a very successful year, the first of the 3 year Recovery Strategy. All hostels in the network enjoyed growth on prior year and we are incredibly proud that all key performance indicators (KPI's) included in our 2023-24 Objectives were in line with or exceeded targets set.

£1.2M was spent in the year on maintenance, health and safety and capital expenditure. Within this, phase 1 of the Rowardennan Youth Hostel legacy works was completed early in the 2023-24 season. Phase 2 commenced in January 2024 and the hostel will re-open from 1st June 2024 with extensive works having been carried out throughout to provide better facilities and experience for our guests.

The sale of Aberdeen Youth Hostel allowed re-investment in Braemar Youth Hostel which we are delighted to be re-opening in July 2024 following a programme of electrical, heating and decoration upgrade works.

RentaHostel and Woofhostelling continue to be extremely popular with our guests, with Glen Nevis being the latest hostel to be included in the Woofhostelling collective from December 2023.

There were many successes in the year as highlighted in the achievements of our 2023-24 Objectives, including the roll out of new bespoke Hostelling Scotland bedding across the network which has proven popular with guests and the rebranding of Edinburgh Central's Café.

Our year has not been without challenges, not least resourcing gaps and losing our Glenbrittle Youth Hostel roof.

Lifetime membership continued to be popular and we are extremely grateful to all our members for their support.

Trustee Report (continued)

Social media channels remained a key source of engagement throughout the year along with communications to our members and followers through regular e-mail and newsletter updates.

At the end of our AGM on 16th September 2023 we welcomed two new Trustees to the Board – Andrew Aldous and Cathy Ratcliff, with Claire McCorquodale having been successfully voted back onto the Board of Trustees.

Thanks to a successful year, we ended the year with a strong cash balance, providing a secure position to move forward into 2024-25, the second year of our Recovery Strategy.

We are extremely grateful to all individuals, trusts, funders and corporate organisations that have supported our charitable objectives during the year - to our own people, for their hard work and dedication 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 continue to achieve our charitable objectives through our financial management, investment in properties and drive to deliver affordable accommodation and services to guests along with our development of and commitment to social tourism and youth programmes.

The Board of Trustees and Directors is committed to rebuilding surpluses to invest back into the Youth Hostelling network 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.

As we look forward to 2024-25, the Hostelling Scotland product and offering continues to be well positioned within the budget accommodation market and for this reason we start this new financial year with confidence.

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 proxy AGM in September 2021, members passed a motion to modernise the articles to allow for members' meetings to be held by electronic means, enabling a larger number of members to view and participate in meetings going forward.

The Board normally meets formally at least four times per annum. 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 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 assigned.

Trustee Report (continued)

The training of Trustees and Directors after election or co-option usually 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.

Auditor

In accordance with the company's articles, a resolution proposing that Henderson Loggie LLP be reappointed as auditor of the company will be put at a General Meeting.

Trustee Report (continued)

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

Claire McCorquodale

Claire McCorquodale - 2024-06-26, 09:15:09 UTC

Claire McCorquodale
Chair

Margo Paterson

Margo Paterson - 2024-06-26, 11:26:15 UTC

Margo Paterson
Chief Executive

Standard operating policies for the year ended 31 January 2024

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

Reserves

The reserves policy of Hostelling Scotland 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. Hostelling Scotland 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 Hostelling Scotland's heritable properties, along with strict cash management and the ability where necessary to borrow funds or sell property, 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


Claire McCorquodale – 2024-06-26, 09:15:09 UTC

Claire McCorquodale
Chair


Margo Paterson – 2024-06-26, 11:26:15 UTC

Margo Paterson
Chief Executive

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland)

Opinion

We have audited the financial statements of Scottish Youth Hostels Association (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 January 2024 which comprise the Group and Charity Statements of Financial Activities (incorporating the Income and Expenditure accounts), the Group and Charity Balance Sheets, the Group and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 parent charitable company's affairs as at 31 January 2024 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 trustees' (who are also the directors of the charitable company for the purpose of company law) 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 group and parent 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 trustees 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 annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- the information given in the Trustees' Report (incorporating the Strategic report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 set out on page 35, the trustees (who are also the directors of the parent 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 and parent charitable company'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

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 regulations made under those Acts.

