

<b>Registered company:</b>	<b>4430743</b>
<b>Registered charity:</b>	<b>1102301</b>
<b>Registered housing provider:</b>	<b>H4418</b>

**ONE YMCA  
(LIMITED BY GUARANTEE)**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**REPORTS AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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## **CORPORATE INFORMATION**

### **TRUSTEE BOARD AND BOARD OFFICERS**

<b>Chairman</b>	Andrew Newell
<b>Vice Chairman:</b>	Nicholas Mourant
<b>Treasurer:</b>	John Robinson (to 26 September 2018) Nicholas Mourant (from 26 September 2018)
<b>Trustees:</b>	John Ball Max Beddard Simon Box Jane Cotton Clare Hearnshaw Ben Johnson John Knight (from 10 November 2018) Nicola Lucas Dionne McCalla (from 10 November 2018 to 12 July 2019) Nicholas Mourant Andrew Newell Christine Neyndorff Sal Thirlway (from 26 September 2018) John Robinson (to 26 September 2018) Javier Uriarte (from 25 July 2018)
<b>Company Secretary:</b>	David Martin

### **CORPORATE INFORMATION**

<b>Registered company:</b>	4430743
<b>Registered charity:</b>	1102301
<b>Registered housing provider:</b>	H4418
<b>Registered office:</b>	Charter House, Charter Place, Watford, Hertfordshire, WD17 2RT

### **EXECUTIVE MANAGEMENT TEAM**

<b>Chief Executive</b>	Guy Foxell
<b>Director of Resources</b>	David Martin
<b>Interim Director of Housing</b>	Chris Ellison (from 16 April 2018 – 30 April 2019)
<b>Director of Enterprise</b>	Joanna Keay-Blyth (to 3 November 2018)
<b>Director of Family Services</b>	Serreta Pritchard (from 1 April 2018)
<b>Director of Operations</b>	Mark Turner (from 1 March 2019)

### **AUDITORS, BANKERS, INVESTMENT MANAGER AND SOLICITORS**

<b>Auditor (External)</b>	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG
<b>Auditor (Internal)</b>	BDO (UK) LLP, 55 Baker Street, London, W1U 7EU
<b>Bankers:</b>	HSBC Plc, 44-52 Lattimore Road, St Albans, Hertfordshire, AL1 3XL
<b>Investment manager:</b>	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London, EC4V 4ET
<b>Solicitors:</b>	Bates Wells Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE

## OPERATING & FINANCIAL REVIEW AND STRATEGIC REPORT

### Introduction

The report and financial accounts for the year ended 31 March 2019 sets out the activities and achievements of the Charity.

### Principal Activity

The Group's principal activity is that of the provision of supported accommodation for single men and women who are in conditions of need. In addition, the Group continues to deliver services to people of all ages offering the opportunity to take part in: children's services, health and wellbeing and youth work.

The Group's mission is to enable people to develop their full potential in mind, body and spirit. The mission is inspired by, and faithful to, Christian values to create a supportive and energising community that is open to all, where young people can truly belong, contribute and thrive.

### BUSINESS AND FINANCIAL REVIEW

During the year, the Group has worked in a strategic manner in order to:

- Deliver in the region of £6.9m savings to the public purse and add £4.6m in Social Value through its housing activities (based on Homelesslink report on YMCA impact and social value),
- Embrace strategic partnerships and collaborations using an opportunity and risk matrix,
- Promote into a Director of Family Support role to lead the enlarged children's and family service area,
- Recruit a Director of Operations to lead the Housing and Enterprise operations,
- Strengthen staff and management teams to develop the organisation,
- Expand its operations by acquiring the YMCA England & Wales housing site in High Wycombe,
- Develop the foundations of Early Childhood Partnership and improve the impact delivered to local beneficiaries and the commissioning Council,
- Successfully mobilise the Family Support Services to the East Quadrant of Hertfordshire,
- Restructure the bank borrowing onto better terms to enable the purchase of social housing assets,
- Deliver savings and efficiencies.

The Trustee Board supports these measures and the way that they can maximise the resources available for delivering the Group's objectives and serving beneficiaries.

### Financial review

The Group returned an operating surplus on the Group's activities of £237,966 (2018: £375,736). This includes the acquisition costs of the High Wycombe housing site and start-up costs associated with the Family Centre contract in Hertfordshire.

A surplus of £902,531 (2018: £413,783) was recorded for the Group after taking into account a £528,500 gain on purchase of the High Wycombe housing asset at fair value. Total comprehensive income for the year was £895,531 (2018: £419,783).

The variance between the two years on a consolidated basis relates to:

- Increased income as a result of the High Wycombe housing scheme being in full ownership from 1 June 2018 which included a £528,500 gain for fair value accounting treatment;
- Lower social housing occupancy in 2018/19 compared to 2017/18;
- The Family Centre East Quadrant work fully going live from 1 October 2018;
- Closing the Abbots Langley gym operation at the end of December 2018;
- Investing £60k of professional costs to acquire the High Wycombe property and undertake the Peartree options appraisal and legal title work;
- Improving the profitability of the St Albans gym operation;
- Receiving investment dividend receipts to assist with the funding of youth work,
- Recognising market movements in the value of investment assets;
- Noting a downturn in youth fundraising;

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### Report and financial statements for the year ended 31 March 2019

- Streamlining expenditure in services and supplies.

The Group has continued to invest in front line service delivery to serve some of the most vulnerable people in the local community.

During the 2018/19 financial year, the Trustee Board has focused the Executive on delivering performance improvement and the expansion of services.

- The housing operations have continued to develop.
- The Day Nursery, Community activities and Family & Children's Centres have performed very well in the year under review.
- A final decision was taken to close the Abbots Langley gym.
- There is an ongoing drive to support youth work and, in particular, activities that foster 'belonging' and 'contributing' as these are equally important to both the individuals who take part at the same time as helping prevent youth homelessness.

The expansion of services in relation to High Wycombe and East Quadrant Family Centres are covered in more detail in this report.

On an ongoing basis, the Trustee Board is committed to achieving a surplus operating budget. With regard to the 2019/20 financial year, a surplus budget was set.

The Group closely monitors its banking covenants and credit rating. Throughout the year, it was compliant with all covenant obligations.

#### Housing metrics

The Group has reviewed its metrics in accordance with the Value for Money Code of Practice. The core housing information is set out in the following table.

Metric	Definition	2019	2018
<b>Business Health</b>			
Operating Margin - Social Housing (non-support)	Operating surplus or (deficit) from social housing lettings / turnover from social housing lettings	5%	6%
Operating Margin - Overall	Operating surplus of deficit overall / turnover overall	2%	4%
EBITDA MRI interest cover	Earnings before interest, tax, depreciation, amortisation, major repairs included Interest cover %	884%	2025%
<b>Development</b>			
New supply as a % of current units	New accommodations units brought into use	0%	6%
Gearing	Short term loans + long term loans - cash and cash equivalents + finance lease obligations / Tangible fixed assets: Housing properties at cost (current period)	-5%	-16%
<b>Outcomes</b>			
Reinvestment %	Development of new properties (housing) + newly built properties acquired + works to existing housing properties + capitalised interest on housing properties + schemes completed / Tangible fixed assets housing at cost	1%	0.4%
<b>Effective Asset Management</b>			
ROCE	Operating surplus or (deficit) overall / total assets less current liabilities	1%	3%
<b>Cost per unit</b>			
Headline social housing cost		£7,809	£5,769

In the event that the Peartree Redevelopment Programme is successful, then additional borrowing will affect the interest cover and gearing ratios.

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#### Value for money

The Group's objective is to provide social housing accommodation and support services to meet the needs of its residents. The aim is to achieve a balance between reasonable cost and good quality. Value for money means:

- Ensuring effective business planning by setting out at the beginning of each financial year what will be achieved with money prior to it being spent.
- Effectively managing performance to ensure that plans are delivered.

The Group measures its value for money in terms of cash and outputs / outcomes in various ways such as:

- Impact reports,
- External accreditation,
- Financial returns,
- Key performance indicators and benchmarking,
- Service quality,
- Social value benefits to individuals and communities,
- Savings to the public purse,
- Benefits to the organisation and its people,
- Feedback from residents and other service users.

The Group's value for money strategy is to:

- Generate surpluses to maintain a viable organisation, fund the capital programme and to continue to provide and develop services for service users, both present and future;
- Ensure that high levels of service user satisfaction are achieved;
- Comply with its banking covenants;
- Live up to the Group's values in the delivery of services and value.

As a registered provider of social housing, the value for money objectives over the next three years are to:

- Increase the value and effectiveness of the social housing services provided,
- Consistently deliver the funding framework to ensure that viable social housing and non-social housing activities are undertaken,
- Work in partnership with other housing providers to develop funding models, secure efficiencies and/or take on additional supported housing units under management agreements,
- Use volunteers to broaden the range of services available,
- In consultation with residents, improve housing services to meet their needs.

Over the last year, the Group has continued in its drive to deliver value for money. Activities that develop the effectiveness of the Group have embraced both governance and operational improvement, including:

Initiative	Status, saving or gain	Comments
<b>Social housing</b>		
Deliver the budget in a sustainable manner	£219k operating surplus (All Housing)	A 3.6% (2018: 6.9%) housing return was achieved. This reduction was largely as a result of: <ul style="list-style-type: none"> <li>a) Void and bad debt losses,</li> <li>b) Other non-social housing losses,</li> <li>c) Staff churn and agency costs.</li> </ul> Looking forwards, the ownership of High Wycombe will help income along with the Director of Operations and Head of Housing's focus upon occupancy and service quality.
	£238k operating surplus (Group)	A 1.9% return (2018: 3.7%) after taking into account: <ul style="list-style-type: none"> <li>a) the part year mobilisation of the Family Centre East Quadrant contract,</li> <li>b) lower housing return rates.</li> </ul>
	£903k Total surplus (Group)	A 7.4% return after taking into account investment movements and fair value asset accounting.

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Initiative	Status, saving or gain	Comments	
Deliver good occupancy performance to maximise income and service delivery to beneficiaries	Improvement required in 2019/20	<p>Watford</p> <p>2014/15 – 93.0%</p> <p>2015/16 – 96.4%</p> <p>2016/17 – 94.5%</p> <p>2017/18 – 91.9%</p> <p>2018/19 – 91.0%</p> <p>High Wycombe</p> <p>2016/17 – 93.8%</p> <p>2017/18 – 96.8%</p> <p>2018/19 – 91.1%</p>	<p>Welwyn Garden City</p> <p>2014/15 – 96.5%</p> <p>2015/16 – 96.8%</p> <p>2016/17 – 94.5%</p> <p>2017/18 – 93.5%</p> <p>2018/19 – 94%</p> <p>Bishop’s Stortford</p> <p>2017/18 – 100%</p> <p>2018/19 – 93.9%</p> <p>Occupancy performance was lower than desired in 2018/19 and is an important improvement area for 2019/20.</p> <p>Steiner student occupancy was 81.6% in 2018/19 whereas it had been 100% in 2017/18.</p>
Manage the impact of welfare reform on bad debt (% of housing income not received)	Steady	<p>Watford</p> <p>2014/15 – 6.5%</p> <p>2015/16 – 5.0%</p> <p>2016/17 – 5.6%</p> <p>2017/18 – 5.9%</p> <p>2018/19 – 5.1%</p> <p>High Wycombe</p> <p>2016/17 – 3.8%</p> <p>2017/18 – 4.1%</p> <p>2018/19 – 2.8%</p>	<p>Welwyn Garden City</p> <p>2014/15 – 3.8%</p> <p>2015/16 – 4.9%</p> <p>2016/17 – 3.6%</p> <p>2017/18 – 3.4%</p> <p>2018/19 – 3.2%</p> <p>Bishop’s Stortford</p> <p>2017/18 – 8%</p> <p>2018/19 – 6.2%</p> <p>All schemes improved rent collection totals vs last year. Good rent collection is essential to overcome Universal Credit challenges.</p>
Complete the harmonisation of housing operating procedures across all Hostels	Work in progress	A periodic review of working practices is continuing to ensure that best practice is consistent across the Group’s housing operations. It will be periodically tested through the BDO internal audit programme.	
Undertake supplier reviews in order to reduce the number of suppliers and/or cost	Ongoing and cost savings are being achieved	<p>Supplier reviews continue to take place in Catering and Safety &amp; Compliance to:</p> <ul style="list-style-type: none"> <li>a) Reduce the number of suppliers, and</li> <li>b) Maintain value for money.</li> </ul> <p>The acquisition of new sites provides the opportunity to streamline service provision. When the new invoice processing system is implemented in the summer of 2019, it will provide greater opportunities to harmonise suppliers.</p>	
Use of the Pyramid housing repairs system to track work flow and target job completion	Rebasing programme underway	<p>The use of a single system to record and track repairs resulted in greater transparency on performance. Overall maintenance productivity is being reviewed on the basis of the KPI information and is being re-based in 2019/20 given the broader range of sites.</p> <p>The housing repairs system is used across the Group in order to apply a corporate solution.</p>	
Secure new work to increase the units under management and spread overhead costs	Overhead efficiency	The High Wycombe acquisition did not increase overheads. Savings relate to management, insurance and audit costs as well as overall resilience improvements.	

