

Registered company: 4430743
Registered charity: 1102301
Registered housing provider: H4418

**WATFORD & DISTRICT YMCA
(LIMITED BY GUARANTEE)
trading as YMCA West & Central Herts**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

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CORPORATE INFORMATION

TRUSTEE BOARD AND BOARD OFFICERS

Chairman	Andrew Newell
Vice Chairman:	Nicholas Mourant
Treasurer:	John Robinson
Trustees:	Tina Barnard Robert Green Martin Hammond (resigned 15 April 2014) Derek Hyde Nigel Johnson Diane Morrad Nicholas Mourant Jonathan Moxham (resigned 1 June 2015) Andrew Newell Christine Neyndorff John Robinson Colin Sheppard (resigned 23 October 2014)
Company secretary:	Guy Foxell (resigned 16 July 2014) David Martin (appointed 16 July 2014)

CORPORATE INFORMATION

Registered company:	4430743
Registered charity:	1102301
Registered housing provider:	H4418
Registered office:	Charter House, Charter Place, Watford, Hertfordshire WD17 2RT
Trading name:	YMCA West & Central Herts

EXECUTIVE MANAGEMENT TEAM

Chief Executive	Guy Foxell
Director of Resources	David Martin
Director of Housing & Community Services	Ron Dunning
Director of Enterprise	Paul Wilson (from 1 June 2015)
Director of Community Programmes	Barry Cronin (until 13 February 2015)

AUDITORS, BANKERS, INVESTMENT MANAGER AND SOLICITORS

Auditor (External)	haysmacintyre, 26 Red Lion Square, London WC1R 4AG
Auditor (Internal)	BDO (UK) LLP, 55 Baker Street, London W1U 7EU
Bankers:	HSBC Plc, 44-52 Lattimore Road, St Albans, Hertfordshire AL1 3XL Clydesdale Bank Plc, 4 th floor, Veralum Point, Station Way, St Albans, Hertfordshire AL1 5HE
Investment manager:	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Solicitors:	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 2015 is the first full year of operating the merged organisation through a single legal entity. During the 2013/14 financial year, Watford & District YMCA merged with Central Hertfordshire YMCA. Both entities were a private company limited by guarantee and registered as both a charity and registered housing provider. The merged Company operated using the Watford & District YMCA legal entity trading as YMCA West & Central Herts. The Central Hertfordshire YMCA legal entity continues to exist as a dormant subsidiary.

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: sports, health and wellbeing, children's services and youth & community 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:

- Realise significant value for money savings following the merger,
- Improve the housing service at the same time as living within a new commissioned funding allocation,
- Complete the rollout out of new rent accounting and resident support ICT solutions on a group basis,
- Generate a trading profit on the retail subsidiary which enabled a partial repayment of the inter-company loan,
- Establish the basis for future sustainability by improving the effectiveness of a number of service areas,
- Deliver savings and efficiencies.

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

Financial review

The Surplus for the year was £103,622 (2014: £ (129,706)). This included Exceptional Items of £199,104 (2014 : £217,607).

During the 2014/15 financial year, the Trustee Board have focused the Executive on delivering a change programme to improve underlying effectiveness so that the Group is well placed for the future. This has included:

- Improving the housing occupancy levels and resident support arrangements,
- Restructuring the Executive team from a service delivery perspective so that there is one Director responsible for social housing activities and another for non-social housing work,
- Revising the service management structure to remove duplication, increase accountability and release savings,
- Returning a respectable surplus on the Abbots Langley children's day nursery,
- Closing the Welwyn Garden City children's day nursery which was a non-social housing activity that did not have a sustainable future,
- Establishing an improvement plan in place for Hatfield children's day nursery,
- Delivering profitability in the Trading Subsidiary,
- Commencing the work to restructure the investment portfolio to generate income to assist in the funding of youthwork.

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These activities have been necessary so that the Company could deliver on its value for money objectives for undertaking the Merger. This has resulted in reduced staff costs (see note 8), lower leased property costs (see notes 5 and 21) and an improved focus on beneficiary objectives.

The Group returned an operating deficit on the Group's continuing activities of £ (35,853) (2014: £86,275). This operating deficit was caused mainly by an underperformance at Hatfield Nursery. The Trustee Board has retained this activity and regularly reviews its progress against work-plans.

On an ongoing basis, the Trustee Board is committed to operating a balanced operating budget. With regard to the 2015/16 financial year, a surplus budget has been set.

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

- Material improving housing occupancy rates,
- Turnover falling as a result of a £316,000 reduction in Supporting People funding,
- Losing fee income as a result of closing the Welwyn Garden City nursery part way through the year and lower customer levels at Hatfield Nursery,
- A material saving on staffing costs,
- Lower rental costs due to releasing the former Central Hertfordshire YMCA head office and other small site rents,
- Realising an investment profit,
- Improving the profitability of the Trading Subsidiary,
- Further reducing the employee headcount in some support services to release ongoing savings,
- Streamlining expenditure in services and supplies.

The Group has continued to invest in front line service delivery during an ongoing period of recession to serve some of the most vulnerable people in the local community. There was an increase in the level of the investment portfolio arising from stock market movements.

Exceptional items relating to the merger

During the year, the Group incurred £199,104 of costs relating to post-completion merger work. These comprised of conveyancing, legal, financial, governance and severance costs that were of a one off nature. These were not continuing obligations and have been identified separately as an exceptional item in the Income & Expenditure Account and the associated transfer against the Designated Fund as set out in note 15.

The Trustee Board have identified these items separately as they are material and impact upon the results of the Company and Group. The fund was closed during the year and the balance transferred to the revenue reserve.

Value for money

The Group's objective is to provide social housing accommodation and support services to meet the needs of its residents. The key driver 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.
- Effective performance management 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:

- Financial returns,
- Key performance indicators,
- Service quality,
- Social benefits to individuals and communities,
- Benefits to the organisation.

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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 customers, both present and future;
- Ensure that high levels of customer satisfaction are achieved;
- 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 and non-social housing activities are undertaken,
- Expand the social housing provision in the event that additional supported housing units can be acquired from YMCA England at an affordable and sustainable cost,
- 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 quest 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
Social housing		
Deliver the merger value for money business case that supported the merger	£400k	Significant savings were achieved from the merger in corporate overheads that exceeded the £364k target set out in the HCA business case
Achieve material savings as required by the new housing related support contract re-commissioning contracts from Hertfordshire County Council	£316k	The merger value for money savings delivered the necessary overhead cost reductions to meet the funding cut arising from re-commissioning
Increase occupancy rates at the Watford Hostel	Increase	2013/14 - 88.3% - whole year 2014/15 – 93.0% - whole year March 2015 – 96.1% Increased occupancy resulted in higher service user numbers and additional rental income as a result of lower void rates
Manage the impact of welfare reform on bad debt	Negative	Both hostels experienced higher rent arrears in 2014/15. The principal reason for the increase related to welfare reform and the sanctions environment
Implement the Pyramid housing management system at the Welwyn Garden City Hostel	Complete	The standard and level of management reporting vastly improved thus enabling improved target setting and performance reporting.
Implement the Inform support solution at both Hostels	Complete	New software solution implemented to effectively manage service user support plans, progress and performance for commissioned contract purposes
Commence the harmonisation of housing operating procedures across both Hostels	Commenced	This work was commenced in 2014/15 and is due to complete by summer 2015.
Utilise government commercial service contracts to secure lower costs for office printing and mobile telecommunications	Complete	All former Central Herts contracts for the supply of multi-function devices and mobile telephones were terminated and lower cost public sector contracts were implemented
Undertake a review of the Watford cleaning service	£40k	The service levels and staffing arrangements were reviewed and a cost saving was achieved
Harmonise the working week at 37.5 hours	Complete	All former Watford contracts moved from 35 to 37.5 hours per week which increased capacity in response to the new housing related support contract which required increased service at a materially lower cost
Non-social housing activities		
Generate a surplus on trading subsidiary operations, contribute an	£40k surplus £23k	Material improvement in trading company operations