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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the group and parent charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent charitable company. We determined that the following were most relevant: FRS 102 Health and safety legislation, employment law (including Working Time Directive), and compliance with the UK Companies Act, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts Regulations 2006
- We considered the incentives and opportunities that exist in the group and parent charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group and parent charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board and management meeting minutes for discussions of irregularities including fraud;
- Review of correspondence with the regulator, where applicable;

Independent Auditor's Report to the Trustees and Members of the Scottish Youth Hostels Association (operating as Hostelling Scotland) (*continued*)

- Challenging assumptions and judgements made by management in their significant accounting estimates in particular in relation to the carrying value of tangible assets;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is 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 recognise the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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 our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Keith Macpherson – 2024-06-26, 12:18:08 UTC

Keith Macpherson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

Henderson Loggie LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

11 -15 Thistle Street
Edinburgh
EH2 1DF
25th June 2024

Group statement of financial activities (incorporating the group income and expenditure account) for the year ended 31 January 2024

| | Note | Unrestricted funds £ | Restricted funds £ | Total funds 2024 £ | Total funds 2023 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| <i>Donations and legacies</i> | 2 | 45,840 | 39,431 | 85,271 | 164,793 |
| <i>Charitable activities</i> - Operating Youth Hostels | | 8,960,286 | - | 8,960,286 | 7,374,764 |
| <i>Other trading activities</i> | | | | | |
| Commercial Income from SYHA (Trading) Ltd | 3 | 259,193 | - | 259,193 | 203,197 |
| Membership subscriptions | 3 | 626,684 | - | 626,684 | 539,100 |
| <i>Investments</i> – bank interest | | 100,937 | - | 100,937 | 14,291 |
| Other Income – net gain on disposal of fixed assets | | - | - | - | 111,259 |
| | | ----- | ----- | ----- | ----- |
| Total income | | 9,992,940 | 39,431 | 10,032,371 | 8,407,404 |
| | | ----- | ----- | ----- | ----- |
| Expenditure on: | | | | | |
| <i>Raising funds</i> | | | | | |
| SYHA (Trading) Ltd expenditure | 7 | 206,168 | - | 206,168 | 153,259 |
| Membership costs | | 43,131 | - | 43,131 | 38,749 |
| <i>Charitable activities</i> - Operating Youth Hostels | | 8,687,098 | 106,272 | 8,793,370 | 7,249,050 |
| Other Expenditure – net loss on disposal of fixed assets | | 248,582 | - | 248,582 | |
| | | ----- | ----- | ----- | ----- |
| Total expenditure | 4 | 9,184,979 | 106,272 | 9,291,251 | 7,441,058 |
| | | ----- | ----- | ----- | ----- |
| Net (expenditure)/income | | 807,961 | (66,841) | 741,120 | 966,346 |
| Transfers between funds | | - | - | - | - |
| Net movement in funds | | 807,961 | (66,841) | 741,120 | 966,346 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 12,569,997 | 1,053,587 | 13,623,584 | 12,657,238 |
| | | ----- | ----- | ----- | ----- |
| Total funds carried forward | 15 | 13,377,958 | 986,746 | 14,364,704 | 13,623,584 |
| | | ===== | ===== | ===== | ===== |

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 2024

| | Note | Unrestricted funds £ | Restricted funds £ | Total funds 2024 £ | Total funds 2023 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| <i>Donations and legacies</i> | 2 | 45,840 | 39,431 | 85,271 | 164,793 |
| <i>Charitable activities</i> - Operating Youth Hostels | | 8,960,286 | | 8,960,286 | 7,374,764 |
| <i>Other trading activities</i> | | | | | |
| Membership subscriptions | 3 | 626,684 | - | 626,684 | 539,100 |
| <i>Investments</i> – bank interest | | 100,937 | - | 100,937 | 14,291 |
| - donation from subsidiary | | 53,025 | - | 53,025 | 49,938 |
| Other Income – net gain on disposal of tangible fixed assets | | - | | - | 111,259 |
| Total income | | 9,786,772 | 39,431 | 9,826,203 | 8,254,145 |
| Expenditure on: | | | | | |
| <i>Raising funds</i> | | | | | |
| Membership costs | | 43,131 | - | 43,131 | 38,749 |
| <i>Charitable activities</i> - Operating Youth Hostels | | 8,687,098 | 106,272 | 8,793,370 | 7,249,050 |
| Other Expenditure – net loss on disposal of fixed assets | | 248,582 | | 248,582 | - |
| Total expenditure | 4 | 8,978,811 | 106,272 | 9,085,083 | 7,287,799 |
| Net (expenditure)/income | | 807,961 | (66,841) | 741,120 | 966,346 |
| Transfers between funds | | - | - | - | - |
| Net movement in funds | | 807,961 | (66,841) | 741,120 | 966,346 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 12,569,997 | 1,053,587 | 13,623,584 | 12,657,238 |
| Total funds carried forward | 15 | 13,377,958 | 986,746 | 14,364,704 | 13,623,584 |