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Initiative	Status, saving or gain	Comments
Recruit a new Director of Operations to lead the Housing and Enterprise services	Complete	A new Director of Operations commenced work on 1 March 2019. The priority work areas are: <ul style="list-style-type: none"> <li>a) Improving performance,</li> <li>b) Ensuring that Housing performs well,</li> <li>c) Working on the Enterprise services so that they deliver their outcomes.</li> </ul> A new Head of Enterprise joined in May 2019 and a Head of Assets is a recruitment priority for the Summer of 2019.
Financial modelling and stress testing	Complete	Extensive financial modelling and stress testing has been undertaken to facilitate the Peartree Redevelopment Programme through the options appraisal and subsequent service delivery. The Group's financial plans and reports were formally assessed by the Bank in conjunction with the re-mortgaging exercise to fund the High Wycombe property acquisition. These models will continue to be reviewed in future periods with financial strategies.
<b>Non-social housing</b>		
Generate a surplus on Abbots Langley nursery operations and contribute an overhead	£120k surplus £100k overhead	Ofsted 'Outstanding' has been retained which is an excellent indicator of high standards and good quality service provision.  The surplus declined to £120k (2018: £148k) due to: <ul style="list-style-type: none"> <li>a) Room upgrades,</li> <li>b) Overhead re-allocations of £30k as a result of changes at the Abbots Langley site.</li> </ul> Overall occupancy ran at 79.3% (2018: 77.9%).
Effective delivery of the Hertfordshire and Central Bedfordshire Children's Centre contracts	On track	The contracts are operating well, delivering good services to beneficiaries and performing to budget.  The Hertfordshire East Quadrant contract fully went live on 1 October 2018 and resulted in a significant change and restructure programme.
Deliver value for money at the Orbital Community Centre	Good	Booking hours increased from 9,967 in 2017/18 to 11,203 in 2018/19 which was impressive. This enabled the delivery of 2,543 subsidised hours of use for community groups who need additional support.
Performance improvement of Watford Gym	£8k surplus	Hall and room hire income has performed well and a surplus was achieved slightly in excess of expectations.
Performance improvement of St Albans Gym	£12k surplus	The £12k surplus (2018: £(10)k deficit) was an improvement on 2017/18. This gave confidence to invest in new equipment and the service continues to develop.
Performance improvement of Abbots Langley Gym	£(140)k deficit	The £(140)k deficit included both trading losses, closure costs and no income in the final quarter of the year (2018: £(65)k deficit). The position at the end of September 2018 indicated that there were no realistic prospects of success and gym closure was in the best interests of the Charity.  In looking to the future, the redundant space has been reallocated to: <ul style="list-style-type: none"> <li>a) A gymnastics club operator by way of subletting, and</li> <li>b) Hall hire.</li> </ul> With regard to hall hire, the aim is to repeat the successes of the Orbital Centre in encouraging local people to hire the space
Operate the Multi-use games area at Abbots Langley	Improvement required	The initial hire fees from the MUGA facility have not achieved the budget aspiration set at the investment appraisal stage. However, some cost reductions have resulted in better results at the start of 2019/20. It is hoped that this activity will develop and make a positive contribution to service provision and overall funding in the current financial year.



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Initiative	Status, saving or gain	Comments
Complete the redevelopment of the Abbots Langley community building to create a new café and cycle hub	Completed	Circa £400k of capital investment was made in the refurbishment of the building on the site to deliver new facilities. The site opened in the summer of 2018 with: <ul style="list-style-type: none"> <li>a) A café operator in place, and</li> <li>b) The Cycle Hub taking up occupation.</li> </ul> Both of these activities made a small surplus in their early phases of operation. This needs to baseline over 2019/20.
Achieve £105k of fundraised income for youth work	£80k achieved	£80k (2018: £102k) was secured to support youth work for young beneficiaries. It was disappointing that income fell. An investment is being made in 2019/20 with the appointment of a shared Head of Donor Relations whose objective is to bring in some new money that is so greatly needed to help fund the work with young people.
Dissolve the Retail Company	Complete	The One YMCA Retail Ltd subsidiary was dissolved during the year.
<b>Early Childhood Partnership</b>		
Deliver the budget for the Bedford Borough area	£4k surplus	The budget maximised the deployment of financial resources for beneficiaries.
Deliver the Children's Centre contract to the required performance levels	Successfully delivering the contract	The children's centre contract is underpinned by a series of key performance indicators (KPI) sitting within four performance areas. These KPIs are regularly monitored by the Trustee Board, Advisory Board, Council and managers. The team members are clear about which KPIs their activities contribute to, and they understand the links between the KPIs and achieving good outcomes for our children and families. In 2017/18, ECP achieved two out of three incentivisation KPI targets. These targets covered the number of children seen at the children's centres, target groups engaging in children's centres services, parents reporting increased confidence in age appropriate child development and parents making positive progress in the education and learning area of the family star for targeted intervention. This allowed the appointment of an administration apprentice who has been in place since January 2019 which in turn has increased the capacity for monitoring and evaluation.
Achieve the contract key performance indicator requirements to the satisfaction of the commissioner	Deliver impact as a charity	The Early Childhood Partnership Annual Impact report was published in September 2018 was well received.
	Successfully delivering the contract	Monitoring meetings with the local authority take place three times a year. These meetings form part of the annual conversation process. In May 2018, the summary feedback from Bedford Borough Council was extremely positive where it was noted that "Good progress has been made against the delivery plan targets and it was felt that we would now be confident to consider Bedford Borough Children's centres as Good." Additionally, the local authority highlighted priority action areas, including the production of a performance report that could be shared with local councillors.
	Continuously planning for future improvements	There is clarity around the priority areas for development in the coming year. The Charity will be looking to compare its performance, particularly in relation to registration and seen figures, with a particular emphasis on targeted groups. The areas for development reflect feedback from the local authority arising from the monitoring meetings and form the basis of the annual service development plan. This plan is considered by the management team and updated monthly.
Operate the new Advisory Board arrangements as required by regulatory standards	Embracing accountability	The Advisory Board is well established under the chairmanship of Robert Thompson, Trustee. This involves: <ul style="list-style-type: none"> <li>a) Main Advisory Board,</li> <li>b) Three sub-groups relating to areas of specialism,</li> </ul> A report on each of these priorities is taken three times a year to the monitoring meetings with Bedford Borough Council. The advisory board forms part of the reporting cycle; it is a forum where partners from health,

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Initiative	Status, saving or gain	Comments
		the third sector and the local authority can have their input into children's centre performance. Partners are also able to use the opportunity to feedback on developments within their own service.
<b>Governance and support services</b>		
Develop ICT accreditation for information security	External accreditation	The Early Childhood Partnership subsidiary secured Cyber Essentials accreditation in May 2018 which was renewed in 2019. The Group secured Cyber Essentials accreditation in April 2019. It is intended to upgrade both accreditations to Cyber Essentials Plus in the current financial year.
Undertake an ICT service contractor competition	Complete	The first year of the ICT service contract was successfully deliver with: <ul style="list-style-type: none"> <li>a) All firewalls and virtual private networks replaced to a higher standard,</li> <li>b) Significant upgrades to desktop and switching solutions,</li> <li>c) The structured cabling was replaced at a number of sites,</li> <li>d) The telephony to VOIP programme was completed,</li> <li>e) The mobilisation of 17 new sites as part of the Family Centre East Quadrant contract with all new equipment, communications, telephony and infrastructure.</li> </ul>
Implement the ICT Strategy	In place	The ICT Strategy was approved in February 2018 and a significant work programme embarked upon. Excellent progress has been made against this particularly given the material extension of the work programme to factor in the 17 new Family Centre sites.  Significant time has been spent on site inter-operability. Lease line fibre connectivity has been established at all of the principal housing sites plus Abbots Langley and St Albans. This is to assist with traffic and business continuity positions.  The ICT Strategy is due to be refreshed in February 2020.
Assess whether shared YMCA platforms provide good opportunities	Early stages	Interest is growing in this activity although the timing, pace and capacity of YMCAs to align is a challenge. A new piece of digital strategy work is commencing together across partner YMCAs and it will be good to see this develop.
Undertake a risk management internal audit	Complete	A risk management internal audit was undertaken by BDO and a moderate assurance rating was achieved. The principal areas for development are: <ul style="list-style-type: none"> <li>a) Strategic risk appetite – this is being advance with the Board as set out elsewhere in this report,</li> <li>b) Operational risk training and registers – this is an ongoing piece of work.</li> </ul>
Scrutinise electronic payments via internal audit	Complete	A full review of expenditure was undertaken by BDO using data analysis methods to ensure that probity and good order. This reviewed activity using data analytics. A positive assurance rating was obtained.
Undertake a payroll internal audit	Complete	A payroll audit was undertaken by BDO which achieved a substantial assurance rating.
Undertake benchmarking on financial matters	Comparing performance	The Parent Charity participated in the Charity Finance Group's Finance Count benchmarking initiative. This is now a two-yearly exercise. The next one takes place in the Autumn of 2019 for reporting in 2020.
	Performing well	On a Group basis, the following results were returned from the benchmarking exercise <ul style="list-style-type: none"> <li>a) Staff costs per purchase invoice received £4.27 (compared to the average of £5.67),</li> <li>b) Average invoices per FTE of 6,818 (compared to the average of 4,837),</li> <li>c) Percentage of payments made by BACS or DD of 100% (compared to the average of 98.7%),</li> </ul>

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Initiative	Status, saving or gain	Comments
		<p>d) Ratio of group employees to finance employees – 33.7FTE (compared to 24.0 FTE),</p> <p>e) Number of months between year-end and reporting of 16 weeks (compared to the average of 20 weeks).</p>
	Developing for the future	Electronic ordering, commitments and invoicing system to go live in Summer of 2019 which will automate a number of manual processes.
Undertake benchmarking on people matters	Comparing performance	<p>The Group participated in the Charity Finance Group's People Count benchmarking initiative.</p> <p>The principal area for work in 2019 relates to settling staff teams and reducing the churn rate. An improvement is envisaged to:</p> <p>a) Increase morale and productivity,</p> <p>b) Reduce recruitment expenditure,</p> <p>c) Take a longer-term approach to training and development.</p>
	Equal pay compliance	<p>The Group's job evaluation process is settled and delivers full compliance with equal pay requirements.</p> <p>The adoption of the Living Wage Foundation hourly rate as the minimum remuneration is in advance of many comparators.</p> <p>The Board considered gender pay gap compliance and this is detailed in the Trustee's Report.</p>

The Group's on-going commitment to value for money and continuous improvement will remain a high priority given the challenges to income streams that every social housing provider faces and the need to keep service users at the heart of decision making. Specific on-going activities will include:

- Performance managing outcomes and costs,
- Responding to service user needs,
- Promoting a high social housing occupancy with good rent collection levels,
- Responding to commissioner funding decisions,
- Investing in the culture and values to maximise the Group's potential, value for money and continuous improvement.

In conjunction with the Group's strategic objectives, the 2019/20 value for money approach will provide the foundation for continuous improvement and efficiency developments.

#### External Influences

As a diverse charity delivering community services, the Group is influenced by Government policies towards social housing, welfare and voluntary sectors. It is regulated by the Regulator of Social Housing which takes precedence for all areas of its operation over the Charity Commission which monitors its charitable activity. The Trustee Board has agreed its strategic objectives with a view to maintaining the financial health, on-going relevance and viability of each area of its activities as well as ensuring the Group's community impact.

#### Objectives and Strategy

The charitable objects of the Group arise from its acceptance of the Basis of Union of the YMCA of England, Ireland and Wales, adopted by the British YMCA Assembly held in Birmingham in 1973, which are:

- To unite those who, regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in the faith and in their life, and to associate their efforts for the extension of His Kingdom.
- To lead young people to the Lord Jesus Christ and to fullness of life in Him.
- To provide or assist in the provision, in the interests of social welfare of facilities for recreation and other leisure time occupation for men and women with the object of improving their conditions of life.

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- To provide or assist in the provision of education for persons of all ages with the object of developing their physical, mental or spiritual capacities.
- To relieve or assist in the relief of persons of all ages who are in conditions of need, hardship or distress by reason of their social, physical or economic circumstances.
- To provide residential accommodation for persons of all ages who are in need, hardship or distress by reason of their social, physical or economic circumstances.