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Initiative	Status, saving or gain	Comments
overhead and commence repayment of the inter-company loan	overhead £25k repayment	
Generate a surplus on Abbots Langley nursery operations and contribute an overhead	£51k surplus £82k overhead	Consistent performance with these operations. Ofsted 'Good' rating in place Sustainable occupancy rates
Secure new Children's Centre contracts with effect from 1 April 2015	4 contracts achieved	2 contracts secured in Hertfordshire 2 contracts secured in Bedfordshire
Reconfigure income generating non-social housing activities into a new Enterprise directorate	Complete	All non-social housing income generating activities gathered into a new Enterprise directorate with a new Director appointed. Youth & community services removed to a different area to ensure that there is no Enterprise mission drift from its fundraising objectives.
Take action on poor performing non-social housing activities that are not returning the desired financial and/or social returns	Action taken	Material change and improvement in the Trading Company operation to generate funds for youthwork Welwyn Garden City nursery was closed as it did not have a sustainable future Significant work undertaken at Hatfield Nursery with the aim of improving its performance. It is still under review.

The Group's on-going commitment to value for money and continuous improvement will remain a key 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,
- Maintaining a high social housing occupancy,
- 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 2014/15 value for money self-assessment 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 Homes and Communities Agency 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 Company'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.

The strategies employed to achieve the charity's objectives are to:

- Increase the positive impact on families and young people in the community,
- Work to combat homelessness in our area,
- Improve the health and wellbeing of those who need it most,
- Develop a clear message for the public, funders and commissioners, and
- Review and develop our organisation to be the best that we can be.

Achievements and performance

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

Work to combat homelessness in our area

- Offering 100,000 nights' sleep via our supported housing accommodation to single homeless people,
- Assisting 172 people to positively move on into settled accommodation,
- Helping people to sustain their tenancy via ongoing support after they moved in,
- Migrating the social housing activities in Watford and Welwyn Garden City onto their new funding framework,
- Increasing hostel occupancy levels,
- Developing the STEP programme which creates welfare to work opportunities for housing residents,
- Delivering the floating support service in South Oxhey

Increase the positive impact on young people in the community

- Expanding generic youthwork activities to reach more than 2,750 young people,
- Hosting youthwork training and resources days for local youth clubs and youth club providers,
- Chairing the local multi-agency safeguarding forum for Herts Safeguarding Children Board,
- Delivering a number of youthwork projects for local young people that has involved community benefit, such as food parcels for the elderly,
- Helping 63 young people gain Employment, Education or Training,
- Hosting apprentices and becoming a national apprenticeship scheme ambassador.

Providing excellent family services in the local community

- Delivering Abbots Langley children's day care services to a Good Ofsted rating, including 4,410 hours of free 'community places',
- Providing Children's Centre services reaching 3,668 people,
- Securing four commissioned contracts to deliver Sure Start Children's Centres for Hertfordshire County Council and Central Bedfordshire Council with effect from 1 April 2015.

Improve the health and wellbeing of those who need it most

- Facilitating over 73,700 separate fitness sessions,
- Delivering a broad programme of community sports initiatives that promoted health and wellbeing to people of all ages,
- Delivering targeted activities for those recovering from strokes and people with multiple disabilities,
- Introducing extended chaplaincy services to staff, service users and partners.

Underpinning our work through fundraising, awareness and support services

- Commencing delivery of new three-year contracts for supported housing services in Watford and Welwyn Garden City,

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- Chairing the Watford prevention of homelessness forum,
- Adopting the new YMCA brand, launching a new website and visual identity on an incremental and cost effective manner,
- Reviewing service delivery policies and procedures,
- Facilitating more than 1,300 hours of community volunteering.
- Completing the Merger and delivering over £400,000 of value for money savings,
- Delivering significant financial improvements within the trading subsidiary,
- Enhancing performance management arrangements,
- Undertaking a board effectiveness review, trustee skills mapping and launching a trustee recruitment campaign which is due to lead to new trustee appointments at the annual general meeting in September 2015,
- Launching a trustee working group to respond to the latest Housing Regulatory Framework and recently published 2015 Code of Governance with the support of Campbell Tickell.

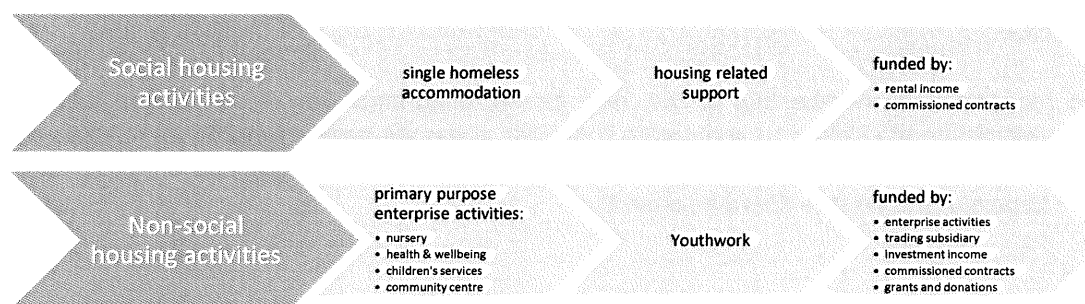
Individual services operate differently because of the various regulatory and monitoring frameworks that are in place to accord to standards set by the Homes and Communities Agency, Charity Commission, Ofsted, Supporting People etc. Key performance indicators tend to be set within contracts agreed with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

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

- Strengthen existing service delivery,
- Build upon the foundations established in the recent merger,
- Improve value for money,
- Competitively bid for local authority commissioned service delivery contracts,
- Widen the breadth and strength of income streams,
- Ensure that all service areas are exceeding performance targets.

The Group is adopting a framework for delivering services so that both social housing and non-social housing activities are kept in balance.



The funding model for social housing activities is established and is operating well. The Group has taken steps to embed its non-social housing activity funding model so that the primary purpose enterprise activities fund the youthwork. With regard to this, the surpluses made on Abbots Langley Nursery, community centre, Trading Subsidiary and investment income have funded its youth activities in the year under review.

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.

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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 STEP employability programme. 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, as well as via opportunities within the STEP employability programme.

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,
- Executive capacity,
- Fraud and theft,
- Material increase in legacy pension scheme deficit payments.

The principal 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.

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 and equal opportunities policies. The next review is scheduled for November 2015.

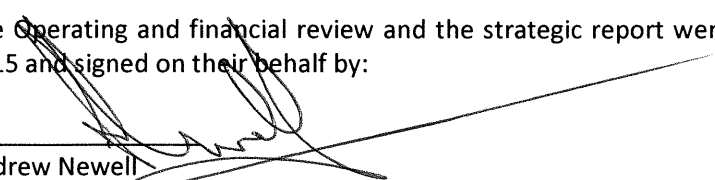
The Group recognises its membership of the, now closed, multi-employer YMCA defined benefit pension scheme. In anticipation of changes to accounting standards, it has earmarked funds in its reserves policies for likely future provisions. The risk management and internal controls arrangements are described in more detail in the Report of the Trustee Board on page 15.

Borrowings

At year end, the Group had long term borrowings of £475,748 (2014: £463,917) which is secured against an income generating asset: one of 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 15 July 2015 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 2015.

Organisation

The Group operates out of a number of centres across Hertfordshire and surrounding areas.

The Company is structured by department according to the main service delivery areas which include: housing, health and wellbeing, youth and community, nurseries, Children's Centres and support services (including finance, human resources, property 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 Memorandum and Articles of Association, at every Annual General Meeting one third of the members of the Trustee Board shall retire from office. The members of the Trustee Board to retire shall be 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.