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 2024

| | Note | Group 2024 £ | Group 2023 £ | Charity 2024 £ | Charity 2023 £ |
|--|------|--------------------|--------------------|----------------------|----------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | 14,815,318 | 14,960,807 | 14,815,318 | 14,960,807 |
| Investments | 7 | - | - | 100 | 100 |
| | | <u>14,815,318</u> | <u>14,960,807</u> | <u>14,815,418</u> | <u>14,960,907</u> |
| Current assets | | | | | |
| Stocks | 8 | 30,065 | 29,888 | 30,065 | 29,888 |
| Debtors | 9 | 127,809 | 250,660 | 164,275 | 290,115 |
| Cash at bank and in hand | | 7,149,722 | 6,007,548 | 7,113,156 | 5,967,993 |
| Assets held for sale | | - | 650,174 | - | 650,174 |
| | | <u>7,307,596</u> | <u>6,938,270</u> | <u>7,307,496</u> | <u>6,938,170</u> |
| Creditors: amounts falling due within one year | 10 | (4,612,403) | (4,058,866) | (4,612,403) | (4,058,866) |
| Net current assets | | 2,695,193 | 2,879,404 | 2,695,093 | 2,879,304 |
| Total assets less current liabilities | | 17,510,511 | 17,840,211 | 17,510,511 | 17,840,211 |
| Creditors: amounts falling due after more than one year | 12 | (3,145,807) | (4,216,627) | (3,145,807) | (4,216,627) |
| Net assets | | 14,364,704 | 13,623,584 | 14,364,704 | 13,623,584 |
| Funds | | | | | |
| Restricted Funds | 15 | 986,746 | 1,053,587 | 986,746 | 1,053,587 |
| Unrestricted general funds | 15 | 13,377,958 | 12,569,997 | 13,377,958 | 12,569,997 |
| Total charity funds | 15 | 14,364,704 | 13,623,584 | 14,364,704 | 13,623,584 |

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

| | | |
|-----------------------------------|--|------------------------|
| <p>Claire McCorquodale</p> |  <small>Claire McCorquodale - 2024-06-26, 09:15:09 UTC</small> | <p>Director</p> |
| <p>Paul Randall</p> |  <small>P Randall - 2024-06-26, 10:03:26 UTC</small> | <p>Director</p> |

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 2024

| | Note | Group 2024 £ | Group 2023 £ | Charity 2024 £ | Charity 2023 £ |
|---|------|--------------------|--------------------|----------------------|----------------------|
| Cash flows from operating activities: | | | | | |
| Net cash provided by/ (outflow from) operating activities | 17 | 2,571,729 | 3,427,437 | 2,574,718 | 3,424,854 |
| Cash flows from investing activities | | | | | |
| Interest and similar income received | | 100,937 | 14,291 | 100,937 | 14,291 |
| Proceeds from sale of property | | 401,592 | 132,014 | 401,592 | 132,014 |
| Purchase of tangible fixed assets | | (583,020) | (503,032) | (583,020) | (503,032) |
| Net cash outflow from investing activities | | (80,491) | (356,727) | (80,491) | (356,727) |
| Cash flows from financing activities | | | | | |
| Interest paid | | (245,511) | (134,089) | (245,511) | (134,089) |
| Repayment of defined benefit scheme | | (180,000) | (180,000) | (180,000) | (180,000) |
| Repayment of borrowings | | (923,553) | (485,880) | (923,553) | (485,880) |
| Net cash from/used in financing activities | | (1,349,064) | (799,967) | (1,349,064) | (799,967) |
| Increase/ (decrease) in cash and cash equivalents for the year | | 1,142,174 | 2,270,743 | 1,145,163 | 2,268,160 |
| Cash and cash equivalents at the beginning of the year | | 6,007,548 | 3,736,805 | 5,967,993 | 3,699,833 |
| Cash and cash equivalents at the end of the year | | 7,149,722 | 6,007,548 | 7,113,156 | 5,967,993 |

Notes to the financial statements for the year ended 31 January 2024

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 Trustees have performed a robust analysis of forecasted future cash which 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 Trustees therefore are of the opinion that they can continue to adopt the going concern basis in preparing the annual report and accounts.