Various strategies are employed to achieve the charity's objectives within service areas of:

- Accommodation,
- Family work,
- Health and wellbeing,
- Support and advice,
- Training and education.

### Achievements and performance

In relation to the following strategic objectives, the Group has made a positive impact upon many lives during the year, engaging 95,700 people.

#### Accommodation

- Directly tackling homelessness across Hertfordshire and Buckinghamshire, supporting 937 individuals into safe and secure accommodation.
- Providing over 127,200 nights of accommodation to those most in need.
- Developed a new and enhanced Support Offer focused on ensuring the right support at the right time and in the right way – "The Offer".
- Delivered over 23,300 contact support sessions, 1,200 key work sessions and 139 specialist complex needs sessions.
- Achieved great long-term success in supporting 263 individuals with their own personal progression into long term settled accommodation.
- Responded to housing crisis needs through the provision of 372 nights of Emergency Accommodation and also supporting local Severe Weather provisions for 105 rough sleepers.
- Working with the Chaplaincy Team to provide over 1,500 hours of volunteer support for vulnerable residents seeking additional engagement and assistance.
- Delivering the housing advice and information service for 16-25 year olds in Hertfordshire on a partnership basis with Herts Young Homeless.

#### Health and wellbeing

- Helped over 4,000 local people, of all ages and from all backgrounds, to improve and develop their personal health and wellbeing.
- Made sport and physical activity more accessible to everyone in the community with over 3,790 different and varied sessions designed and delivered for all.
- Engaged and supported 1,060 children under 18 to participate and enjoy sporting activities helping to improve their health & wellbeing for life.
- Directly tackled barriers that would otherwise prevent some groups from being able to participate providing specialist activities to 175 disabled people every week.
- Tackled health, wellbeing and mental health concerns for older people with over 570 specifically tailored sessions delivered and enjoyed.
- Worked in partnership with Watford Gymnastics who have engaged with over 700 children in the larger Watford club.

#### Family work

- Nursery
  - An occupancy of 79.3% was achieved.
  - Delivered over 41,600 sessions of development and growth activities for young children in the local area.

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- Supported 168 young children to explore, learn and thrive.
- Directly enabled one family in need to access 440 hours of free childcare.
- Provided sector-based training and employment opportunities to six young people committed to working within the sector.
- Achieved and maintained the OFSTED Outstanding rating.
  
- **Central Bedfordshire Children's Centres**
  - Flitwick and District Children's Centre team were congratulated for achieving the highest number of Outcomes Stars across all Children's Centres in Central Bedfordshire, which was an amazing result for such a small team.
  - All families with a closing Early Help Module case summary showed that they had met their goals
  - In the first week of Flitwick delivering the pop in sessions for parents to weigh their own babies, they had 56 attend. This represents about 1/10th of all new born babies for the whole year.
  - 99% of all families who completed the satisfaction survey stated that they would recommend the Group to their friends.
  - The Dunstable South National Playday had its biggest attendance yet at 1,560 for this major initiative supporting the local community.
  - 'Costs recovery' was introduced for some sessions such as baby massage, baby yoga, first aid for parents and baby signing.
  
- **Hertfordshire Family Centres – East Quadrant**
  - On 1st October, the TUPE transfer took place from eight lead agencies to join with existing Group staff from Buntingford, Ware and Broxbourne. Following a staff restructure process, staff started in their assigned roles from early November and have been getting to know their new colleagues.
  - The Family Support Workers are now based in clinics and local hospitals alongside their Hertfordshire Community Trust colleagues, which will support them all to develop further working relationships together for the benefit of the families they both work with.
  - The first contract monitoring took place in February 2019 with very good feedback. This was a full three-day audit covering all priorities and organisational policies. Staff provided so much evidence that the team were asked to provide a summary sheet at subsequent meetings! This was particularly impressive given the very short length of time since the team had been confirmed in their new roles.
  - The first District Partnership events have taken place as well as the first quadrant wide Advisory Board meeting. These were very well attended, providing the Group with an excellent list of local information and venues to use.
  - Sam Lemay won the best Support Worker of the year award at a Families First event. She was nominated by her colleagues for her amazing support to them. The Group also had nominations for the Broxbourne District Family Support team, but unfortunately they did not win in their category.
  - The Group continues to work with the Hertfordshire Health Centre schedule. The January 2019 topic in was 'Dry January' where parents were asked to pour out the amount of alcohol they would usually drink in one day and were then asked to pour that into shot glasses. Some parents were quite surprised at how much they were drinking!

#### Community Centre

- The service welcomed 54,919 visitors from the local community throughout the year.
- Organised and facilitated over 55 different and varied activities every week.
- Supported over 840 young people each week to belong, contribute and thrive.
- Worked with local health partners to provide 123 hours of Diabetes awareness and management training.
- Supported over 750 older members of the community to stay active and contribute as a member of the community each week.
- Provided over 11,000 hours of valuable community space to other groups and individuals who wanted to support their community.

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### **Report and financial statements for the year ended 31 March 2019**

Individual services operate differently because of the various regulatory and monitoring frameworks that are in place to accord to standards set by the Regulator of Social Housing, Charity Commission and Ofsted. Key performance indicators tend to be set within contracts agreed with commissioners such as County/unitary Councils (Housing Related Support, Family Support Centres, Children's Centres), Local Councils and other funders (Trusts & Foundations etc.). Performance against these is monitored on a regular basis.

#### **Accreditations**

The Group continues to work hard to secure and maintain accreditations that reflect the quality, compliance and impact of work undertaken. These currently embrace:

- a) Investors in People – Bronze,
- b) Ofsted – Outstanding – for Charters Nursery, Abbots Langley,
- c) Centre for Housing Support – Service Excellence Standards,
- d) Safecontractor - Charity,
- e) Cyber Essentials – One YMCA and Early Childhood Partnership,
- f) Fundraising Regulator,
- g) Disability Aware,
- h) Mindful Employer.

The Group will continue to seek accreditations where it is in the best interests of the charity and its beneficiaries to do so.

#### **Strategic developments on new activities**

The Group has worked hard on strategic partnerships during the year to introduce new areas of work that will expand the delivery of services to beneficiaries. One of these included the purchase of the High Wycombe housing scheme from YMCA England & Wales. High Wycombe had already benefited from Group management since 2016 and it was good to embrace ownership of the site in June 2018.

The Group has invested time and resources in the Peartree Redevelopment Programme which seeks a new solution for the Welwyn Garden City site. This is an ongoing endeavour.

The Group was successful in its bid to operate the Hertfordshire East Quadrant family centres with a large number of people and operations being transferred in on 1 October 2018. The mobilisation was extensive and the new ways of working are starting to settle following a wholesale redesign of service delivery across the County. The East Quadrant work will initially operate for six years and the beneficiary impact is broad.

The Group was successful in its work through its Early Childhood Partnership subsidiary. The Partnership has operated the Bedford Borough children's centre contract since 1 September 2016 and is now operating on a business as usual basis. A new Impact Report was published in September 2018 to much acclaim and the Partnership continues to receive very positive feedback from the Commissioning Council.

The partnership with Herts Young Homeless to deliver the 16-25 housing advice and information service called Homeless Hub, went live on 1 April 2017. A new multi-agency impact group is working to track progress and foster a broader partner engagement with commissioners and the challenges experienced by beneficiaries.

The Group has been involved in the wider charity conference sector with the strategic opportunities matrix being presented at the Charity Finance Summit in October 2018. This was based upon previous Group learning and experience.

#### **Looking to the future**

The Group is committed to developing a strong and vibrant organisation in order to serve its residents, beneficiaries and the local community. In doing so, it will:

- Actively progress the Peartree Redevelopment Programme to achieve a new solution for YMCA housing in Welwyn Garden City,
- Work with partners to promote shared mission and objectives where collaboration or working alongside partners can deliver better outcomes for beneficiaries,

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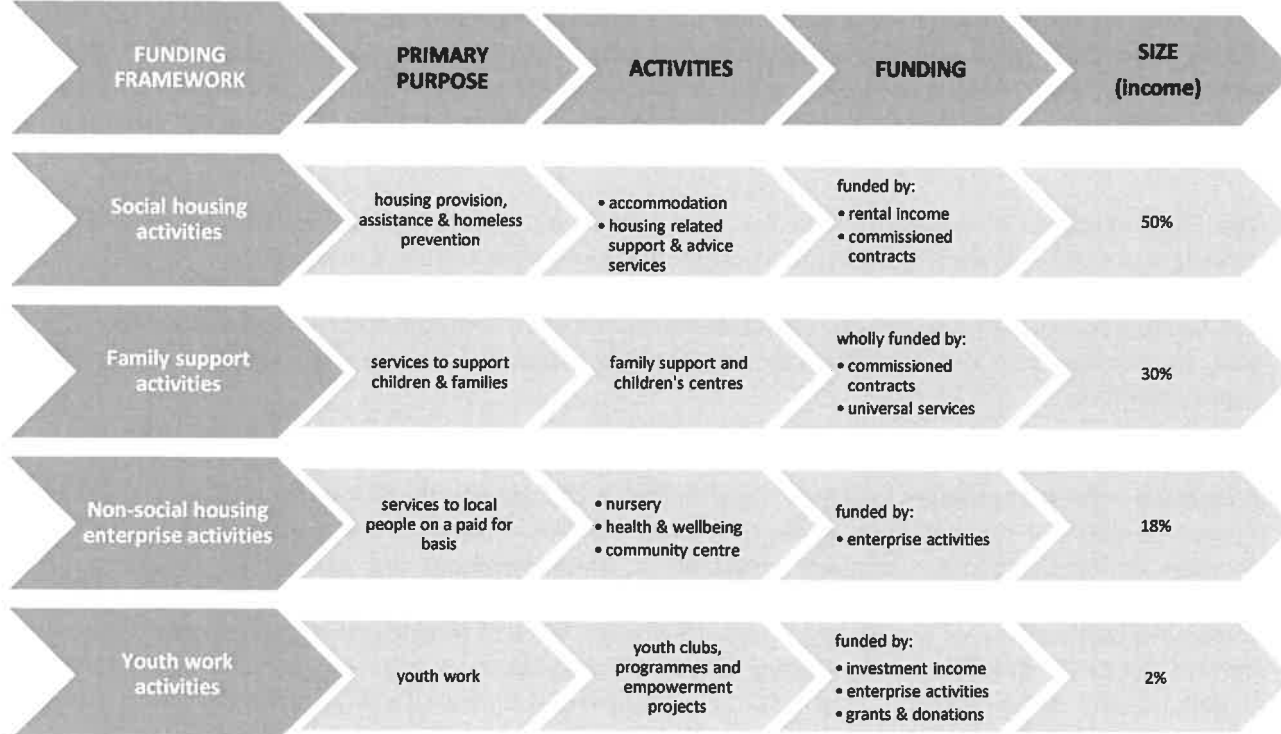
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- Develop existing service delivery,
- Improve value for money,
- Competitively bid for local authority commissioned service delivery contracts,
- Widen the breadth and strength of income streams,
- Effective marketing plans to drive up customer sales, retention and income levels,
- Submit more fundraising bids,
- Develop youth work,
- Challenge expenditure levels,
- Ensure that all service areas are exceeding performance targets.

The Group has continued to adopt the framework for delivering services so that both social housing and non-social housing activities are kept in balance. The funding framework diagram set out below details the various components.

Youth work activities are a vital contribution to vibrant and sustainable communities. They provide a sense of belonging for the young people who take part as well as helping to reduce the risk of family breakdown and/or youth homelessness. Youth work is a core part of the Group’s activities and is ancillary to social housing objectives. The size of the programme alongside its potential expansion does not pose any risk to social housing activities.

**The funding framework**



With regard to the funding framework:

- The model for social housing activities is established and operates well;
- The model for family support activities is wholly funded and is backed by commissioned contract income.
- The model for non-social housing enterprise activities is developing and contributes to youth work funding. Investment income receipts and Abbots Langley Nursery are performing very well.
- During the year, the budget gym activities at St Albans materially improved which was very welcome. In contrast, and following an options appraisal, the Abbots Langley gym was closed as it had no realistic prospects of success.

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### **Report and financial statements for the year ended 31 March 2019**

The Group is committed to solid financial planning and setting surplus budgets to ensure that activities are sustainable and will actively serve beneficiaries in the medium to long term. The Company will invest in new social housing services where it is prudent to do so. Furthermore, it will take steps in the event that any services suffer from economic, social or market downturns.

#### **Future of social housing**

In December 2016, the Group adopted a new Housing Strategy 2016-21 so that it ensured that there was a clear trajectory in place to face the future. The Strategy has four themes which are:

- Invest in the growth and impact of our people,
- Develop the way we work,
- Work with others to change things for the better,
- Use our asset effectively.