During the year, Martin Hammond and Colin Sheppard stood down as Trustees. The Trustee Board undertook a skills audit which underpinned a trustee recruitment campaign commencing in January 2015. It is anticipated that some new trustees will be appointed at the annual general meeting in September 2015. The Board also commissioned an external governance specialist to facilitate a board and chair effectiveness review which was considered in detail by the Trustee Board at its away day. The Chairman has undertaken one-to-one review meetings with all trustees. The Trustee Board has also engaged Campbell Tickell to advise and support the trustee working party which is reviewing the Housing Regulatory Framework and 2015 Code of Governance to ensure that good governance is maintained as well as seeking best practice from across the sector.

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.

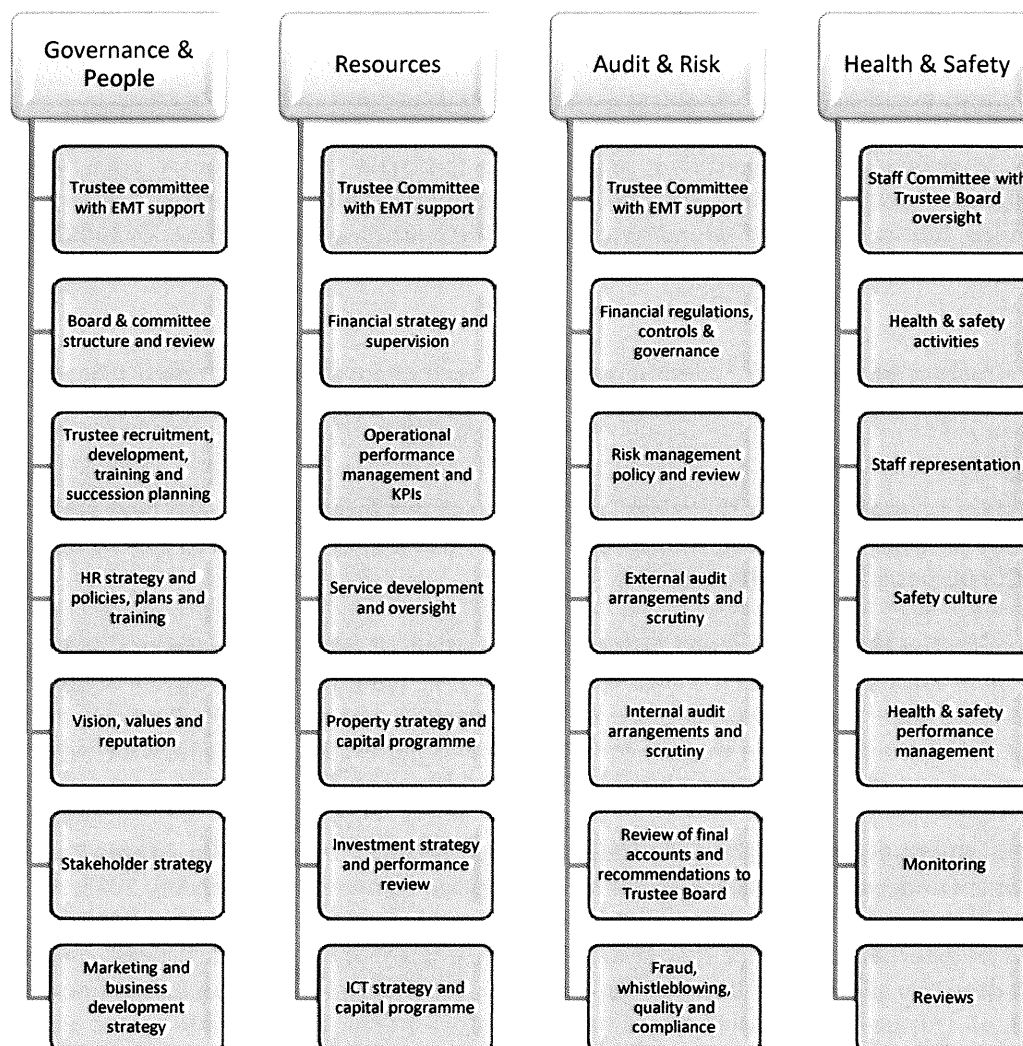
During the year, the Trustee Board:

- Implemented new Trustee Board terms of reference,
- Reviewed terms of reference for all committees,
- Reviewed the Code of Governance compliance arrangements,
- Undertook succession planning work with regard to both the Trustee Board itself and in respect of key staff,
- Ensured that group policies and control frameworks such as financial regulations applied on a group basis that expressly includes subsidiaries.

The Trustee Board is represented on the Trading Subsidiary board of directors. The Trading Subsidiary Board is supplemented by an independent director who is a professional retailer whose primary employment is with a leading national retail company.

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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.

As at 31 March 2015, the membership of each committee was as follows:

Governance & People	Resources	Audit & Risk	Health & Safety
Bob Green (Chair)	John Robinson (Chair)	Tina Barnard (Chair)	John Robinson
Nigel Johnson	Tina Barnard	Christine Neyndorff	Company Secretary
Diane Morrad	Derek Hyde	Jonathan Moxham	Executive team
	Nick Mourant		Staff representatives

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 Reach volunteering,
- Recommendation from partner organisations,
- From organisations with which it interacts,
- Stakeholders in the various activities,
- Contacts made by staff members and members of the Trustee Board.

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New Trustees are inducted into the Group 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.

During the year, the Trustee Board was supported with governance advice and training by Dorothy Dalton, Editor of Governance Magazine and a recognised expert on third sector governance. This included the board and chair effectiveness review. The Governance & People Committee refreshed its skills review for the purposes of succession planning which led to Chair / Trustee reviews and a trustee recruitment campaign.

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 and Director of Housing. A new Director of Enterprise took up post on 1 June 2015 to complete the four person team. They act within the authority delegated by the Trustee Board.

Employees

The strength of the Group lies in the quality of all its employees and their contribution to achieving the goals of the objectives set for each department. 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.

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 one of the executive directors.

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 Memorandum and 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 balance capital preservation and achieving an appropriate return. The cyclical Investment Strategy review process was commenced during Quarter 4 of the year and will continue through to the Trustee Board meeting in July 2015.

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. All complaints received are reported to the Supporting People Team and 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 donated £3,996 to Elim Church, £2,300 to Vineyard Church Stevenage, £250 to Highfield Park Trust and £200 to Salmon Youth Centre. The Group made no political donations.

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 three categories:

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

The Trustees recognise that the designated funds are classified as unrestricted funds for the purpose of the Statement of Recommended Practice: Accounting by registered social housing providers.

During the year, the Trustees authorised the following changes to designated fund and earmarked amounts:

- £199,104 of strategic legal, governance and severance costs were set against the Designated Fund. The positive impact of the merger directly enabled significant commissioner funding cuts to be absorbed by equivalent operational savings. The merger was a key component of that and represented costs incurred on an exceptional non-recurring basis. An equivalent amount has been set against the Designated Fund. This fund was closed at the end of the year and the balance transferred to the revenue reserve.
- The earmarked amount of £1,267,000 in respect of the YMCA defined benefit pension recovery plan has been identified in respect of future payments.

The allocation of funds for the Group as at 31 March 2015 was as follows:

<u>Funds</u>	<u>£</u>
Unrestricted funds held for earmarked items and risks	
Earmarked for YMCA Multi-employer final salary pension plan risk	1,267,000
Held to cover working balances	<u>3,484,488</u>
Total unrestricted funds (revenue reserve)	<u>4,751,488</u>
Total unrestricted and designated funds	<u>4,751,488</u>

WATFORD & DISTRICT YMCA

Report and financial statements for the year ended 31 March 2015

In determining the level of unrestricted funds held as free reserves to cover working balances and payment obligations without any designation or subject to earmarking for particular purposes, the Trustees have taken into account the following matters:

- Six months of salary and running costs are approximately £4.2 million;
- There is an established funding recovery period of the YMCA England defined benefit pension plan and an earmarked risk allocation in respect of it, 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 £2.5 million that are not designated or earmarked in order to meet unforeseen risks or obligations.