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 for the year ended 31 January 2024

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% - 12% | 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 2024

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

Pension costs charged to the statement of financial activities represent contributions payable in the year to the defined contribution pension schemes which are run for the benefit of employees. In the year ended 31 January 2016 the association agreed to withdraw from the defined benefit Scottish Voluntary Sector Pension Scheme and to pay its share of the crystallised scheme deficit of £2,160,000 equally over 12 years.

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 using the acquisition method of consolidation.

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 2024

1 Accounting policies *(continued)*

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.

2 Income from donations and legacies

| | Unrestricted funds 2024 £ | Restricted funds 2024 £ | Total 2024 £ | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ |
|--------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Group and charity | | | | | | |
| Donations - general | 19,334 | - | 19,334 | 19,478 | - | 19,478 |
| Give Us a Break/ | - | | | | | |
| Social Inclusion | | 6,890 | 6,890 | - | 6,994 | 6,994 |
| Explorer Fund | - | - | - | - | 950 | 950 |
| Legacies | 26,506 | 291 | 26,797 | 108,771 | - | 108,771 |
| Small Hostels Fund | - | 32,250 | 32,250 | - | - | - |
| Visit Scotland Funding | - | - | - | - | 3,600 | 3,600 |
| Capital Hostel Donation | | - | - | | 25,000 | 25,000 |
| | <u>45,840</u> | <u>39,431</u> | <u>85,271</u> | <u>128,249</u> | <u>36,544</u> | <u>164,793</u> |

3 Income from other trading activities

| Group | Unrestricted Funds | |
|---|--------------------|----------------|
| | 2024 £ | 2023 £ |
| Income from SYHA (Trading) Ltd | | |
| - Property management fees | 142,861 | 135,565 |
| - Other income | 28,862 | 25,764 |
| - Catering sales | 87,470 | 41,868 |
| | <u>259,193</u> | <u>203,197</u> |
| Group & Charity | | |
| Membership income received directly by SYHA | <u>626,684</u> | <u>539,100</u> |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

3 Income from other trading activities

Membership categories and prices are:

| | 2024 | 2023 |
|-------------------------------------|------|------|
| | £ | £ |
| Life | 150 | 150 |
| Individual (Adult) – 1 year | 20 | 20 |
| Group (10 or more members) – 1 year | 35 | 35 |
| Temporary membership | 4 | 4 |

4 Total resources expended

| | Direct staff costs £ | Other direct costs £ | Support costs £ | Total 2024 £ | Total 2023 £ |
|----------------------------------|-------------------------------|-------------------------------|-----------------------|-------------------------|--------------------|
| Costs of operating Youth Hostels | 3,613,506 | 4,220,109 | 1,208,337 | 9,041,952 | 7,249,050 |
| Membership costs | 43,131 | - | - | 43,131 | 38,749 |
| Total charity | 3,656,637 | 4,220,109 | 1,208,337 | 9,085,083 | 7,287,799 |
| SYHA (Trading) Limited | 127,379 | 78,789 | - | 206,168 | 153,259 |
| Total group | 3,784,016 | 4,298,898 | 1,208,337 | 9,291,251 | 7,441,058 |
| Total group 2023 | <u>3,179,423</u> | <u>3,367,217</u> | <u>894,418</u> | <u>7,441,058</u> | |

| | 2024 £ | 2023 £ |
|---|-------------------------|-------------------------|
| Other direct costs | | |
| Repairs and maintenance of buildings and equipment | 649,241 | 555,908 |
| Fuel, telephone, cleaning and laundry | 1,442,210 | 1,010,159 |
| Catering and store purchases | 467,560 | 397,045 |
| Interest payable on bank loans | 245,511 | 134,089 |
| Marketing and publications and social inclusion costs | 107,964 | 123,490 |
| Rent, rates and insurance | 383,251 | 326,237 |
| Operating lease rentals | 10,215 | 6,912 |
| Land and buildings | 10,215 | 6,912 |
| Fixtures, fittings and equipment | 18,414 | 18,607 |
| Commissions payable | 600,903 | 476,248 |
| Other direct costs | 373,629 | 318,522 |
| | <u>4,298,898</u> | <u>3,367,217</u> |
| Support costs | | |
| Depreciation | 728,509 | 674,663 |
| Governance costs | 46,769 | 49,161 |
| Auditors' remuneration | 23,050 | 23,050 |
| Audit fees | 870 | 3,025 |
| Non audit fees | 160,557 | 144,519 |
| Administration | 160,557 | 144,519 |
| Net loss on disposal of fixed assets | 248,582 | - |
| | <u>1,208,337</u> | <u>894,418</u> |

Expenditure £106,272 (2023: £36,681) was from restricted funds. £9,184,979 2023: (£7,404,377) was from unrestricted funds.