Good progress has been made against the Work Programme which has been refreshed along the way.

The Group has invested time in the Peartree Redevelopment Programme and commissioned GL Hearn to undertake an options appraisal which reported in December 2018. This indicated that there was a positive case for redevelopment at the Welwyn Garden City site. A Peartree Working Group was formed as a task and finish forum of trustees and senior staff to take the programme forward. This has resulted in professional advice being taken and the planning application process commencing. This will be a major stream of work for the 2019/20 year.

Good progress has been made with the funding of social housing which was largely shaped by the National YMCA campaign to lobby and liaise with government departments. This was spearheaded by YMCA England & Wales and was an excellent piece of collaboration. As a result, the rent setting policy agenda has become more stable. The Group has successfully achieved re-commissioning of some Housing Related Support services as well as extensions to other contracts. This is very welcome.

The implementation of Universal Credit has presented national challenges particularly with regard to rent collection. A close eye needs to be maintained here so that all possible income is collected.

The Group is committed to maximising service delivery particularly with high occupancy. It was lower in 2018/19 with an increased void loss. The Group looks forward to improvements as this will release further value for money resources.

#### **Residents' involvement**

The Group actively encourages Residents' involvement in decision making by holding Residents' Committee / Focus Meetings that are regularly attended by a senior member of staff with day to day support being provided through the Chaplaincy and support programmes. These meetings are venues for reviewing service improvements, matters impacting upon social housing and monitoring the services delivered. The feedback of former Residents allows us to gain insights into their experience of staying with us, coupled with liaison with current Residents which assists in shaping ideas and suggestions to positively enhance and improve the experience for Residents staying at the YMCA. An exit interview is held with vacating Residents where they are encouraged to give feedback on their stay.

As a provider of single homeless housing related support services, the Group actively engages with Residents on a very regular basis through the support planning and engagement process. This extends into move on sustainment and Chaplaincy support.

The Chaplaincy Team has been very successful in attracting new volunteers to assist with value adding Housing activities. The Trustee Board place on record its gratitude to all those who assist the YMCA in a voluntary capacity and live out their Christian mission by helping other people.



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#### Risks and uncertainties

Risks that may prevent the Group achieving its objectives are considered and reviewed by the Trustee Board, Audit & Risk Committee and Executive Management Team on a periodic basis as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Company are reported to Trustee Board every six months. The strategic risk register is reviewed at every Audit & Risk Committee meeting. In addition, people related risks are reviewed by the Governance & People Committee every six months. The Group's major risks relate to:

- Loss of income and/or contracts,
- Safeguarding / service user reputational incident,
- Property compliance,
- Information security,
- Executive capacity,
- Fraud and theft.

The principal financial risk relates to loss of income and/or contracts. Whilst the Audit & Risk Committee reviews controls and standards, the Resources Committee proactively monitors and challenges the financial and service performance of the Group.

The principal property and information risks relate to systems, process and monitoring. Further investments are being made in a new information system for safety compliance monitoring and reporting. Ongoing investments on information security projects and checks remain paramount.

The principal people risk relates to safeguarding and ensuring that the best interests of beneficiaries are protected.

With the external support and facilitation by Campbell Tickell, the Trustee Board has engaged with its strategic risk appetite. This has previously been discussed at Audit & Risk Committee and was discussed in a strategy workshop. The product of this will be a new strategic risk appetite map being approved in the current financial year.

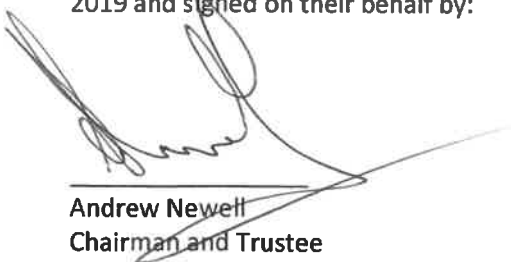
On an annual basis, the Group reviews its key policies and controls frameworks. These included the financial regulations as well as the Code of Governance, committee terms of reference, code of conduct, safeguarding, fraud, whistleblowing, health & safety, equal opportunities and risk management policies. The next review is scheduled for November 2019.

The risk management and internal controls arrangements are described in more detail in the Report of the Trustee Board on page 23.

#### Borrowings

At year end, the Group had long term borrowings of £1,667,088 (2018: £400,571) which are secured against income generating assets: the supported housing hostels. In approving the Operating and financial review, the Trustees are also approving the Strategic Report in their capacity as directors of the Group.

The Operating and Financial Review and the Strategic Report were approved by the Trustee Board on 23 July 2019 and signed on their behalf by:



Andrew Newell  
Chairman and Trustee

## **REPORT OF THE TRUSTEE BOARD**

The Trustee Board presents its annual report together with the audited financial statements the year ended 31 March 2019.

### **Organisation**

The Group operates out of a number of centres across Hertfordshire, Bedfordshire and Buckinghamshire.

The Company is structured by department according to the main service delivery areas which include:

- Accommodation,
- Family work (nursery and children's centres),
- Health and wellbeing,
- Support and advice (youth work and community centre),
- Support services (including finance, human resources, safety & compliance and ICT).

The Executive Team consists of the Chief Executive and Executive Directors who report to the Trustee Board and the relevant sub committees covering the main functions.

The national structure of the YMCA Federation allows for further support and, in particular, national policy development.

### **Trustee Board**

The Trustee Board is responsible for the overall governance of the Group. Those who have served during the year are set out on page 3. They hold a dual role of being trustees of a registered charity as well as being directors for the purposes of the Companies Act.

In accordance with the Articles of Association, Trustees serve for a three year term. At every Annual General Meeting, a number of the members of the Trustee Board retire from office on a rotational basis. The members of the Trustee Board to retire are those who have been longest in office since their last election or appointment. A retiring member of the Trustee Board shall be eligible for re-election for a second and third full-term, but then having served a third term, must stand down as an elected member for a period of one year. Trustees can only serve for a maximum of nine years.

During the period since the last report, Javier Uriarte, Sal Thirlway, Dionne McCalla and John Knight were welcomed as new trustees. Also, John Robinson stood down as a Trustee having completed his term of service. The Trustee Board undertakes annual board effectiveness reviews. The 2018 review was an internal one as this flowed on from the 2017 externally facilitated project by Cass Business School's Centre for Charity Effectiveness. A Trustee Board Chair review and feedback process was facilitated by the Chair of the Governance & People Committee. Furthermore, the Chair held one to one meetings with all trustees during the spring of 2019.

### **Strategic management**

The Trustee Board is responsible for setting an appropriate strategy for the Group. It also ensures that relevant performance measures are in place.

During the year, the Trustee Board:

- Held two strategy away meetings to facilitate the children's services vision and a workshop on strategic risk appetite,
- Reviewed terms of reference for the Trustee Board, Early Childhood Partnership and all committees,
- Created the Peartree Working Group as a task and finish group of trustees and senior staff to work on the Peartree redevelopment programme,
- Reviewed the Code of Governance compliance arrangements,
- Reviewed its key policies along with its financial, investment and people strategies,
- Undertook succession planning work with regard to both the Trustee Board itself and in respect of key staff,

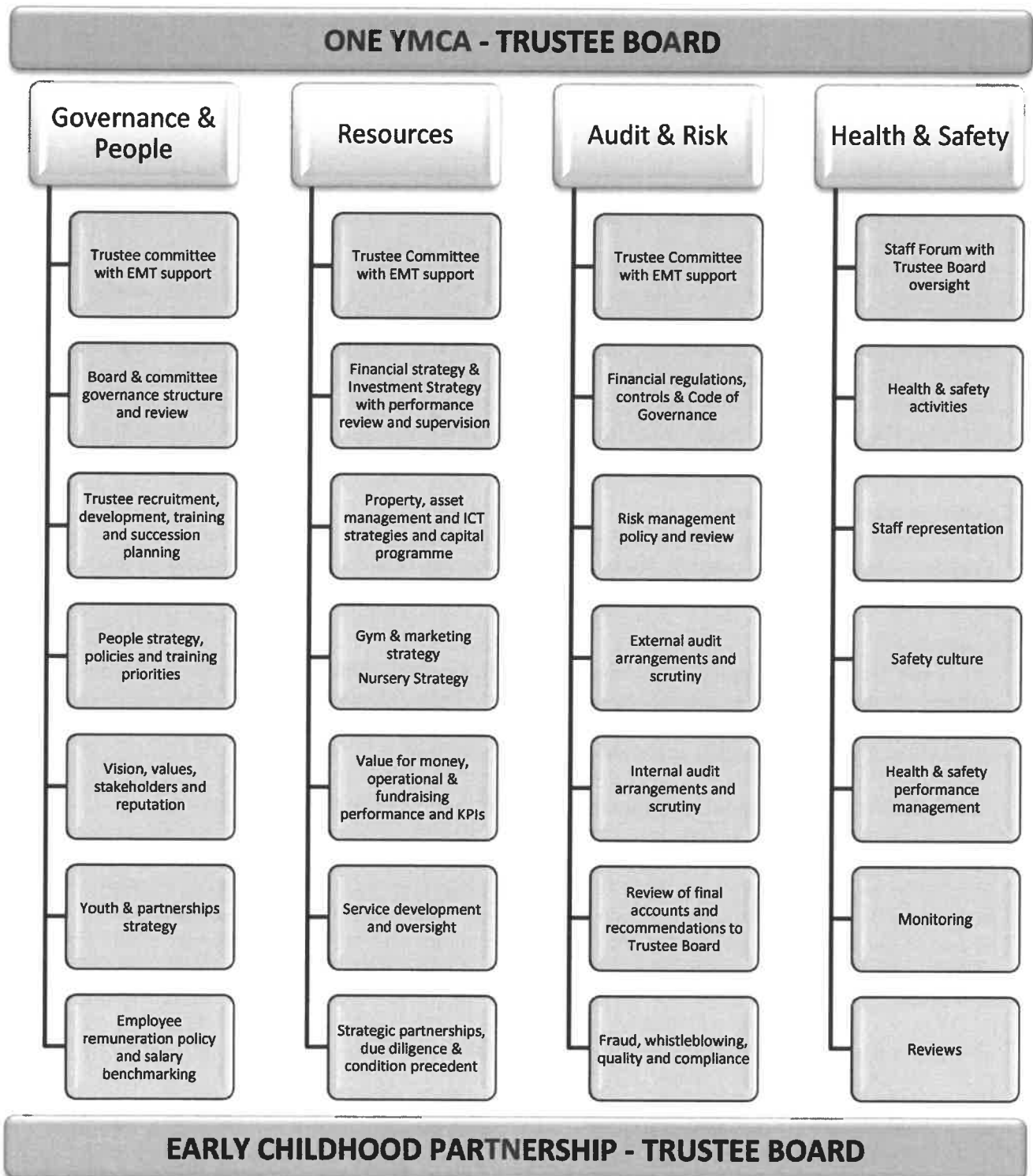
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- Ensured that group policies and control frameworks such as financial regulations applied on a group basis.

The Trustee Board is represented on the Early Childhood Partnership Trustee Board.

The Trustee Board utilises a committee structure to undertake some of the detailed work of supervising the activities of the Group in between Trustee Board meetings. The structure is set out in the following matrix.



Each committee reports its progress to the Trustee Board on a regular basis and has established terms of reference.

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As at 31 March 2019, the membership of each committee was as follows:

Governance & People	Resources	Audit & Risk	Health & Safety
Jane Cotton (Chair)	Nick Mourant (Chair)	John Ball (Chair)	Ben Johnson
Nicola Lucas	Ben Johnson	Max Beddard	Company Secretary (Chair)
Christine Neyndorff	Simon Box	Nick Mourant	Executive team
Clare Hearnshaw	John Knight	Javier Uriarte	Service representatives

In addition, Sal Thirlway, Dionne McCalla and Jane Cotton served on the Early Childhood Partnership trustee board.

#### Recruitment of members of the Trustee Board

Members of the Trustee Board are recruited by diverse means with sources including:

- Trustee recruitment exercises via national voluntary press and volunteering websites,
- Recommendation from partner organisations,
- Stakeholders,
- Contacts made by staff members and members of the Trustee Board.

All trustees are interviewed by a panel of Board members. Any preferred candidates initially attend a trustee meeting as an observer and, if that meets the expectations of all, then co-option follows. New Trustees are inducted into the Group using an agreed framework and ongoing training is provided through a combination of: trustee updates, attendance at charity conferences / training events and bespoke training. A number of the Trustees also serve, or have served as Trustees of other charities and housing associations which broadens the available skills base and the exposure to training and best practice of the social housing and charity sectors. The Governance & People Committee regularly reviews the trustee skills matrix and identifying future needs.