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 during the year 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 Homes and Communities Agency 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.

Given the merger, the Group undertook further steps to manage risk which comprised:

- Compliance with regulatory approval processes and obtaining consents,
- Merger strategic risk registers,
- External professional advice,
- Monthly Treasurer meetings to monitor financial performance during the merger process,
- Trustee working groups to undertake detailed reviews of legal advice and documents.

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.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2014 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 & External Relations and Audit & Risk Committees,
- 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,
- 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,

WATFORD & DISTRICT YMCA

Report and financial statements for the year ended 31 March 2015

- 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 findings of fraudulent activity.

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 merger resulted in an increased internal audit brief to ensure that effective internal controls were operating across the larger charitable group. The Audit & Risk Committee approved a three-year internal audit rolling plan for the merged group following a risk review by the internal auditor.

National Housing Federation's Code of Governance

The Trustee Board is pleased to report that the Group complies with the principal recommendations of the National Housing Federation's Code of Governance (2010). The Trustee Board has formed a working party to implement the 2015 Code of Governance which was released in April 2015. This work is being supported by Campbell Tickell who have extensive social housing sector experience.

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 following the merger. As an evolving organisation, the Group will continue to review and develop its governance in order to best serve its beneficiaries.

Bequest

During the year, the Company received a kind bequest of £2,500 from the estate of the late Bill Craddock-Jones who was a long-standing member of the Company and a former trustee.

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 and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010, 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 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.

WATFORD & DISTRICT YMCA

Report and financial statements for the year ended 31 March 2015

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 on 6 October 2015.

The Report of the Trustee Board was approved by the Trustees on 15 July 2015 and signed on their behalf by:



Andrew Newell
Chairman

WATFORD & DISTRICT YMCA

Report and financial statements for the year ended 31 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATFORD & DISTRICT YMCA

We have audited the financial statements of Watford & District YMCA for the year ended 31 March 2015, which comprise the consolidated and company income and expenditure account, the consolidated and company statements of total recognised surpluses and deficits, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of the board of directors and auditors

As explained more fully in the Statement of Responsibilities of the Trustee Board (set out on page 16), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012; and
- have been prepared in accordance with the Companies Act 2006

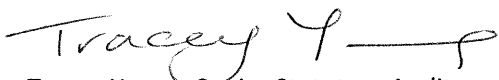
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board and operating and financial review and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from sites not visited by us; or
- the parent company's 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.



Tracey Young, Senior Statutory Auditor

For and on behalf of haysmacintyre

Statutory Auditor, 26 Red Lion Square, London WC1R 4AG

15 July 2015

WATFORD & DISTRICT YMCA
Report and financial statements for the year ended 31 March 2015

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Continuing £	Exceptional £ (Note 15)	2015 Total £	2014 Total £
Turnover	3	8,351,859	-	8,351,859	8,939,660
Operating costs	3 / 15	(8,387,712)	(199,104)	(8,586,816)	(9,070,992)
Operating Surplus / (deficit)	3	(35,853)	(199,104)	(234,957)	(131,332)
Investment gains	11	344,320	-	344,320	-
Interest receivable and other income	4	7,725	-	7,725	16,858
Interest payable and similar charges		(13,466)	-	(13,466)	(15,232)
Surplus / (deficit) for the year	5	302,726	(199,104)	103,622	(129,706)

COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

Company Income & Expenditure	Notes	Continuing £	Exceptional £ (Note 15)	2015 Total £	2014 Total £
Turnover: continuing activities	3	8,054,562	-	8,054,562	5,318,224
Operating costs	3 / 15	(8,135,953)	(199,104)	(8,335,057)	(5,384,616)
Operating Surplus / (Deficit)		(81,391)	(199,104)	(280,495)	(66,392)
Investment gains		344,320	-	344,320	-
Interest receivable and other income		14,835	-	14,835	16,858
Interest payable and similar charges		(13,466)	-	(13,466)	-
Surplus / (Deficit) for the year		264,298	(199,104)	65,194	(49,534)

The exceptional items relate to merger costs which are not continuing obligations. These are transferred to a Designated Reserve and disclosed in note 15. All other activities are continuing.

Statement of total recognised surpluses and deficits for the year ended 31 March 2015	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Surplus / (Deficit) for the year	103,622	(129,706)	65,194	(49,534)
Unrealised surplus / (deficit) on investments	2,374	59,720	2,374	59,720
Actuarial gains / (losses) relating to Hertfordshire County Council Pension Fund	(15,000)	7,000	(15,000)	7,000
Total recognised surpluses and (deficits) relating to the year	90,996	(62,986)	52,568	17,186
Total surpluses and (deficits) recognised since last annual report	90,996	(62,986)	52,568	17,186

The accompanying notes form part of these financial statements.

The accounts were approved by the Trustee Board on 15 July 2015 and were signed on its behalf by:

Andrew Newell  Chairman and Trustee

John Robinson  Treasurer and Trustee

WATFORD & DISTRICT YMCA
Report and financial statements for the year ended 31 March 2015

BALANCE SHEET
AS AT 31 MARCH 2015

Registered company 4430743

	Notes	2015 £	Group 2014 £	2015 £	Company 2014 £
Housing properties	9	4,325,406	4,206,018	4,325,406	4,206,018
Social Housing Grant	9	(2,883,971)	(2,883,971)	(2,883,971)	(2,883,971)
		1,441,435	1,322,047	1,441,435	1,322,047
Other tangible fixed assets	10	1,344,974	1,363,022	1,344,974	1,361,230
		2,786,409	2,685,069	2,786,409	2,683,277
Investments	11	2,978,834	2,632,140	2,988,834	2,642,140
		5,765,243	5,317,209	5,775,243	5,325,417
Current assets					
Stocks		-	3,449	-	3,449
Debtors	12	840,403	381,348	1,009,216	589,741
Cash at bank and in hand		790,890	1,090,119	747,334	1,077,019
		1,631,293	1,474,916	1,756,550	1,670,209
Current liabilities					
Creditors: falling due within one year	13	(1,306,570)	(824,986)	(1,270,024)	(818,256)
Net current assets		324,723	649,930	486,526	851,953
Total assets less current liabilities		6,089,966	5,967,139	6,261,769	6,177,370
Creditors: falling due after more than one year	14	475,748	463,917	475,748	463,917
Pension fund liability	17	32,000	12,000	32,000	12,000
		507,748	475,917	507,748	475,917
Capital and reserves					
Housing property revaluation reserve	15	247,716	247,716	247,716	247,716
Designated reserves	15	-	362,393	-	362,393
Revenue reserve	15	4,751,488	4,300,473	4,923,291	4,510,704
Investment revaluation reserve	15	583,014	580,640	583,014	580,640
		5,582,218	5,491,222	5,754,021	5,701,453
		6,089,966	5,967,139	6,261,769	6,177,370

The accompanying notes form part of these financial statements.