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

5 Staff numbers and costs

| | Group 2024 £ | Group 2023 £ | Charity 2024 £ | Charity 2023 £ |
|--|------------------------------|-----------------------|-------------------------------|-----------------------|
| Wages and salaries | 3,445,731 | 2,896,316 | 3,445,731 | 2,896,316 |
| Social security costs | 277,929 | 236,547 | 277,929 | 236,547 |
| Pension contributions – Defined contribution | 85,079 | 70,409 | 85,079 | 70,409 |
| Other pension costs | 10,653 | 9,945 | 10,653 | 9,945 |
| | <hr/> 3,819,392 <hr/> | <hr/> 3,213,217 <hr/> | <hr/> 3,819,392 <hr/> | <hr/> 3,213,217 <hr/> |

At the year end £1,904 (2023; £16,035) of pension contributions were due to the defined contribution pension scheme.

The pay of key management in the year totalled £235,133 (2023; £210,052). One employee earned remuneration excluding pension contributions which exceeded £60,000 which fell in the band between £90,000 and £100,000 (2023; one employee had remuneration between £80,000 and £90,000).

The average number of employees of the group during the year was 161 this was split 187 high season and 119 low season (2023; average number of employees was 140 split 167 high season; 98 low season). The average number of charity employees was 133 (2023; 133).

Members of the Board receive no salary or other benefits. Out of pocket expenses totalling £nil (2023; £118) which were reimbursed to none (2023; one) Trustees.

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

6 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 2023 | 26,413,550 | 626,403 | 123,599 | - | 3,201,212 | 45,306 | 30,410,069 |
| Additions | 341,464 | 19,566 | - | - | 221,990 | - | 583,020 |
| Transfers | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| At 31 January 2024 | <u>26,755,014</u> | <u>645,969</u> | <u>123,599</u> | <u>-</u> | <u>3,423,202</u> | <u>45,306</u> | <u>30,993,089</u> |
| Depreciation | | | | | | | |
| At 1 February 2023 | 12,385,040 | 435,198 | 123,599 | - | 2,461,840 | 43,585 | 15,449,262 |
| Provided in the year | 485,969 | 22,316 | - | - | 218,503 | 1,721 | 728,509 |
| Disposals | - | - | - | - | - | - | - |
| At 31 January 2024 | <u>12,871,009</u> | <u>457,514</u> | <u>123,599</u> | <u>-</u> | <u>2,680,343</u> | <u>45,306</u> | <u>16,177,771</u> |
| Net book amount | | | | | | | |
| At 31 January 2024 | <u>13,884,005</u> | <u>188,455</u> | <u>-</u> | <u>-</u> | <u>742,859</u> | <u>-</u> | <u>14,815,318</u> |
| At 31 January 2023 | <u>14,028,510</u> | <u>191,205</u> | <u>-</u> | <u>-</u> | <u>739,372</u> | <u>1,721</u> | <u>14,960,807</u> |

All tangible fixed assets were used for charitable purposes.

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

7 Investments

The investment held by the charity is 100 ordinary shares of £1 each in SYHA (Trading) Limited.

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

| | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|------------------|------------------|-----------|-----------|
| Turnover | | 259,193 | | 203,197 |
| Cost of sales | (36,126) | | (17,334) | |
| Administrative expenses | (170,042) | | (135,925) | |
| | | (206,168) | | (153,259) |
| Profit for the period | | 53,025 | | 49,938 |
| Distribution to parent company under gift aid | | (53,025) | | (49,938) |
| Net assets carried forward | | - | | - |

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 £53,025 (2023: £49,938), which will be paid to the parent company within 9 months of the year end.