#### Executive Management Team

The Executive Management Team are the senior staff that manage the Group's operations and comprise the Chief Executive who is supported by the Director of Resources, Director of Operations and Director of Family Support. They act within the authority delegated by the Trustee Board.

#### Employees

The Group recognises the strength of its employees who are committed to the objectives that serve the best interests of its residents and service users. The Group shares information on its objectives, progress and activities through regular management and staff departmental meetings. In addition, roadshows are utilised to celebrate success, generate ideas and positively engage with staff.

The Group is committed to equal opportunities both in recruitment and retention of employees.

#### Gender pay reporting

The Charity has adopted the Living Wage Foundation's Living Wage as the baseline for its employees who are engaged on a permanent contract of employment and are not apprentices or retained under TUPE provisions. Moreover, for many years, the Charity has utilised an established job evaluation scheme to ensure that all job roles are properly assessed against an equal pay criteria. The overall workforce gender split is 74% female and 26% male.

The gender pay reporting principles demonstrate the following position as a snapshot on 5 April 2018 was:

- Mean gender pay gap – 20%
- Median gender pay gap – 2%
- Mean bonus gender pay gap – Nil
- Median bonus gender pay gap – Nil
- Proportion of males receiving a bonus payment - Nil
- Proportion of females receiving a bonus payment – Nil

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- Proportion of males and females in each quartile pay band –
  - Top quartile – 35% male & 65% female;
  - Upper middle quartile – 33% male & 67% female;
  - Lower middle quartile – 27% male and 73% female and
  - Lower quartile – 29% male and 71% female

As at the date of this report, the Charity's management arrangements were 75% male and 25% female at an Executive level. At full Senior Management Team level, the split is 50% male and 50% female.

#### **Compliance with taxation**

The Group is committed to conducting its business with integrity, transparency and fairness, and in compliance with all relevant rules, regulations and legislation. It values its reputation for ethical behaviour, financial probity and, as a charity, it disapproves of tax evasion in whatever form. The Group will not tolerate tax evasion, or the facilitation thereof, whether committed by or facilitated by staff, suppliers or funders. Moreover, the Group requires all staff to demonstrate the highest standards of honesty at all times.

The Group will not engage with any individual or business that does not share our commitment to the prevention of tax evasion. In pursuance of its general obligations, the Group will undertake due diligence on its suppliers to mitigate the risk of tax evasion.

#### **Information security**

The Company is committed to information security and continues to promote good and appropriate collection and use of data and information. The Company has invested in staff training, new technology and uplifted its working practices. The Company was pleased that both One YMCA and Early Childhood Partnership acquired the Cyber Essentials accreditation. It is planned to uplift this to Cyber Essentials Plus during the current financial year. Information security is incorporated into the Company's internal audit rolling programme.

#### **Indemnity insurance**

The Group's insurance policies indemnify the Trustee Board and Officers against liability when acting for the Group providing their actions are not reckless or fraudulent.

#### **Health and Safety**

The Trustees are aware of their responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters. During the year, the health and safety committee met on four occasions comprising of representatives of all service areas and the meetings were chaired by the Director of Resources & Company Secretary.

The Charity continues to invest in both its people, systems and buildings. In particular:

- a) A new Head of Safety & Compliance commenced work in June 2019,
- b) An investment is being made in the Ultimate Manager software system for compliance reporting,
- c) Ongoing fire safety reviews taken place to ensure that the Company is best prepared to deal with its buildings,
- d) A new Head of Assets is being recruited to strengthen the planned, reactive and responsive maintenance and capital programmes of work.

#### **Creditors' payments**

The Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

#### **Investment powers**

In accordance with the Articles of Association, the Trustee Board may exercise the power to delegate to any person, company or other organisation any of the Group's powers of investment, administration or management of all or any part of the money and investments of the Group. Accordingly, the funds held as investments by the Group were managed on behalf of the Trustees by CCLA Investment Management Ltd. The Group has continued to adopt a conservative investment policy that seeks to balance capital preservation and

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achieving an appropriate return. The cyclical Investment Strategy review process was completed in May 2019 with particular attention being paid to the ethical basis of investment management.

#### Public Benefit

The Trustee Board held service users at the heart of its approach to formulating the strategic objectives and associated strategies. In doing so, the Trustee Board referred to the guidance contained in the Charity Commission's general guidance on public benefit when planning for the future. Through the work that the Group undertakes in its service areas, it delivers public benefit and serves a wide range of people, many of whom are vulnerable.

#### Complaints

Our clear and simple complaints policy is issued to all residents and service users. All complaints received are monitored by the Chief Executive to help ensure an appropriate and timely resolution and also to help identify any recurring issues that may require a different approach.

#### Donations

During the year, the Group made donations of £23,935 (2018: £20,000) to:

- a) Signpost - £20,000 -to support youth counselling services,
- b) YMCA Black Country - £2,000 – to support a national chaplaincy programme,
- c) The Boys' Brigade - £1,500 – to support young leader activities (this donation was as a result of a senior member of staff foregoing a performance reward),
- d) YMCA Derbyshire - £400 – to support YMCA world council event,
- e) Pancreatic Cancer UK - £35 – in lieu of flowers at a funeral.

#### Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Trustees' Report. On this basis, the Trustee Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

#### Reserves Policy

Reserves that are unrestricted funds held by the Group should be sufficient to meet all payment obligations and to contribute to the Group fulfilling its aims and purposes. The target level of free reserves is determined annually, by the Trustees upon recommendation from the Resources Committee and must reflect the overall objectives of the Group's Financial Strategy and other plans.

The Trustees consider that the unrestricted funds should be classified into two categories:

- Unrestricted funds for earmarked projects, objectives and risks, and;
- Unrestricted funds that are free reserves held to cover working balances and payment obligations.

The reserves as at 31 March 2019 were as follows:

<u>Reserves</u>	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Housing property revaluation reserve	5,513,037	5,578,645
Revenue reserve	8,732,007	7,770,868
<b>Total unrestricted funds (revenue reserve)</b>	<b><u>£14,245,044</u></b>	<b><u>£13,349,513</u></b>

When taking these reserves into account, the revaluation reserve relates to accounting adjustments which are not cash based. The revenue reserve amounted to £8,732,007 of which free reserves total £3,302,608. The

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investment in the High Wycombe property purchase consciously utilised some free reserves which is why the figure reduced from £3,565,365 to £3,302,608.

In determining the level of unrestricted funds held as free reserves to cover working balances and payment obligations, the Trustees have taken into account the following matters:

- Six months of salary and running costs are approximately £4.5 million, and
- Business interruption insurance cover is in place with a two-year indemnity period.

Accordingly, the Trustees consider it prudent to retain working balances of £2.0 million in cash and/or unit trust investments that are not designated or earmarked in order to meet unforeseen risks or obligations. The Trustees are content with the current level of reserves.

#### **Risk Management**

The Audit & Risk Committee has delegated authority from the Trustee Board to ensure that an active risk management process is in place and forms part of the ongoing organisational activity. During the year, the Trustees reviewed its risk management policy along with its strategic risk register. The register identifies the types of risks the Group faces and prioritises them in terms of potential impact and likelihood of occurrence. The strategic risk register is a standing item at each Audit & Risk Committee and the Trustee Board reviews the strategic risks on a regular basis. The Trustees are satisfied that the Group's internal financial controls comply in all material respects with the guidelines issued by the Charity Commission and Regulator for Social Housing and has established a separate internal audit function (carried out by an independent internal audit firm) to review risks on a rotational basis. The principal risk affecting the Group continues to be the uncertain external economic environment that could adversely affect income. The Trustees confirm that they have identified and understand the risks to which the Group is subject and that they are being actively managed.

During the year, the Trustees have undertaken a financial strategy review, considered various operating and stress testing scenarios as detailed in the strategic report. These are reviewed on a periodic basis as part of Audit & Risk and Resources Committee work programmes.

The Charity has invested in external facilitation and advice from Campbell Tickell as the Trustee Board examined its strategic risk appetite. The product of the Campbell Tickell workshop along with some Audit & Risk Committee thinking will culminate in the Trustee Board adopting a new strategic risk appetite in July 2019.

#### **Internal Controls Assurance**

The Trustees acknowledge their overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss. One of the primary internal audit exercises during the year was to undertake an analytical review of all payments made to identify exceptions. A positive assurance rating was achieved in respect of this work.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the year commencing 1 April 2018 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board-approved terms of reference and delegated authorities for Resources, Governance & People, Audit & Risk Committees and Health & Safety Forum,
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks,
- Formal recruitment, retention, training and development policies for all staff,
- Established authorisation and appraisal procedures for significant new initiatives and commitments,
- Regular review of cash flow and treasury management by the Resources Committee,
- Reviewing the Register of assets and liabilities,

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- Regular reporting to the appropriate committee on key business objectives, targets and outcomes,
- Board approved Code of Conduct,
- Board approved safeguarding, health & safety, whistle-blowing, anti-fraud and corruption policies,
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets.

A fraud register is maintained and is reviewed by the Audit & Risk Committee on a regular basis. During the year, there were no material findings of fraudulent activity. In the cases that were reviewed, it demonstrated areas for the tightening of local working practice although it is noteworthy to report that there were no losses of charitable funds.

The Board cannot delegate ultimate responsibility for the systems of internal control, but has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control for the Group and the annual report of the internal auditor and has reported its findings to the Board.

The Audit & Risk Committee approved a three-year internal audit rolling plan for the group following a risk review by the internal auditor.

#### **Code of Governance**

The Trustee Board is pleased to report that the Group complies with the National Housing Federation's Code of Governance (2015). During the course of the year, the Audit & Risk Committee reviewed the compliance framework as well as approving the annual review of Financial Regulations and governance arrangements. Both the Audit & Risk and Governance & People Committees reviewed the key principles of the Charity Governance Code. As an evolving organisation, the Group will continue to review and develop its governance in order to best serve its beneficiaries.

#### **Annual review of governance and viability standards**

The Trustees have reviewed the governance and viability standards and confirm that the Group has complied with them.

### **STATEMENT OF RESPONSIBILITIES OF THE TRUSTEE BOARD FOR THE REPORT AND FINANCIAL STATEMENTS**

#### **General Financial Responsibilities**

The Trustee Board is responsible for preparing the operating and financial review and strategic report, the report of the Trustees and financial statements in accordance with applicable law and regulations.

Company law requires the Trustee Board 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 laws). 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 Company and the Group and the surplus or deficit of the Company and the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies



**ONE YMCA**

**Report and financial statements for the year ended 31 March 2019**

Act 2006. The Trustees are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- the Trustees have taken all 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 auditors is aware of that information.

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

**Annual General Meeting**

The annual general meeting will be held in September 2019.

The Report of the Trustee Board was approved by the Trustees on 23 July 2019 and signed on their behalf by:



Andrew Newell  
Chairman & Trustee

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONE YMCA**

### **Opinion**

We have audited the financial statements of One YMCA for the year-ended 31 March 2019 which comprise the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in reserves, the consolidated and company balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent charitable company's affairs as at 31 March 2019 and of the group's and parent charitable company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2018 and the Accounting Direction for Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 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's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the Statement of Responsibilities of the Trustee Board set out on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the 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 intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Conclusions relating to going concern**

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

## ONE YMCA

### Report and financial statements for the year ended 31 March 2019

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

#### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board, the operating and financial review and the strategic report. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board, the operating and financial review and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report contained within the Report of the Board and the strategic report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board, the operating and financial review or the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### 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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

31 July 2019

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	12,242,535	10,122,612
Operating expenditure	3	(12,004,569)	(9,746,876)
<b>Operating Surplus</b>	<b>3 &amp; 4</b>	<b>237,966</b>	<b>375,736</b>
(Loss) on disposal of property, plant and equipment	5	(4,071)	(4,250)
Interest receivable and other income	6	76,145	62,735
Interest and financing costs	7	(68,488)	(43,514)
Movement in fair value of financial instruments	13	132,479	23,076
Gain on purchase of asset at fair value		528,500	-
<b>Surplus for the year</b>		<b>902,531</b>	<b>413,783</b>
Actuarial (losses) / gains relating to Pension Fund	18	(7,000)	6,000
<b>Total comprehensive income for the year</b>		<b>895,531</b>	<b>419,783</b>

**COMPANY STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	11,230,095	9,105,866
Operating expenditure	3	(10,996,401)	(8,754,259)
<b>Operating Surplus</b>	<b>4</b>	<b>233,694</b>	<b>351,607</b>
(Loss) on disposal of property, plant and equipment	5	(4,071)	(4,250)
Interest receivable and other income	6	76,145	62,735
Interest and financing costs	7	(68,488)	(43,514)
Movement in fair value of financial instruments	13	132,479	23,076
Gain on purchase of asset at fair value		528,500	-
<b>Surplus for the year</b>		<b>898,259</b>	<b>389,654</b>
Actuarial (losses) / gains relating to Pension Fund	18	(7,000)	6,000
<b>Total comprehensive income for the year</b>		<b>891,259</b>	<b>395,654</b>

The accompanying notes form part of these financial statements.