The accounts were approved by the Trustee Board on 15 July 2015 and were signed on its behalf by:

Andrew Newell  Chairman and Trustee

John Robinson  Treasurer and Trustee

WATFORD & DISTRICT YMCA
Report and financial statements for the year ended 31 March 2015

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities			
Net cash inflow from continuing activities		247,636	246,323
Exceptional items	15 / 18	(199,104)	(217,607)
Net cash inflow from operating activities	18	<u>48,532</u>	<u>28,716</u>
Returns on investments and servicing of finance			
Interest received	4	7,725	16,858
Interest paid	4	(13,466)	(15,232)
Net cash outflow from investments and servicing of finance		<u>(5,741)</u>	<u>1,626</u>
Capital expenditure			
Proceeds from sale of invest assets		1,080,000	-
Sale of fixed assets		1,422	24,565
Receipt of capital grants		-	2,543
Payments for purchase of investments		(1,080,000)	(1,250)
Payments for purchase of fixed assets		(327,704)	(298,820)
Net cash outflow from capital expenditure		<u>(326,282)</u>	<u>(272,962)</u>
Financing			
Receipt of loans		-	-
Repayment of other long term loans		(15,738)	(31,768)
Net cash (outflow)/inflow from financing		<u>(15,738)</u>	<u>(31,768)</u>
(Decrease)/increase in cash in the year	19	<u>(299,229)</u>	<u>(274,388)</u>

The accompanying notes form part of these financial statements.

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. Status

The Company is a company limited by guarantee, registered under the Companies Act 2006, a registered charity and registered with the Homes & Communities Agency as a social housing provider.

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 UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: accounting by registered social housing providers - update 2010 and comply with the Accounting Direction for private registered providers of social housing 2012.

(a) Basis of accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

(b) Basis of consolidation

During the 2013/14 financial year, Watford & District YMCA and Central Hertfordshire YMCA completed an agreement to combine their respective operations and assets: this change was ratified by the Homes & Communities Agency. Upon the basis that the transition did not involve either party acting as acquirer or acquiree, merger accounting was applied. As such, the results presented for the group include the results for the full year, and comparative information for the preceding year, as if the group had always existed.

(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.

Revenue grants are receivable when the conditions for receipts of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

(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) **Housing properties**

Housing properties are principally properties available for rent and are stated at cost less depreciation. The cost of properties includes 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.

(g) **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

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.

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

Depreciation is provided evenly on the cost of other tangible fixed assets to write the 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 (mostly 5-10 years)
Fixture and fittings	5 years
Motor Vehicles	5 years
ICT	3 - 7 years (depending upon items)

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

(i) **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.

(j) **Operating leases**

Rentals payable under the operating leases are charged on a straight-line basis over the lease term.

(k) **Pensions**

Hertfordshire County Council Pension Fund

The Company is a participating employer in the Hertfordshire County Council Pension Fund (HCCPF) in respect of the employee already in the scheme who transferred from Watford Borough Council. 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 FRS17.

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 spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised surpluses and deficits.

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 for the purposes of FRS 17 disclosure.

The employer contributions in relation to the YMCA pension plan are determined by the Trustees based on advice from a qualified actuary and 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 Friends Life which is open to all employees.

(l) **Social Housing Grant**

Social Housing Grant (SHG) is receivable from the Homes & Communities Agency (HCA) and is utilised to reduce the capital cost of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost. Grant receivable in respect of identifiable components is allocated to those components.

SHG due from the HCA or received in advance is included as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with the HCA. 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

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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.

(m) **Other Grants**

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure in the same period as the expenditure to which they relate.

(n) **True and fair override**

Under the requirement of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (see note 9). This is a departure from the rules under the Companies Act 2006, which does not permit such presentation but in the opinion of the Trustee Board is a relevant accounting policy, comparable to that adopted by other registered social landlords, that has been adopted in order to present a true and fair view.

(o) **Investments**

Investments held as fixed assets are valued at mid-point of the quotation in the Stock Exchange daily official list. Any realised surpluses/deficits are charged to the Income and Expenditure account. Unrealised surpluses/deficits are shown as a movement in the Investment revaluation reserve. Where unrealised deficits exceed the value of the revaluation reserve, the excess is charged to the Income and Expenditure account: unrealised deficits, previously charged to the Income and Expenditure account, will be reversed when sufficient unrealised surpluses are generated.

(p) **Fund Accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes. These funds were closed in the year.

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 2015**3. Group - Turnover, operating costs and operating surplus from continuing activities**

2015	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
Social Housing: Rent receivable	2,869,966	(2,721,908)	148,058
Other social housing activities:			
STEP resident employability programme	21,063	(48,556)	(27,493)
Supporting People	1,198,577	(1,168,806)	29,771
Total – social housing activities	4,089,606	(3,939,270)	150,336
Other non-social housing	48,800	(15,128)	33,672
Total housing activities	4,138,406	(3,954,398)	184,008
Non-social housing activities			
Health & wellbeing	1,002,446	(1,001,828)	618
Child and family services	2,263,325	(2,389,494)	(126,169)
Youth & Community	346,574	(551,512)	(204,938)
Retail	320,967	(251,759)	69,208
Community Centre	165,684	(149,099)	16,585
Other	114,457	(89,622)	24,835
	4,213,453	(4,433,314)	(219,861)
	8,351,859	(8,387,712)	(35,853)

The Youth & Community expenditure is cross-funded by the investment gain £344,320 shown on the face of the Income & Expenditure Account

Group - Turnover, operating costs and operating surplus from continuing activities

2014	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
Social Housing: Rent receivable	2,783,750	(2,396,912)	386,838
Other social housing activities:			
Supporting People	1,495,821	(1,483,492)	12,329
Other	425	(425)	-
Total – social housing activities	4,279,996	(3,880,829)	399,167
Other non-social housing	46,997	(14,804)	32,193
Total housing activities	4,326,993	(3,895,633)	431,360
Non-social housing activities			
Health & wellbeing	1,133,156	(1,099,424)	33,732
Child and family services	2,358,558	(2,500,557)	(141,999)
Youth & Community	428,970	(565,575)	(136,605)
Retail	318,042	(340,270)	(22,228)
Fundraising	15,474	(110,181)	(94,707)
Community Centre	153,669	(142,053)	11,616
Other (Inc. YMCA England Shops income)	204,798	(199,692)	5,106
	4,612,667	(4,957,752)	(345,085)
	8,939,660	(8,853,385)	86,275

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**Company - Turnover, operating costs and operating surplus from continuing activities**

2015	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
Social Housing: Rent receivable	2,869,966	(2,721,908)	148,058
Other social housing activities:			
STEP resident employability programme	21,063	(48,556)	(27,493)
Supporting people	1,198,577	(1,168,806)	29,771
Total – social housing activities	4,089,606	(3,939,270)	150,336
Other non-social housing	48,800	(15,128)	33,672
Total – social housing activities	4,138,406	(3,954,398)	184,008
Non-social housing activities			
Health & wellbeing	1,002,446	(1,001,828)	618
Child and family services	2,263,325	(2,389,494)	(126,169)
Youth & Community	346,574	(551,512)	(204,938)
Community Centre	165,684	(149,099)	16,585
Other (Inc. YMCA England Shops income)	138,127	(89,622)	48,505
	3,916,156	(4,181,555)	(265,399)
	8,054,562	(8,135,953)	(81,391)

The Youth & Community expenditure is cross-funded by the investment gain £344,320 shown on the face of the Income & Expenditure Account

Company - Turnover, operating costs and operating surplus from continuing activities

2014	Turnover	Operating costs	Operating surplus/ (deficit)
	£	£	£
Social Housing: Rent receivable	1,954,185	(1,706,099)	248,086
Other social housing activities:			
Supporting People	873,009	(860,680)	12,329
Total – social housing activities	2,827,194	(2,566,779)	260,415
Non-social housing activities			
Health & wellbeing	1,133,156	(1,099,424)	33,732
Child and family services	1,074,651	(1,080,118)	(5,467)
Youth & Community	103,630	(171,547)	(67,917)
Community Centre	153,669	(142,053)	11,616
Other (Inc. YMCA England Shops income)	25,924	(107,087)	(81,163)
	2,491,030	(2,600,229)	(109,199)
	5,318,224	(5,167,008)	151,216

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**Turnover, operating costs and operating surplus from continuing activities (continued)**