8 Stocks

| Group and charity | 2024 £ | 2023 £ |
|--------------------------|-------------------|-----------|
| Consumable stores | 16,050 | 17,718 |
| Goods for resale | 14,015 | 12,170 |
| | 30,065 | 29,888 |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

9 Debtors

| | Group 2024 £ | Group 2023 £ | Charity 2024 £ | Charity 2023 £ |
|--------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Trade debtors | 12,925 | 24,460 | 12,925 | 7,288 |
| Prepayments and accrued income | 114,884 | 223,505 | 114,884 | 223,505 |
| Other debtors | - | 2,695 | - | 2,695 |
| Amounts owed by group company | - | - | 36,466 | 56,627 |
| | 127,809 | 250,660 | 164,275 | 290,115 |

10 Creditors: Amounts falling due within one year

| | Group 2024 £ | Group 2023 £ | Charity 2024 £ | Charity 2023 £ |
|-------------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Bank loans | 459,808 | 492,541 | 459,808 | 492,541 |
| Trade creditors | 414,567 | 309,457 | 414,567 | 309,457 |
| Social security and other loans | 385,854 | 331,643 | 385,854 | 331,643 |
| Other creditors | 6,808 | 7,585 | 6,808 | 7,585 |
| Accruals | 230,586 | 229,394 | 230,586 | 229,394 |
| Defined benefit pension scheme debt | 180,000 | 180,000 | 180,000 | 180,000 |
| Deferred income (note 11) | 2,934,780 | 2,508,246 | 2,934,780 | 2,508,246 |
| | 4,612,403 | 4,058,866 | 4,612,403 | 4,058,866 |

11 Deferred income

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

| Group and charity | 2024 £ |
|-------------------------------|--------------------|
| Balance at 1 February 2023 | 2,508,246 |
| Amounts released | (2,508,246) |
| Amounts deferred in the year | 2,934,780 |
| Balance as at 31 January 2024 | 2,934,780 |

12 Creditors: Amounts falling due after more than one year

| Group and charity | 2024 £ | 2023 £ |
|-------------------------------------|-------------------|-----------|
| Bank loans | 2,785,807 | 3,676,627 |
| Defined benefit pension scheme loan | 360,000 | 540,000 |
| | 3,145,807 | 4,216,627 |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

13 Bank loans

Bank loans are repayable in instalments as follows:

| | Group 2024 | Group 2023 | Charity 2024 | Charity 2023 |
|---------------------------------------|-----------------------|---------------|-------------------------|-----------------|
| | £ | £ | £ | £ |
| Within one year | 459,808 | 492,541 | 459,808 | 492,541 |
| After one year and within two years | 359,459 | 499,357 | 359,459 | 499,357 |
| After two years and within five years | 1,078,377 | 1,273,912 | 1,078,377 | 1,273,912 |
| After five years | 1,347,970 | 1,903,357 | 1,347,970 | 1,903,357 |
| | ----- | ----- | ----- | ----- |
| Total borrowings | 3,245,614 | 4,169,167 | 3,245,614 | 4,169,167 |
| Cash at bank and in hand | (7,149,722) | (6,007,548) | (7,113,156) | (5,967,993) |
| | ----- | ----- | ----- | ----- |
| Net funds | (3,904,108) | (1,838,381) | (3,867,542) | (1,798,826) |
| | ===== | ===== | ===== | ===== |

The bank loan of £3,137,280 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. Repayment of the CBILS loan is due by 2026.

14 Defined benefit pension scheme loan

In the year ended 31 January 2016 the association agreed to withdraw from the Scottish Voluntary Sector Pension Scheme and to pay its share of the crystallised scheme deficit of £2,160,000 equally over 12 years.

| Group and charity | 2024 | 2023 |
|---------------------------------------|----------------|---------|
| | £ | £ |
| 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 | 180,000 | 360,000 |
| | ----- | ----- |
| Total debt | 540,000 | 720,000 |
| | ===== | ===== |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