**ONE YMCA**  
Report and financial statements for the year ended 31 March 2019

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
FOR THE YEAR ENDED 31 MARCH 2019

<b>GROUP</b>	<b>Income &amp; expenditure reserve</b>	<b>Property revaluation reserve</b>	<b>Total</b>
<b>Balance at 1 April 2018</b>	<b>£ 7,770,868</b>	<b>£ 5,578,645</b>	<b>£ 13,349,513</b>
Surplus from income and expenditure account	895,531	-	895,531
Transfer from revaluation reserve to income and expenditure reserve	65,608	(65,608)	-
<b>Balance at 31 March 2019</b>	<b>8,732,007</b>	<b>5,513,037</b>	<b>14,245,044</b>
<b>COMPANY</b>	<b>Income &amp; expenditure reserve</b>	<b>Property revaluation reserve</b>	<b>Total</b>
<b>Balance at 1 April 2018</b>	<b>£ 7,755,926</b>	<b>£ 5,578,645</b>	<b>£ 13,334,571</b>
Surplus from income and expenditure account	891,259	-	891,259
Transfer from revaluation reserve to income and expenditure reserve	65,608	(65,608)	-
<b>Balance at 31 March 2019</b>	<b>8,712,793</b>	<b>5,513,037</b>	<b>14,255,830</b>

The £65,608 transfer between funds relates to the release of the revaluation reserve to offset increased depreciation as a result of the revaluation of assets on adoption of FRS 102.

**ONE YMCA**  
**Report and financial statements for the year ended 31 March 2019**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

Registered company 4430743

	Notes	2019 £	Group 2018 £	2019 £	Company 2018 £
<b>Fixed assets</b>					
Tangible fixed assets	11,12	13,749,179	11,201,431	13,749,179	11,201,431
Investments	13	2,552,346	2,419,868	2,552,346	2,429,868
		<u>16,301,525</u>	<u>13,621,299</u>	<u>16,301,525</u>	<u>13,631,299</u>
<b>Current assets</b>					
Trade and other debtors	14	1,192,297	1,013,862	1,169,716	923,260
Cash and cash equivalents		2,245,643	1,923,041	2,077,371	1,828,208
		<u>3,437,940</u>	<u>2,936,903</u>	<u>3,247,087</u>	<u>2,751,468</u>
<b>Creditors: falling due within one year</b>	15	2,687,678	1,791,406	2,563,039	1,630,913
<b>Net current assets</b>		<u>750,262</u>	<u>1,145,497</u>	<u>684,048</u>	<u>1,120,555</u>
Creditors: falling due after more than one year	16	1,869,557	454,822	1,869,557	454,822
Pension funds	18	890,186	962,461	890,186	962,461
Provision for liabilities and charges	17	47,000	-	-	-
<b>Total net assets</b>		<u><b>14,245,044</b></u>	<u><b>13,349,513</b></u>	<u><b>14,225,830</b></u>	<u><b>13,334,571</b></u>
<b>Capital and reserves</b>					
Housing property revaluation reserve		5,513,037	5,578,645	5,513,037	5,578,645
Revenue reserve		8,732,007	7,770,868	8,712,793	7,755,926
<b>Total reserves</b>		<u><b>14,245,044</b></u>	<u><b>13,349,513</b></u>	<u><b>14,225,830</b></u>	<u><b>13,334,571</b></u>

The accompanying notes form part of these financial statements.

The accounts were approved by the Trustee Board on 23 July 2019 and were signed on its behalf by:

Andrew Newell



Chairman and Trustee

John Ball



Trustee

**ONE YMCA**

Report and financial statements for the year ended 31 March 2019

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
<b>Net cash generated from operating activities</b>		
Surplus for the financial year	902,531	413,783
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	428,498	480,329
(Increase) / decrease in trade and other receivables	(178,435)	(550,165)
Increase in trade and other creditors	1,079,006	274,443
Loss on disposal of fixed assets	4,071	4,250
Movement in fair value of financial instruments	(132,479)	(23,076)
Pension costs less contributions payable	(66,793)	2,634
Interest paid	37,164	11,525
Interest received	(76,145)	(62,735)
<b>Cash generated from operating activities</b>	<b>1,997,418</b>	<b>550,988</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(2,983,223)	(1,124,158)
Proceeds from the sale of tangible fixed assets	2,907	-
Sale of investments	788,209	1,153,427
Purchase of investments	(788,209)	(254,369)
Interest received	76,145	62,735
<b>Net cash from investing activities</b>	<b>(2,904,171)</b>	<b>(162,365)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(37,164)	(11,525)
Mortgage redemption	(349,107)	-
Mortgage addition	1,664,500	-
Repayments of borrowings	(48,874)	(20,243)
<b>Net cash used in financing activities</b>	<b>1,229,355</b>	<b>(31,768)</b>
<b>Net increase in cash and cash equivalents</b>	<b>322,602</b>	<b>356,855</b>
Cash and cash equivalents at beginning of year	1,923,041	1,566,186
<b>Cash and cash equivalents at end of year</b>	<b>2,245,643</b>	<b>1,923,041</b>
<b>Cash and cash equivalents at 31 March</b>		
Cash	2,245,643	1,923,041
	<b>2,245,643</b>	<b>1,923,041</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**1. Status**

The Company is a company limited by guarantee, registered under the Companies Act 2006 registration number 4430743, a registered charity number 1102301 and registered with the Regulator of Social Housing as a social housing provider registration number H4418. The charity meets the definition of a public benefit entity under FRS 102.

The registered office is Charter House, Charter Place, Watford, Hertfordshire WD17 2RT.

Each member of the Company undertakes to contribute such amount as may be required (not exceeding £1.00) to the assets of the Company in the event of the same being wound up while he or she is a member or within one year after he or she ceases to be a member for payment of the debt and liabilities of the Company contracted before he or she ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves. If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid or distributed among the members of the Company but shall be transferred to The National Council of Young Men's Christian Association (Incorporated) for its general purposes.

**2. Principal accounting policies**

The financial statements are prepared in accordance with Financial Reporting Standard 102 and the Statement of Recommended Practice: accounting by registered social housing providers 2014 ("SORP") and comply with the Accounting Direction for private registered providers of social housing 2015.

In the view of the trustees in applying the accounting policies adopted, the two areas of judgement relate to the provision for dilapidations as disclosed in 2(q) and the amount of notional grant to be recognised on the purchase of an asset at fair value. No other judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year. No complex financial instruments are held.

**(a) Basis of accounting**

Assets and liabilities are initially recognised at historical cost or transaction values unless otherwise stated in the relevant accounting policy notes. Those assets measured at fair value are re-measured at each balance sheet date.

**(b) Basis of consolidation**

The Group financial statements consolidate those of the Company and its subsidiary undertaking of Early Childhood Partnership, drawn up to 31 March 2019. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

**(c) Going concern**

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Trustees' Report. On this basis, the Trustee Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

**(d) Turnover**

Turnover comprises rental and service charge income receivable in the year and other services at invoiced value (excluding VAT) of goods and services supplied in the year.



**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

Revenue grants are receivable when the conditions for receipts of agreed grant funding have been met. Charges for support services funded by Housing Related Support and Family & Children's Centres are recognised as they fall due under the contractual arrangements with Administering Authorities.

Where an asset is acquired at undervalue a notional grant is recognised in respect of the difference between the purchase price and the fair value of the asset. The trustees determine the fair value based on the available data including external valuations.

**(e) Expenditure**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Support and other central costs have been apportioned to each activity on the basis of turnover and staff numbers.

**(f) Debtors and creditors**

Short term debtors are measured at transaction price, less any impairment and short term creditors are measured at the transaction price.

**(g) Housing properties**

Housing properties are principally properties available for rent. The properties at Peartree Lane, Welwyn Garden City and Charter House, Watford were revalued upon the implementation of FRS102 and SORP. The Company elected to measure housing properties on the date of transition at its fair value and use that fair value as its deemed cost at that date. The valuation is based upon an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional advisor qualified by the Royal Institute of Chartered Surveys to undertake valuations.

Housing properties are stated at cost less depreciation, the cost of future additions being the cost of acquiring land and buildings and expenditure incurred in respect to improvements.

Work to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

**(h) Housing properties and depreciation**

The Company separately identifies the major components that comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Company depreciates the major components of its housing properties at the following annual rates:

<u>Component</u>	<u>Useful economic life</u>
Structure (Leased)	Residue of lease
Structure	80 years
Roofs	30 years
Windows	20 years
Kitchens	20 years
Bathrooms	30 years
Heating	20 years
Lifts	15 years

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

Where the unexpired lease term is shorter than the longest component life envisaged, the unexpired term of the lease is adopted as the useful economic life.

**(i) Other tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

<u>Component</u>	<u>Useful economic life</u>
Non-Housing Leasehold improvements	Over the term of the lease
Fixture and fittings	5 years
Motor Vehicles	5 years
ICT	3 - 7 years (depending upon items)

**(j) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stocks of donated goods have not been valued as it is not practical to do so.

**(k) Operating leases**

Rentals payable under the operating leases are charged on a straight-line basis over the lease term. The benefits of lease incentives entered into after the date of transition to FRS 102 are recognised in income and expenditure over the lease period.

The Company has taken advantage of the exemption in FRS 102 section 35 to continue to treat incentives received on leases entered into before the date of transition on the same basis as at the date of transition.

**(l) Pensions****Hertfordshire County Council Pension Fund**

The Company is a participating employer in the Hertfordshire County Council Pension Fund (HCCPF) in respect of employees already in the scheme who transferred from other admitted local authority bodies. The scheme is a multi-employer defined benefit scheme and the Company's share of the results of the scheme is shown within the accounts in accordance with FRS 102.

For the HCCPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Company.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

**YMCA Pension Plan**

The Company participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to the Company, therefore the scheme is accounted for as a defined contribution scheme.

As described in note 18, the Company has a contractual obligation to make pension deficit payments over the period to April 2027. Accordingly, this is shown as a liability in these accounts, discounted to

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

fair value. In addition, the Company is required to contribute to the operating expenses of the Pension Plan and these costs are charged to the Income and Expenditure Account as made.

**Group Personal Pension Plan (defined contribution)**

The Company also makes contributions to a group personal pension plan (defined contribution) provided by Aviva which is open to all employees.

**(m) Social Housing Grant**

Social Housing Grant (SHG) is receivable from the Homes England (HE) as a contribution towards the capital cost of housing schemes. The Company has taken advantage of transitional relief for deemed cost and treated all SHG grant on transition under the performance model in accordance with SORP. Any subsequent SHG grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

SHG due from the HE or received in advance is included as a current asset or liability. SHG is subordinated to the repayment of loans by agreement with the HE. SHG released on sale of a property may be repayable, but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Company is required to recycle these proceeds; as such a contingent liability is disclosed to reflect this.

**(n) Other Grants**

Other grants are receivable from local authorities and other organisations and are accounted for under the accruals model. Capital grants are recognised in income over the expected useful life of the asset. Grants in respect of revenue expenditure are credited to the income and expenditure in the same period as the expenditure to which they relate.

**(o) Investments**

Investments held as fixed assets are valued at mid-point of the quotation in the Stock Exchange daily official list. Any movements in the fair value of investments are recognised in income and expenditure.

**(p) Interest Free Loans**

Long term loans carrying no interest are disclosed at amortised cost using the market rate of similar debt instruments – the effective interest method.

**(q) Provisions for Liabilities**

Provision has been made for expected property costs at the end of the leases held by the Early Childhood Partnership subsidiary. This is based on the lease terms, management's assessment of the property condition and external evidence supporting the likely costs. This estimation involves a level of judgment and will be reassessed annually.