	2015	Group 2014	2015	Company 2014
	£	£	£	£
Operating costs for social housing:				
Management	1,419,605	1,313,231	1,419,605	981,184
Services	735,919	589,684	735,919	357,405
Routine maintenance	293,836	245,990	293,836	179,966
Planned maintenance	26,350	28,448	26,350	28,448
Rent losses from bad debts	106,595	58,609	106,595	32,985
Depreciation of housing properties and equipment	139,603	160,950	139,603	126,111
	<u>2,721,908</u>	<u>2,396,912</u>	<u>2,721,908</u>	<u>1,706,099</u>
Void losses: notional calculation of income lost from vacant rooms	190,025	310,532	190,025	267,020
Number of registered accommodation units <i>(Included within the above are 275 Supported Bed Spaces)</i>	328	328	328	203

4. Interest receivable and payable

	2015	Group 2014	2015	Company 2014
	£	£	£	£
Income from investments	7,725	16,858	14,835	16,858
Loan interest payable	(13,466)	(15,232)	(13,466)	-
	<u>(5,741)</u>	<u>1,626</u>	<u>1,369</u>	<u>16,858</u>

5 Operating surplus / (deficit)

	2015	Group 2014	2015	Company 2014
	£	£	£	£
The operating surplus / (deficit) is arrived at after charging:				
Depreciation	271,192	332,846	270,616	201,091
Operating lease payments:				
- Land and buildings	150,138	185,267	105,000	-
- Office equipment	-	6,347	-	-
- Vehicles	2,550	-	-	-
Auditors' remuneration (excluding VAT)				
- Fees payable for the audit of the financial statements	18,000	24,508	16,000	9,308
- Fees payable for non-audit services	-	4,150	-	4,150

6. Taxation

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

WATFORD AND DISTRICT YMCA

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7. 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 £298 (2014: £2,106) during the year.

Staff emoluments and related costs

Executive Directors	Basic salary £	Pension contribs. £	Compensation £	2015 Total £	2014 Total £
Group Chief Executive					
Guy Foxell	89,303	7,144	-	96,447	88,566
Chief Executive (Central Hertfordshire YMCA)					
Robin Webb	-	-	-	-	82,711
Director of Resources					
David Martin	68,959	5,517	-	74,476	69,530
Director of Housing and Community Services					
Ron Dunning	62,728	6,286	-	69,014	48,000
Director of Community Programmes					
Barry Cronin	72,596	5,808	3,800	82,204	64,567
	293,586	24,755	3,800	322,141	353,374

The Chief Executive of Watford & District is a member of the Friends Life defined contribution pension scheme. Both the Company and Chief Executive make contributions to this money purchase scheme.

Ron Dunning's pay was re-evaluated the material increase in the size and scale of his role following the merger. His 2015 emoluments included an element of back pay to the date of the merger in December 2013.

The full time equivalent number of staff who received emoluments:	2015 No	2014 No
£60,001 to £70,000	1	2
£70,001 to £80,000	1	-
£80,001 to £90,000	1	2
£90,001 to £100,000	1	-

The Trustee Board have approved the post-merger Executive Management Team structure made up of posts in the following bands for the financial year commencing 1 April 2015:

	No
£60,001 to £70,000	2
£70,001 to £80,000	1
£90,001 to £100,000	1

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**8. Employee information**

Average monthly number of employees expressed as full time equivalents:	Group		Company	
	2015	2014	2015	2014
	No	No	No	No
Housing	59	59	59	34
Support Services	21	28	21	12
Sports, health & fitness	19	22	19	22
Child & family services	67	73	67	38
Youth & community	17	17	17	4
Orbital Community Centre	3	4	3	4
Retail	7	11	-	-
Total	193	214	186	114
	2015	2014	2015	2014
	£	£	£	£
Staff costs (for the above persons)				
Wages and salaries	4,423,928	4,643,006	4,321,737	2,580,387
Social security costs	327,916	358,234	322,126	205,622
Other pension costs	101,030	110,870	100,493	72,247
	4,852,874	5,112,110	4,744,356	2,858,256

9. Group – Tangible fixed assets (housing)

	Freehold property	Housing long leasehold property	Housing property improv'm'ts	Total
	£	£	£	£
Cost				
At 1 April 2014	1,670,843	2,348,797	1,294,356	5,313,996
Additions			205,624	205,624
Cost at 31 March 2015	1,670,843	2,348,797	1,499,980	5,519,620
Depreciation				
At 1 April 2014	248,831	12,510	846,637	1,107,978
Providing during year	21,152	342	64,742	86,236
At 31 March 2015	269,983	12,852	911,379	1,194,214
Capital grant				
At 1 April 2014	(577,951)	(2,306,020)	-	(2,883,971)
At 31 March 2015	(577,951)	(2,306,020)	-	(2,883,971)
Net book value				
At 31 March 2015	822,909	29,925	588,601	1,441,435
At 31 March 2014	844,061	30,267	447,719	1,322,047

WATFORD AND DISTRICT YMCA

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

9. Company – Tangible fixed assets (housing)

	Freehold property	Housing long leasehold property	Housing property improv'ts	Total
	£	£	£	£
Cost				
At 1 April 2014	1,670,843	2,348,797	1,294,356	5,313,996
Additions	-	-	205,624	205,624
Cost at 31 March 2015	1,670,843	2,348,797	1,499,980	5,519,620
Depreciation				
At 1 April 2014	248,831	12,510	846,637	1,107,978
Providing during year	21,152	342	64,742	86,236
At 31 March 2015	269,983	12,852	911,379	1,194,214
Capital grant				
At 1 April 2014	(577,951)	(2,306,020)	-	(2,883,971)
At 31 March 2015	(577,951)	(2,306,020)	-	(2,883,971)
Net book value				
At 31 March 2015	822,909	29,925	588,601	1,441,435
At 31 March 2014	844,061	30,267	447,719	1,322,047

10. Group – Tangible fixed assets (non-housing)

	Other property	Long leasehold property	Leasehold improv'm'ts	Fixtures, fittings & equipment	Vehicles	WIP	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2014	623,039	926,901	740,185	1,469,399	60,624	-	3,820,148
Additions	-	-	33,573	134,223	-	2,645	170,441
Disposals	(151,383)	-	-	(5,481)	(16,962)	-	(173,826)
Cost at 31 March 2015	471,656	926,901	773,758	1,598,141	43,662	2,645	3,816,763
Depreciation							
At 1 April 2014	286,372	246,180	442,705	1,171,117	53,661	-	2,200,035
Providing during year	21,803	6,743	35,487	119,000	1,923	-	184,956
Released on disposal	(151,078)	-	-	(3,469)	(15,746)	-	(170,293)
At 31 March 2015	157,097	252,923	478,192	1,286,648	39,838	-	2,214,698
Capital grant							
At 1 April 2014	(165,000)	(83,970)	-	(8,121)	-	-	(257,091)
At 31 March 2015	(165,000)	(83,970)	-	(8,121)	-	-	(257,091)
Net book value							
At 31 March 2015	149,559	590,008	295,566	303,372	3,824	2,645	1,344,974
At 31 March 2014	171,667	596,751	297,480	290,161	6,963	-	1,363,022

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**10. Company – Tangible fixed assets (non-housing)**

	Other property	Long leasehold property	Leasehold improv'm'ts	Fixtures, fittings & equipment	Vehicles	WIP	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2014	623,039	926,901	740,185	1,465,463	52,129	-	3,807,717
Additions	-	-	33,573	134,223	-	2,645	170,441
Disposals	(151,383)	-	-	(5,481)	(8,467)	-	(165,331)
Cost at 31 March 2015	471,656	926,901	773,758	1,594,205	43,662	2,645	3,812,827
Depreciation							
At 1 April 2014	286,372	246,180	442,705	1,167,473	46,666	-	2,189,396
Provided during year	21,803	6,743	35,487	118,708	1,639	-	184,380
Released on disposal	(151,078)	-	-	(3,469)	(8,467)	-	(163,014)
At 31 March 2015	157,097	252,923	478,192	1,282,712	39,838	-	2,210,762
Capital grant							
At 1 April 2014	(165,000)	(83,970)	-	(8,121)	-	-	(257,091)
At 31 March 2015	(165,000)	(83,970)	-	(8,121)	-	-	(257,091)
At 31 March 2015	149,559	590,008	295,566	303,372	3,824	2,645	1,344,974
At 31 March 2014	171,667	596,751	297,480	289,869	5,463	-	1,361,230