15 Funds analysis

| Group | Funds at 1 February 2023 £ | Income £ | Expenditure £ | Funds at 31 January 2024 £ |
|----------------------------|---|---------------------|--------------------------|---|
| <i>Restricted</i> | | | | |
| Social Inclusion | 25,435 | 6,890 | (5,824) | 26,501 |
| Small Hostels Fund | 49,672 | 32,250 | (800) | 81,122 |
| Property Legacy | 916,855 | (209) | (99,648) | 816,998 |
| Capital Hostel Donation | 25,000 | - | - | 25,000 |
| Visit Scotland Funding | 36,625 | - | - | 36,625 |
| Donation for Wi-Fi Upgrade | - | 500 | - | 500 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,053,587 | 39,431 | (106,272) | 986,746 |
| <i>Unrestricted</i> | 12,569,997 | 9,992,940 | (9,184,979) | 13,377,958 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total funds | 13,623,584 | 10,032,371 | (9,291,251) | 14,364,704 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | | | | |
| Charity | Funds at 1 February 2023 £ | Income £ | Expenditure | Funds at 31 January 2024 £ |
| <i>Restricted</i> | | | | |
| Social Inclusion | 25,435 | 6,890 | (5,824) | 26,501 |
| Small Hostels Fund | 49,672 | 32,250 | (800) | 81,122 |
| Property Legacy | 916,855 | (209) | (99,648) | 816,998 |
| Capital Hostel Donation | 25,000 | - | - | 25,000 |
| Visit Scotland Funding | 36,625 | - | - | 36,625 |
| Donation for Wi-Fi Upgrade | - | 500 | - | 500 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,053,587 | 39,431 | (106,272) | 986,746 |
| <i>Unrestricted</i> | 12,569,997 | 9,786,772 | (8,978,811) | 13,377,958 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total funds | 13,623,584 | 9,826,203 | (9,085,083) | 14,364,704 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

15 Funds analysis (continued)

| Group | Funds at 1 February 2022 £ | Income £ | Expenditure £ | Funds at 31 January 2023 £ |
|-------------------------|-------------------------------------|------------------|--------------------|-------------------------------------|
| <i>Restricted</i> | | | | |
| Social Inclusion | 32,630 | 7,944 | (15,139) | 25,435 |
| Small Hostels Fund | 55,267 | - | (5,595) | 49,672 |
| Property Legacy | 916,855 | - | - | 916,855 |
| Capital Hostel Donation | - | 25,000 | - | 25,000 |
| Visit Scotland Funding | 48,972 | 3,600 | (15,947) | 36,625 |
| | <u>1,053,724</u> | <u>36,544</u> | <u>(36,681)</u> | <u>1,053,587</u> |
| <i>Unrestricted</i> | 11,603,514 | 8,370,860 | (7,404,377) | 12,569,997 |
| Total funds | <u>12,657,238</u> | <u>8,407,404</u> | <u>(7,441,058)</u> | <u>13,623,584</u> |

| Charity | Funds at 1 February 2022 £ | Income £ | Expenditure £ | Funds at 31 January 2023 £ |
|-------------------------|-------------------------------------|------------------|--------------------|-------------------------------------|
| <i>Restricted</i> | | | | |
| Social Inclusion | 32,630 | 7,944 | (15,139) | 25,435 |
| Small Hostels Fund | 55,267 | - | (5,595) | 49,672 |
| Property Legacy | 916,855 | - | - | 916,855 |
| Capital Hostel Donation | - | 25,000 | - | 25,000 |
| Visit Scotland Funding | 48,972 | 3,600 | (19,028) | 36,625 |
| | <u>1,053,724</u> | <u>36,544</u> | <u>(36,681)</u> | <u>1,053,587</u> |
| <i>Unrestricted</i> | 11,603,514 | 8,217,601 | (7,251,118) | 12,569,997 |
| Total funds | <u>12,657,238</u> | <u>8,254,145</u> | <u>(7,287,799)</u> | <u>13,623,584</u> |

Social Inclusion

SYHA raised funds for Youth Programmes through online and collection tin donations. During 2023-2024, 2 groups were granted funding with the funds remaining at 31 January 2024 to be used throughout 2024 and 2025.

Small Hostels Fund

The small hostels fund value is to be used for improvements to the smaller hostels in the network. We spent £800 on white goods for Achmelvich Beach.

Legacy

The property 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. We spent £99,648 on a part refurbishment at Rowardennan Lodge with the remainder to be spent on Phase 2 of the refurbishment in 2024-25.

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

15 Funds analysis (continued)

Capital Hostel Donation

Donations totalling £25,000 are to be used towards capital projects at Gairloch Sands, Ratagan or Achmelvich Beach

Visit Scotland Funding

To be used for the engagement of professional web designer/developer services to assist with improving our overall online presence.