**(r) Holiday pay accrual**

The group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost payable for the period of absence.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(s) **Fund Accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. The revaluation of properties is reported separately in the property revaluation reserve. This is the difference between the fair value of social housing properties and the historical cost carrying value.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****3. Group - Turnover, operating costs and operating surplus**

2019	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
<b>Social Housing: Rent receivable</b>	3,894,774	3,634,812	259,962
<b>Other social housing activities:</b>			
Housing related support	1,622,568	1,624,225	(1,657)
<b>Total – social housing activities</b>	<b>5,517,342</b>	<b>5,259,037</b>	<b>258,305</b>
Other non-social housing	535,609	550,561	(14,952)
Housing asset purchase costs	-	23,805	(23,805)
<b>Total housing activities</b>	<b>6,052,951</b>	<b>5,833,403</b>	<b>219,548</b>
<b>Non-social housing activities</b>			
Health & wellbeing – budget gyms	967,252	1,035,698	(68,446)
Health & wellbeing – community programmes	52,134	53,312	(1,178)
Child and family services	4,848,276	4,579,385	268,891
Youth	80,107	201,296	(121,189)
Community	191,226	170,058	21,168
Other grants taken to income	4,913	4,913	-
Other	45,676	126,504	(80,828)
	<b>6,189,584</b>	<b>6,171,166</b>	<b>18,418</b>
	<b>12,242,535</b>	<b>12,004,569</b>	<b>237,966</b>

**Group - Turnover, operating costs and operating surplus**

2018	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
<b>Social Housing: Rent receivable</b>	3,068,063	2,748,769	319,294
<b>Other social housing activities:</b>			
Housing related support	1,297,204	1,368,381	(71,177)
<b>Total – social housing activities</b>	<b>4,365,267</b>	<b>4,117,150</b>	<b>248,117</b>
Other non-social housing	1,203,912	936,769	267,143
Housing asset purchase costs & pension project	-	122,252	(122,252)
<b>Total housing activities</b>	<b>5,569,179</b>	<b>5,176,171</b>	<b>393,008</b>
<b>Non-social housing activities</b>			
Health & wellbeing – budget gyms	947,571	1,022,795	(75,224)
Health & wellbeing – community programmes	101,469	74,334	27,135
Child and family services	3,048,714	2,818,210	230,504
Youth	102,261	289,617	(187,356)
Retail	20,484	33,298	(12,814)
Community	186,839	154,812	32,027
Government grants taken to income	92,819	92,819	-
Other grants taken to income	4,452	4,452	-
Other	48,824	80,368	(31,544)
	<b>4,553,433</b>	<b>4,570,705</b>	<b>(17,272)</b>
	<b>10,122,612</b>	<b>9,746,876</b>	<b>375,736</b>

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****Company - Turnover, operating costs and operating surplus**

2019	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
<b>Social Housing:</b> Rent receivable	3,894,774	3,634,812	259,962
<b>Other social housing activities:</b>			
Housing related support	1,622,568	1,624,225	(1,657)
<b>Total – social housing activities</b>	<b>5,517,342</b>	<b>5,259,037</b>	<b>258,305</b>
Other non-social housing	535,609	550,561	(14,952)
Housing asset purchase costs & pension project	-	23,805	(23,805)
<b>Total housing activities</b>	<b>6,052,951</b>	<b>5,833,403</b>	<b>219,548</b>
<b>Non-social housing activities</b>			
Health & wellbeing – budget gyms	967,252	1,035,698	(68,446)
Health & wellbeing – other	52,134	53,312	(1,178)
Child and family services	3,755,836	3,571,216	184,620
Youth & Community	80,107	201,296	(121,189)
Community	191,226	170,058	21,168
Government grants taken to income	-	-	-
Other grants taken to income	4,913	4,913	-
Other	125,676	126,505	(829)
	<b>5,177,144</b>	<b>5,162,998</b>	<b>14,146</b>
	<b>11,230,095</b>	<b>10,996,401</b>	<b>233,694</b>

**Company - Turnover, operating costs and operating surplus**

2018	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
<b>Social Housing:</b> Rent receivable	3,068,063	2,755,399	312,664
<b>Other social housing activities:</b>			
Housing related support	1,297,204	1,368,381	(71,177)
<b>Total – social housing activities</b>	<b>4,365,267</b>	<b>4,123,780</b>	<b>241,487</b>
Other non-social housing	1,203,912	936,769	267,143
Housing asset purchase costs & pension project	-	122,252	(122,252)
<b>Total housing activities</b>	<b>5,569,179</b>	<b>5,182,801</b>	<b>386,378</b>
<b>Non-social housing activities</b>			
Health & wellbeing – budget gyms	947,571	1,022,795	(75,224)
Health & wellbeing – other	101,469	74,334	27,135
Child and family services	1,972,452	1,824,545	147,907
Youth & Community	102,261	289,617	(187,356)
Community	186,839	154,812	32,027
Government grants taken to income	92,819	92,819	-
Other grants taken to income	4,452	4,452	-
Retail loan write off	-	27,716	(27,716)
Other	128,824	80,368	48,456
	<b>3,536,687</b>	<b>3,571,458</b>	<b>(34,771)</b>
	<b>9,105,866</b>	<b>8,754,259</b>	<b>351,607</b>

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****Turnover, operating costs and operating surplus (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Operating costs for social housing:</b>				
Management	1,497,796	1,190,526	1,497,796	1,197,156
Services	1,232,677	765,428	1,232,677	765,428
Routine maintenance	400,476	362,858	400,476	362,858
Planned maintenance	86,096	76,763	86,096	76,763
Rent losses from bad debts	132,252	105,658	132,252	105,658
Depreciation of housing properties and equipment	285,515	247,536	285,515	247,536
	<b>3,634,812</b>	<b>2,748,769</b>	<b>3,634,812</b>	<b>2,755,399</b>
Void losses: notional calculation of income lost from vacant rooms	475,698	330,661	475,698	330,661
Number of registered accommodation units <i>(Included within the above are 304 Supported Bed Spaces and 126 managed units)</i>	483	483	483	483

**4 Operating surplus**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>The operating surplus is arrived at after charging:</b>				
Depreciation	428,498	480,329	428,498	476,546
Operating lease payments:				
- Land and buildings	112,327	106,815	112,327	95,765
Auditors' remuneration (excluding VAT)				
- Fees payable for the audit of the financial statements	21,350	22,150	18,350	19,150

**5. (Loss) on sale of fixed assets**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Disposal proceeds	2,907	-	2,907	-
Carrying value of fixed assets	(6,978)	(4,250)	(6,978)	(4,250)
	<b>(4,071)</b>	<b>(4,250)</b>	<b>(4,071)</b>	<b>(4,250)</b>

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****6. Interest receivable and other income**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Interest receivable and similar income	5,100	4,105	5,100	4,105
Income from listed investments	71,045	58,630	71,045	58,630
	<u>76,145</u>	<u>62,735</u>	<u>76,145</u>	<u>62,735</u>

**7. Interest and financing costs**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Defined benefit pension charge	31,324	31,990	31,324	31,990
Loan and bank overdrafts	37,164	11,524	37,164	11,524
	<u>68,488</u>	<u>43,514</u>	<u>68,488</u>	<u>43,514</u>

**8. Board members and executive directors**

**Board members** – the non-executive directors of the Company are the Trustee Board. None of the Trustee Board received emoluments. The trustees were reimbursed travelling expenses totalling £20 (2018 : £276) during the year.

Executive Directors	Basic salary	Pension contribs.	Compensation	2019 Total	2018 Total
	£	£	£	£	£
<b>Chief Executive</b>					
Guy Foxell	98,544	7,884	-	106,428	101,825
<b>Director of Resources</b>					
David Martin	77,279	6,182	-	83,461	87,001
<b>Director of Enterprise</b>					
Joanna Keay (to Nov 2018)	53,358	4,262	3,905	61,525	65,543
<b>Director of Family Support</b>					
Serreta Pritchard	50,833	3,051	-	53,884	-
<b>Director of Operations</b>					
Mark Turner (from Mar 2019)	5,980	-	-	5,980	-
	<u>285,994</u>	<u>21,379</u>	<u>3,905</u>	<u>311,278</u>	<u>254,369</u>

The Chief Executive is a member of the Aviva defined contribution pension scheme. Both the Company and Chief Executive make contributions to this money purchase scheme.

The full time equivalent number of staff who received emoluments:	2019 No	2018 No
£60,001 to £70,000	1	2
£80,001 to £90,000	1	1
£100,001 to £110,000	1	1



**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****9. Employee information**

Average monthly number of employees:	Group		Company	
	2019	2018	2019	2018
	No	No	No	No
Housing	96	86	96	82
Support Services	28	22	28	22
Sports, health & fitness	49	33	49	33
Child & family services	137	76	137	76
Youth & community	19	16	19	16
Orbital Community Centre	8	6	8	6
Retail	-	3	-	-
Early Childhood Partnership	24	24	-	-
<b>Total</b>	<b>361</b>	<b>266</b>	<b>337</b>	<b>235</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs (for the above persons)</b>				
Wages and salaries	5,942,682	4,607,199	5,548,511	4,183,272
Social security costs	461,545	363,628	436,428	333,802
Other pension costs	333,257	104,226	321,246	94,607
	<b>6,737,484</b>	<b>5,075,053</b>	<b>6,306,185</b>	<b>4,611,681</b>

During the year, termination payments of £384,682 (2018: £86,157) were recognised as an expense as compensation for loss of office. The post TUPE restructure in the Family Centre service accounted for the majority of this amount and was funded by additional income from the Commissioner.

**10. Taxation**

The Company is a registered charity qualifying for relief from income and capital gains taxes on its charitable activities.

**11. Group and Company – Tangible fixed assets (housing)**

	Freehold property	Housing long leasehold property	Housing property improv'ts	WIP	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2018	4,261,000	4,856,000	1,659,139	208,142	10,984,281
Additions	2,176,850	-	112,148	5,000	2,293,998
Transfer from WIP	183,150	-	24,992	(208,142)	-
At 31 March 2019	<b>6,621,000</b>	<b>4,856,000</b>	<b>1,796,279</b>	<b>5,000</b>	<b>13,278,279</b>
<b>Depreciation</b>					
At 1 April 2018	229,929	223,263	1,090,752	-	1,543,944
Providing during year	102,292	55,813	61,396	-	219,501
At 31 March 2019	<b>332,221</b>	<b>279,076</b>	<b>1,152,148</b>	<b>-</b>	<b>1,763,445</b>
<b>Net book value</b>					
At 31 March 2019	<b>6,288,779</b>	<b>4,576,924</b>	<b>644,131</b>	<b>5,000</b>	<b>11,514,834</b>
At 31 March 2018	<b>4,031,071</b>	<b>4,632,737</b>	<b>568,387</b>	<b>208,142</b>	<b>9,440,337</b>

## NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 12. Group and Company – Tangible fixed assets (non-housing)

	Other property	Long leasehold property	Leasehold improv'm'ts	Fixtures, fittings & equipment	Vehicles	WIP	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 April 2018	341,965	760,000	1,068,206	1,594,243	27,512	200,267	3,992,193
Additions	-	-	334,999	354,226	-	-	689,225
Transfer from WIP	-	-	141,477	29,708	-	(171,185)	-
Disposals	(206,637)	-	-	(186,787)	(8,193)	-	(401,617)
Cost at 31 March 2019	135,328	760,000	1,544,682	1,791,390	19,319	29,082	4,279,801
<b>Depreciation</b>							
At 1 April 2018	278,675	34,908	614,091	1,275,912	27,512	-	2,231,098
Providing during year	3,344	8,735	66,967	129,951	-	-	208,997
Released on disposal	(206,637)	-	-	(179,809)	(8,193)	-	(394,639)
At 31 March 2019	75,382	43,643	681,058	1,226,054	19,319	-	2,045,456
<b>Net book value</b>							
At 31 March 2019	59,946	716,357	863,624	565,336	-	29,082	2,234,345
At 31 March 2018	63,290	725,092	454,114	318,331	-	200,267	1,761,094

## 13. Investments

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
<b>Fair value</b>				
As at 1 April 2018				
Listed on a recognised stock exchange	2,419,868	3,295,849	2,419,868	3,295,849
Additions	788,208	254,369	788,208	254,369
Disposals	(788,209)	(1,153,427)	(788,209)	(1,153,427)
Realised gains on disposals	248,893	346,247	248,893	346,247
Unrealised (losses) / gains on valuation	(116,414)	(323,170)	(116,414)	(323,170)
As at 31 March 2019	2,552,346	2,419,868	2,552,346	2,419,868
<b>Non-listed investments held at historical cost</b>				
As at 1 April 2018	-	1,000	10,000	11,000
Disposals	-	(1,000)	(10,000)	(1,000)
As at 31 March 2019	-	-	-	10,000
<b>Total investments as at 31 March</b>	<b>2,552,346</b>	<b>2,419,868</b>	<b>2,552,346</b>	<b>2,429,868</b>

An investment in 10,000 £1 ordinary shares in One YMCA Retail Ltd, incorporated in England, a wholly owned subsidiary, which was a trading company selling donated goods. The Company was dissolved during the year and the investment was written off.

An investment of 1,000 £1 ordinary shares in YMCA Hertfordshire Community Interest Company, incorporated in England, was written off in 2018 as the Company has been dissolved.