11. Investments

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Market value				
As at 1 April 2014				
Listed on a recognised stock exchange	2,630,640	2,570,920	2,630,640	2,570,920
Additions	1,080,000	-	1,080,000	-
Disposals	(1,080,000)	-	(1,080,000)	-
Realised gains / (losses) on disposals	344,320	-	344,320	-
Unrealised gains on valuation	2,374	59,720	2,374	59,720
As at 31 March 2015	2,977,334	2,630,640	2,977,334	2,630,640
Historical cost listed investments				
As at 1 April 2014	2,050,000	2,050,000	2,050,000	2,050,000
As at 31 March 2015	2,050,000	2,050,000	2,050,000	2,050,000
Non-listed investments held at historical cost				
As at 1 April 2014	1,500	1,500	11,500	11,500
As at 31 March 2015	1,500	1,500	11,500	11,500

An investment in 10,000 £1 ordinary shares in YMCA Central Herts Trading Ltd, incorporated in England, a wholly owned subsidiary, which is a trading company selling donated goods.

An investment of 500 £1 ordinary shares in Stevenage Solutions CIC, incorporated in England.

The Company has an investment of 1,000 £1 ordinary shares in YMCA Hertfordshire CIC, incorporated in England which equates to a 66% holding. YMCA Hertfordshire CIC is currently dormant.

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**12. Debtors**

	2015	2014	2015	2014
	Group	Group	Company	Company
	£	£	£	£
Rent arrears (including housing benefit, and resident arrears)	242,449	232,231	242,449	232,231
Less provision for doubtful debt	(74,887)	(64,517)	(74,887)	(64,517)
	<u>167,562</u>	<u>167,714</u>	<u>167,562</u>	<u>167,714</u>
Students (Steiner college)	54,946	43,103	54,946	43,103
	<u>222,508</u>	<u>210,817</u>	<u>222,508</u>	<u>210,817</u>
Trade debtors	366,409	64,182	366,409	64,182
Less provision for doubtful debt	(20,166)	-	(20,166)	-
	<u>346,243</u>	<u>64,182</u>	<u>346,243</u>	<u>64,182</u>
Other debtors	5,055	49,799	-	46,540
Prepayments and accrued income	266,597	56,550	248,926	54,058
Amounts due from subsidiary	-	-	191,539	214,144
	<u>840,403</u>	<u>381,348</u>	<u>1,009,216</u>	<u>589,741</u>

The increase in Trade Debtors was as a result of invoicing for commissioned service income in respect of 2015/16 for payment in April 2015 in the 2014/15 financial year. This was in relation to the new Children's Centre services and Supporting People and amounted to £335,859.

13. Creditors

	2015	2014	2015	2014
	Group	Group	Company	Company
	£	£	£	£
Amounts falling due within one year				
Bank loans – current instalments (see note 14 for security details)	17,169	30,768	17,169	30,768
Other loans – current instalments (see note 14 for security details)	1,000	1,000	1,000	1,000
Trade creditors	361,639	276,676	338,063	272,975
Other taxes and social security costs	182,234	126,269	180,817	126,269
Other creditors	121,732	89,686	121,732	89,686
Accruals and deferred income	622,796	300,587	611,243	297,558
	<u>1,306,570</u>	<u>824,986</u>	<u>1,270,024</u>	<u>818,256</u>

The increase in Accruals and deferred income was also as a result of invoicing for commissioned service income in respect of 2015/16 for payment in April 2015 in the 2014/15 financial year as detailed in note 12.

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**14. Creditors**

Amounts falling due after more than one year	2015 Group £	2014 Group £	2015 Company £	2014 Company £
£124,000 borrowed (interest free), from Watford Borough Council in 1977 – repayable over the term of the lease	86,250	87,250	86,250	87,250
£450,000 borrowed (at 2.9% above the Bank's sterling base rate) from HSBC in 2013 – repayable over 20 year term	389,498	376,667	389,498	376,667
	<u>475,748</u>	<u>463,917</u>	<u>475,748</u>	<u>463,917</u>
Analysis of loans:				
Not wholly repayable within five years	394,558	336,845	394,558	336,845
Repayable within 2-5 years	62,146	95,304	62,146	95,304
Repayable within 1-2 years	18,414	31,768	18,414	31,768
Repayable within 1 year	18,800	31,768	18,800	31,768
	<u>493,918</u>	<u>495,685</u>	<u>493,918</u>	<u>495,685</u>
Less: current instalments	(18,170)	(31,768)	(18,170)	(31,768)
	<u>475,748</u>	<u>463,917</u>	<u>475,748</u>	<u>463,917</u>

The lease of Charter House, Watford is held as security for the above Watford Borough Council loan. The freehold of Peartree Hostel, Welwyn Garden City is held as security for the HSBC mortgage.

15. Group – Reserves

	Revenue reserve £	Designated fund £	Property revaluation reserve £	Investment revaluation reserve £	Total reserves £
Balance at 1 April 2014	4,300,473	362,393	247,716	580,640	5,491,222
Surplus for the year	103,622	-	-	-	103,622
Exceptional items	199,104	(199,104)	-	-	-
		163,289			
Transfer to Revenue Reserve	163,289	(163,289)	-	-	-
Surplus on revaluation of investments	-	-	-	2,374	2,374
Actuarial loss relating to pension scheme	(15,000)	-	-	-	(15,000)
Balance at 31 March 2015	<u>4,751,488</u>	<u>-</u>	<u>247,716</u>	<u>583,014</u>	<u>5,582,218</u>

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**15. Company – Reserves**

	Revenue reserve	Designated fund	Property revaluation reserve	Investment revaluation reserve	Total reserves
	£	£	£	£	£
Balance at 1 April 2014	4,510,704	362,393	247,716	580,640	5,701,453
Surplus for the year	65,194	-	-	-	65,194
Exceptional items	199,104	(199,104)	-	-	-
		163,289			
Transfer to Revenue Reserve	163,289	(163,289)	-	-	-
Surplus on revaluation of investments	-	-	-	2,374	2,374
Actuarial loss relating to pension scheme	(15,000)	-	-	-	(15,000)
Balance at 31 March 2015	4,923,291	-	247,716	583,014	5,754,021

In 2012/13 a designated fund of £580,000 was set aside for "Housing management risk and change". This fund was carried forward into both the 2013/14 and 2014/15 financial years given the likelihood of the Watford/Central Herts merger which would enable the risk associated with Supporting People funding changes to be bedded in. Of this, £199,104 (2014 - £217,607) was utilised in the year in respect on exceptional items. The merger and value for money savings achieved have enabled the Housing service to operate on a lower Supporting People income level, but in a sustainable manner. This fund has now been closed and the balance of £163,289 was transferred to the revenue reserve.

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

The Company currently receive two grants from the Big Lottery Fund. These allow us to deliver youth and community work that is targeted to local needs identified in Stevenage and Watford, both at the top of the deprivation lists for Hertfordshire. During 2015, funding of £140,405 (2014: £115,969) was received against expenditure incurred.

The Joseph Rank Trust

Funding of £15,000 was received in 2015 (2014: £15,000) to part fund the costs associated with the YMCA Space project and was fully expensed.

17. Pensions – 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 2013 and the results have been projected forward using approximate methods, allowing for the different financial assumptions required under FRS17, to 31 March 2015 by a qualified independent actuary.