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

16 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted funds £ | Total 2024 £ |
|-----------------------|----------------------------|--------------------------|--------------------|
| Group | | | |
| Tangible fixed assets | 14,815,318 | - | 14,815,318 |
| Current assets | 6,320,850 | 986,746 | 7,307,596 |
| Current liabilities | (4,612,403) | - | (4,612,403) |
| Long term liabilities | (3,145,807) | - | (3,145,807) |
| | <u>13,377,958</u> | <u>986,746</u> | <u>14,364,704</u> |
| Charity | | | |
| Tangible fixed assets | 14,815,318 | - | 14,815,318 |
| Investments | 100 | - | 100 |
| Current assets | 6,320,750 | 986,746 | 7,307,496 |
| Current liabilities | (4,612,403) | - | (4,612,403) |
| Long term liabilities | (3,145,807) | - | (3,145,807) |
| | <u>13,377,958</u> | <u>986,746</u> | <u>14,364,704</u> |
| | | | |
| | Unrestricted funds £ | Restricted funds £ | Total 2023 £ |
| Group | | | |
| Tangible fixed assets | 14,960,807 | - | 14,960,807 |
| Current assets | 5,884,682 | 1,053,587 | 6,938,269 |
| Current liabilities | (4,058,866) | - | (4,058,866) |
| Long term liabilities | (4,216,627) | - | (4,216,627) |
| | <u>12,569,997</u> | <u>1,053,587</u> | <u>13,623,584</u> |
| Charity | | | |
| Tangible fixed assets | 14,960,807 | - | 14,960,807 |
| Investments | 100 | - | 100 |
| Current assets | 5,884,582 | 1,053,587 | 6,938,169 |
| Current liabilities | (4,058,866) | - | (4,058,866) |
| Long term liabilities | (4,216,627) | - | (4,216,627) |
| | <u>12,569,997</u> | <u>1,053,587</u> | <u>13,623,584</u> |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

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

| | Group | Group | Charity | Charity |
|---|------------------|-------------|------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £ | £ | £ | £ |
| Deficit of income over expenditure | 741,120 | 966,346 | 741,120 | 966,346 |
| Depreciation | 728,509 | 674,663 | 728,509 | 674,663 |
| Interest and similar income | (100,937) | (14,291) | (100,937) | (14,291) |
| Interest payable | 245,511 | 134,089 | 245,511 | 134,089 |
| (Profit) / Loss on sale of assets | 248,582 | (111,259) | 248,582 | (111,259) |
| Decrease/(increase) in stock | (177) | (9,780) | (177) | (9,780) |
| Decrease/(increase) in debtors | 122,851 | 451,452 | 125,840 | 448,869 |
| (Decrease)/ increase in creditors | 586,270 | 1,336,217 | 586,270 | 1,336,217 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net cash inflow from operating activities | 2,571,729 | 3,427,437 | 2,574,718 | 3,424,854 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

18 Analysis of changes in net debt

| | Group | | | Charity | | |
|---------------------|-------------|------------------|--------------------|-------------|------------------|--------------------|
| | As at 1 | | As at 31 | As at 1 | | As at 31 |
| | February | Cashflows | January | February | Cashflows | January |
| | 2023 | £ | 2024 | 2023 | £ | 2024 |
| | £ | £ | £ | £ | £ | £ |
| Cash | 6,007,548 | 1,142,174 | 7,149,722 | 5,967,992 | 1,145,164 | 7,113,156 |
| Loans | (4,169,167) | 923,553 | (3,245,614) | (4,169,167) | 923,553 | (3,245,614) |
| Pension scheme debt | (720,000) | 180,000 | (540,000) | (720,000) | 180,000 | (540,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,118,380 | 2,245,727 | 3,364,108 | 1,078,825 | 2,248,717 | 3,327,542 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes to the financial statements *(continued)*
for the year ended 31 January 2024

19 Leasing commitments

The future minimum operating lease payments are as follows:

| | 2024 | 2023 |
|----------------------------|----------------|----------|
| Group and charity | £ | £ |
| Within one year | 24,255 | 28,575 |
| Between one and two years | 11,025 | 24,155 |
| Between two and five years | 30,645 | 31,455 |
| Five years and over | 633,330 | 643,545 |
| | 699,255 | 727,730 |
| | 699,255 | 727,730 |

20 Capital commitments

| | 2024 | 2023 |
|---|------------------|----------|
| Group and charity | £ | £ |
| Capital expenditure authorised and contracted for | 1,103,865 | - |
| | 1,103,865 | - |
| | 1,103,865 | - |

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 £53,025 (2023: £49,938) were gift aided to Scottish Youth Hostel Association in the year.