During 2018, £900,000 of investments were realised into cash to contribute to the purchase of housing schemes.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****14. Debtors**

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Rent arrears (including housing benefit, and resident arrears)	256,457	125,043	256,457	125,043
Less provision for doubtful debt	(139,765)	(47,136)	(139,765)	(47,136)
	116,692	77,907	116,692	77,907
Students (Steiner college)	48,834	86,156	48,834	86,156
	165,526	164,063	165,526	164,063
Trade debtors	877,292	782,712	874,006	691,898
Less provision for doubtful debt	(56)	-	(56)	-
	877,236	782,712	873,950	691,898
Other debtors	4,400	4,868	4,400	4,868
Prepayments and accrued income	145,135	62,219	124,354	60,407
Amounts due from subsidiary	-	-	1,486	2,024
	1,192,297	1,013,862	1,169,716	923,260

**15. Creditors**

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
<b>Amounts falling due within one year</b>				
Current instalments due on loans (see note 16 for security details)	64,432	19,401	64,432	19,401
Trade creditors	385,737	316,291	332,824	310,365
Other taxes and social security costs	192,950	230,002	185,468	225,545
Other creditors	309,967	218,757	308,164	217,163
Amounts due to subsidiary	-	-	-	10,000
Deferred grant income	12,144	4,971	12,144	4,971
Accruals and deferred income	1,722,448	1,001,984	1,660,007	843,468
	2,687,678	1,791,406	2,563,039	1,630,913

**16. Creditors**

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
<b>Amounts falling due after more than one year</b>				
Bank loan	1,554,434	332,652	1,554,434	332,652
Other loans	48,223	48,518	48,223	48,518
Deferred grant income	266,900	73,652	266,900	73,652
	1,869,557	454,822	1,869,557	454,822

A loan of £124,000 was made by Watford Borough Council in 1977. The loan is interest-free and is repayable over the term of the lease. The amount due of £48,522 at 31 March 2019 (2018: £48,818) is the measurement of the liability after discounting for the income rate of return.

£1,664,500 was borrowed from HSBC in 2018 at 2.07% above the Bank's sterling Bank Rate and is repayable over a 20 year term. The amount due at 31 March 2019 was £1,618,566 (2018: £351,753). The loan in existence on 31 March 2018 was redeemed as part of the mortgage restructuring.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

<b>Based on the earliest repayment date, borrowings are repayable as follows:</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
One year or less	64,432	19,401	64,432	19,401
One year or more but less than two years	66,626	20,032	66,626	20,032
Two years or more but less than five years	211,374	64,714	211,374	64,714
Five years or more	1,324,657	296,424	1,324,657	296,424
	<b>1,667,089</b>	<b>400,571</b>	<b>1,667,089</b>	<b>400,571</b>

The lease of Charter House, Watford is held as security for the above Watford Borough Council loan.

The HSBC mortgage is secured against the freeholds of:

- a) Peartree Hostel, Welwyn Garden City,
- b) Crest Road, High Wycombe and
- c) 4 Northgate End, Bishop's Stortford.

<b>Deferred Capital Grants</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred income as at 1 April	78,623	170,144	78,623	170,144
Additions	205,333	5,750	205,333	5,750
Released to Statement of Comprehensive Income	(4,912)	(97,271)	(4,912)	(97,271)
As at 31 March	<b>279,044</b>	<b>78,623</b>	<b>279,044</b>	<b>78,623</b>

<b>Deferred income to be released to the statement of comprehensive income:</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In less than one year	12,144	4,971	12,144	4,971
In more than one year	266,900	73,652	266,900	73,652
	<b>279,044</b>	<b>78,623</b>	<b>279,044</b>	<b>78,623</b>

**17. Provision for liabilities and charges**

	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 <sup>st</sup> April	-	-	-	-
Arising during the year	47,000	-	-	-
Used during the year	-	-	-	-
As at 31 March	<b>47,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

A provision for dilapidations to premises was made during the year to cover the costs of any necessary reinstatement and repairs to the properties at the termination of the lease.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****18. Pensions**

The Company has recognised pension liabilities relating to two schemes, the multi-employer defined benefit pension plan for employees of the YMCAs in England, Scotland and Wales and the Hertfordshire County Council Pension Fund.

	2019	2018
	£	£
Hertfordshire County Council	9,000	-
YMCA	962,460	1,038,253
<b>Total pension liability</b>	<b>971,460</b>	<b>1,038,253</b>

**Hertfordshire County Council Pension Fund (HCCPF)**

The HCCPF is a multi-employer scheme, administered by Hertfordshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 and the results have been projected forward using approximate methods, allowing for the different financial assumptions required under FRS102, to 31 March 2019 by a qualified independent actuary.

The employer's contribution to the HCCPF by the Company for the year ended 31 March 2019 was £4,684 (2018: £4,561).

Estimated employer's contributions to the HCCPF during the accounting period commencing on 1 April 2019 is £4,564.

Financial assumptions	31 March	31 March
	2019	2018
	% per	% per
	annum	annum
Discount rate	2.4	2.7
Future salary increases	2.6	2.5
Inflation	2.5	2.4

**Mortality assumptions**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2013 model assuming current rates of improvement have peaked and will converge to a long term rate 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2019	2018
	No. of years	No. of years
Current Pensioners:		
Males	22.5	22.5
Females	24.9	24.9
Future Pensioners*:		
Males	24.1	24.1
Females	26.7	26.7

\*Figures assume members aged 45 as at last formal valuation date.

	2019	2018
	£000's	£000's
<b>Amounts recognised in the statement of comprehensive income</b>		
Current service cost	9	9
<b>Total defined benefit cost recognised in surplus or deficit</b>	<b>9</b>	<b>9</b>

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****Reconciliation of opening and closing balances of the present value of scheme liabilities**

	2019 £000's	2018 £000's
Opening scheme liabilities	167	157
Current service cost	9	9
Interest cost	5	4
Contributions by members	1	1
Remeasurements	15	(4)
<b>Closing scheme liabilities</b>	<b>197</b>	<b>167</b>

**Reconciliation of opening and closing balances of the fair value of plan assets**

	2019 £'000	2018 £'000
Opening fair value of scheme assets	169	157
Interest income	5	4
Return on plan assets (in excess of interest income)	8	2
Contributions by employer	5	5
Scheme participants' contributions	1	1
<b>Closing value of fair value of plan assets</b>	<b>188</b>	<b>169</b>

**Major categories of scheme assets as a percentage of total plan assets**

	2019 %	2018 %
Equities	59	59
Bonds	28	28
Property	8	8
Cash	5	5
	<b>100</b>	<b>100</b>

**Sensitivity analysis**

	Approximate % increase to Employer Liability	Approximate monetary amount (£000's)
<b>Change in assumptions at year ended 31 March 2019</b>		
0.5% decrease in real discount rate	11%	22
1 year increase in member life expectancy	3-5%	-
0.5% increase in the salary increase rate	2%	5
0.5% increase in the pension increase rate	9%	17

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****Pensions – YMCA Pension Plan**

The Company participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA Pension Plan are held separately from those of the Company and at the year-end these were invested in the Mercer Dynamic De-risking Solution, 40% matching portfolio and 60% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2017. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 3.75% and 2.25% respectively, the increase in pensions in payment of 3.35% (for RPIP capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.2 years, female 24.1 years, and 24.0 years for a male pensioner, female 26.0 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £141.2m. This represented 81% of the benefits that had accrued to members.

The Pension Plan was closed to new members and future service accrual with effect from 30 April 2007. With the removal of the salary linkage for benefits all employed deferred members became deferred members as from 1 May 2011.

The valuation prepared as at 1 May 2017 showed that the YMCA Pension Plan had a deficit of £33.6 million. The Company has been advised that it will need to make monthly contributions of £10,786 from 1 May 2019 in respect of deficit payments and plan expenses. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 8 years commencing 1st May 2019. Using the discount rate based on AA corporate rate bond for the same period a liability with a net present value of £962,460 is recognised within provisions for this contractual obligation.

		£
At 1 April 2018		1,038,253
Paid in year		(107,117)
Unwinding of discount included in finance costs		31,324
<b>At 31 March 2019</b>		<b>962,460</b>
	<b>As at 31</b>	<b>As at 31</b>
	<b>Mar 19</b>	<b>Mar 18</b>
	£	£
Repayable within one year	81,274	75,792
Repayable in more than one year	1,008,860	1,119,008
Discount	(127,674)	(156,547)
	<u>881,186</u>	<u>962,461</u>
<b>Total as at 31 March</b>	<b>962,460</b>	<b>1,038,253</b>

In addition, the Company may have over time liabilities in the event of the non-payment by other participating YMCAs of their share of the YMCA Pension Plan's deficit. It is not possible currently to quantify the potential amount that the Company may be called upon to pay in the future.

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****19. Operating lease commitments**

The future minimum lease payments are set out below. Leases relate to the rental of properties in eight locations and one vehicle.

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
The following operating lease payments are committed to be paid				
within 1 year	79,861	80,936	79,861	80,936
within 1-2 years	64,661	64,661	64,661	64,661
within 5 years	91,900	126,900	91,900	126,900
	<u>236,422</u>	<u>272,497</u>	<u>236,422</u>	<u>272,497</u>

**20. Restricted Funds****The Big Lottery Fund – Reaching Communities Grant**

The Company currently receives a grant from the Big Lottery Fund. This allowed the Company to deliver youth and community work that is targeted to local needs identified in Watford, which is at the top of the deprivation lists for Hertfordshire. During 2019, funding of £9,743 (2018: £38,689) was received against expenditure incurred. This grant has now ended.

**BBC Children in Need**

The Company was awarded a grant from BBC Children in Need during 2019. The project provides youth drop in sessions, short-term projects and mentoring support to young people from local low-income households. During 2019, funding of £21,278 (2018: £33,163) was received against expenditure incurred.

**Clothworkers Grant**

The Company was awarded a £20,000 grant (2018: Nil) from the Clothworkers Foundation during 2019 towards the cost of Abbots Langley building costs. These monies were expended in full during the 2019 financial year. The grant is held within deferred capital grants to be released over the life of the asset.

**21. Related party transactions**

For the financial period under review, two of the Trustees are also Directors of One YMCA Retail Ltd which was wound up on 23 October 2018. They were: Nicholas Mourant and John Robinson. The Chief Executive was also a Director of One YMCA Retail Ltd and the Director of Resources was its Company Secretary. At 31 March 2019, One YMCA owed One YMCA Retail Ltd £Nil (2018: £10,000). One YMCA Retail Ltd is now dissolved.

One YMCA is a corporate trustee and sole corporate member of Central Hertfordshire YMCA which is a dormant subsidiary. Four of the Trustees were also Trustees of Central Hertfordshire YMCA. These were Nicola Lucas, Nicholas Mourant, Christine Neyndorff and John Robinson (to 26 November 2018). The Director of Resources was its Company Secretary.

One YMCA is the sole corporate member of Early Childhood Partnership which delivers the Bedford Borough children's centre contract in partnership with other not-for-profit organisations. Five of the Trustees also served as Trustees of Early Childhood Partnership during the year. They were Jane Cotton, Dionne McCalla (from 10 November 2018), Christine Neyndorff (to 10 November 2018), John Robinson (to 26 September 2018) and Sal Thirlway (from 26 September 2018). The Director of Resources was its Company Secretary.



## ONE YMCA

### NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

At 31 March 2019, Early Childhood Partnership owed One YMCA £1,486 (2018: £2,024). One YMCA provides central services to Early Childhood Partnership such as finance, human resources and property management on an arm's length basis. A charge is made for these services.

John Robinson (to 26 September 2018) was also a trustee of Herts Young Homeless which operated a sub-contract for the Charity. The conflict of interest was properly declared and John Robinson took no part in the matter.

#### 22. Capital commitments

	2019	2018
	£	£
Contracts placed for future capital commitments not provided in the financial statements	136,826	311,014

The contracted capital commitments at the 31 March 2019 relate to the replacement of a boiler at the St Albans site, the installation of door locking mechanisms across the family centres and the renewal of drainage at the Watford site. All items are current year commitments.

#### 23. Contingent liabilities

As at 31 March 2019, there was a contingent liability in respect of social housing grant that was awarded to the Company in prior years. There is a potential for repayment or recycling in accordance with the Regulator of Social Housing's guidance in the event that the sites were disposed of and/or taken out of social housing uses. The properties are:

- a) Charter House, Watford - £2.9m of social housing grant awarded in 1977 to facilitate the construction of the site.
- b) Peartree Lane, Welwyn Garden City - £570k of social housing grant awarded in 1995 to facilitate the construction of the Hostel 2 building.
- c) 4 Northgate End, Bishop's Stortford - £782k of social housing grant awarded in 1995 to facilitate the construction of the building.
- d) Crest Road, High Wycombe - £6.1m of social housing grant awarded between 1994 and 2005 to facilitate the construction of the scheme.

All of these assets remain in social housing use and the Company has no plans to change the status of the sites.

#### 24. Membership

As at 31 March 2019, there were 40 members of the Company (2018: 38).