The employer's contribution to the HCCPF by the Company for the year ended 31 March 2015 was nil (2014: £3,775).

Estimated employer's contributions to the HCCPF during the accounting period commencing on 1 April 2015 is £4,300.

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Financial assumptions	31 March 2015 % per annum	31 March 2014 % per annum
Discount rate	3.3	4.1
Future salary increases	3.9	3.9
Future pension increases	2.5	2.6
Expected return on assets	3.3	6.0

Mortality assumptions

The post-retirement mortality assumptions adopted are in line with Club Vita analysis which was carried out for the formal funding valuation as at 31 March 2013. These are a bespoke set of VitaCurves that are specifically tailored to fit the membership profile of the Fund and are based on the data provided to the actuary for the purposes of the last formal valuation as at 31 March 2013. Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2010 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:

	2015 No. of years	2014 No. of years
Current Pensioners:		
Males	22.3	22.3
Females	24.5	24.5
Future Pensioners*:		
Males	24.3	24.3
Females	26.7	26.7

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

Expected return on assets

Based on information provided by the Administering Authority the estimated bid value of the Fund's assets as at 31st March 2015 is £3,636,000,000. A breakdown of the expected return on assets by category are:

	1 April 2015 % pa	Expected return on assets at 1 April 2014 % pa
Equities	3.3	6.6
Bonds	3.3	4.0
Property	3.3	4.8
Cash	3.3	3.7

Statement of total recognised surpluses and deficits:

Year ended 31 March	2015 £'000	2014 £'000
Actuarial (losses) / gains in pension plan recognised in STRSD	(15)	7
Cumulative actuarial loss recognised in STRSD	(22)	(12)

Amounts recognised in the balance sheet:

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Net pension liability at 31 March	2015	2014
	£'000	£'000
Present value of funded obligation	(150)	(115)
Fair value of employer assets	118	103
Present value of unfunded obligations	(32)	(12)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2015	2014
	£'000	£'000
Opening scheme liabilities	115	108
Current service cost	6	6
Interest cost	5	5
Contributions by members	1	1
Actuarial losses / (gains)	23	(5)
Closing scheme liabilities	150	115

Reconciliation of opening and closing balances of the fair value of scheme assets

	2015	2014
	£'000	£'000
Opening fair value of scheme assets	103	89
Expected return on scheme assets	6	5
Actuarial gains	8	4
Contributions by member	1	1
Contributions by employer	-	4
	118	103

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

	2015	2014
	%	%
Equities	66	74
Bonds	24	17
Property	7	6
Cash	3	3

Amounts for the current accounting period

	2015	2014
	£'000	£'000
Present value of scheme liabilities	(150)	(115)
Fair value of scheme assets	118	103
Surplus / (deficit) scheme	(32)	(12)
Experience adjustment on plan liabilities	-	(4)
Experience adjustment on plan assets	8	4

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**Sensitivity analysis**

Change in assumptions at year ended 31 March 2015	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	14%	21
1 year increase in member life expectancy	3%	5
0.5% increase in the Salary Increase Rate	8%	11
0.5% increase in the Pension Increase Rate	6%	9

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 2014. 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 5.35% and 3.85% respectively, the increase in pensions in payment of 3.3%, and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.6 years, female 24.6 years, and 24.8 years for a male pensioner, female 26.9 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £90.8m. This represented 70% of the benefits that had accrued to members.

The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to the Company for the purposes of FRS17 disclosure and accordingly the FRS17 deficit is not shown on the balance sheet.

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 2014 showed that the YMCA Pension Plan had a deficit of £38.7 million. The Company has been advised that it will need to make monthly contributions of £8,850 from 1 May 2015. 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 12 years commencing 1st May 2015. The amount paid during the current year was £100,095 (2014: £73,360).

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.

Pensions – Group Personal Pension Plan

In addition to the YMCA Pension Plan, the Company operates a defined contribution Group Personal Pension Plan open to all employees; towards which it contributed cash payments of £88,305 (2014: £62,220).

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**18. Reconciliation of operating profit to net cash inflow from operating activities**

	2015	2014
	Group	Group
	£	£
Operating (deficit) / surplus (before exceptional items)	(35,853)	86,275
Exceptional items (Note 15)	(199,104)	(217,607)
Operating Surplus / (deficit) (after exceptional items)	(234,957)	(131,332)
Depreciation	271,192	332,846
Deficit / (surplus) on disposal of fixed assets	2,111	(21,605)
Decrease in stock	3,449	-
(Increase) / decrease in debtors	(459,055)	(38,709)
Increase / (decrease) in creditors	460,792	(112,484)
Increase / (decrease) in pension deficit	5,000	-
Net cash inflow from operating activities	<u>48,532</u>	<u>28,716</u>

19. Reconciliation of net cash flow to movement in net funds

	2015	2014
	Group	Group
	£	£
(Decrease) in cash in the period	(299,229)	(274,388)
Cash outflow from decrease in debt and loan financing	15,738	31,768
Change inflow from receipt of finance	-	-
Change in net funds resulting from cash flows	(283,491)	(242,620)
Non-cash movements	(13,970)	(1,262)
Movement in net funds in the period	<u>(297,461)</u>	<u>(243,882)</u>
Net funds at 1 April	594,433	838,315
Net funds at 31 March	<u>296,972</u>	<u>594,433</u>

20. Group - Analysis of net debt

	1 April	Cash flows	Non-cash	31 March
	2014		movement	2015
	£	£	£	£
Cash in hand and at bank	1,090,118	(299,229)	-	790,890
Debt due within 1 year	31,768	-	(13,599)	18,169
Debt due after 1 year	463,917	(15,738)	27,569	475,748
	495,685	(15,738)	13,970	493,917
	<u>594,433</u>	<u>(283,491)</u>	<u>(13,970)</u>	<u>296,972</u>

NOTES TO THE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**21. Operating lease commitments**

	2015		2014
	Land and Buildings £	Other £	Land and Buildings £
			Other £
The following operating lease payments are committed to be paid			
Expiring within 1 year	29,683	-	71,352
Expiring within 1-2 years	-	-	-
Expiring within 5 years	101,673	5,565	-
	131,356	5,565	158,352

The reduction in operating lease commitments expiring within one year is as a result of releasing the former Central Hertfordshire YMCA head office building as part of the Merger value for money savings. This was a leased property and a break point was exercised as it was surplus to requirements.

22. Related party transactions

Three of the Trustees are also Directors of YMCA Central Herts Trading Ltd. They are: Nicholas Mourant, Diane Morrad and John Robinson. The Chief Executive is also a Director of YMCA Central Herts Trading Ltd and the Director of Resources is Company Secretary.

Watford & District YMCA provides central services to YMCA Central Herts Trading Ltd such as finance, human resources and property management on an arm's length basis. A charge is made for these services.

At 31 March 2015, YMCA Central Herts Trading Ltd owed Watford & District YMCA £191,539. Interest is charged on this borrowing. Of this, £189,144 (2014 – £214,144) was in respect of an inter-company loan which is subject to a debenture deed and the Company has a registered charge in respect of it.

Watford & District YMCA is a corporate trustee and sole corporate member of Central Hertfordshire YMCA which is a dormant subsidiary. Four of the Trustees are also Trustees of Central Hertfordshire YMCA. These are Nigel Johnson (from 15 June 2015), Nicholas Mourant, Jonathan Moxham (until 1 June 2015), Christine Neyndorff and John Robinson.

23. Capital commitments

	2015	2014
	£	£
Contracts placed for future capital commitments not provided in the financial statements	18,426	-

The contracted capital commitments at the 31 March 2015 relate to the implementation costs of an electronic point of sale system for the retail shops.

The Board has authorised, but not committed capital expenditure of £300,000 relating to the redevelopment of the Woodlands site.

24. Membership

As at 31 March 2015, there were 37 members of the Company (2014: 38).