

Worcester YMCA

Part of Worcestershire YMCA Limited
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

WORCESTER YMCA

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REPORT OF THE BOARD

The Board is pleased to present its report and audited financial statements for the year ended 31 March 2023.

Reference and administration information

Charity Name	Worcester YMCA
Charity Registration Number	1102766
Company Registration Number	05056873
Chief Executive & Company Secretary	Dr Annette Daly

Board

The Board is composed of the following individuals:

Phillip Simpson	Chair, Resigned 21 November 2022
Lindsay Sartori	Chair (from January 2023)
Mike Higley	Resigned 17 July 2023
Simon Hill	Resigned 18 March 2024
Dr Juliet Horne	Vice Chair, Resigned 18 December 2022
Emma Cartwright	Appointed 18 July 2022
Hugh Protherough	Appointed 17 May 2022 / Resigned 22 December 2022
Paul Taylor	Resigned 16 December 2022
Melanie Braden	Appointed 17 July 2023
Revd Gail Rogers	Appointed 17 July 2023
Revd Michael Sermon	Appointed 20 November 2023
Philip Smiglarski	Appointed 18 March 2024

Members of the Board are directors of the Association for the purposes of company law and trustees of the Association for the purposes of charity law.

Registered Office	Auditors	Bankers	Solicitors
Gordon Anstis House Loxley Close Redditch Worcestershire B98 9JS	Cooper Parry Group Limited Cubo Birmingham 3 rd Floor Two Chamberlain Square, Birmingham B3 3AX	Unity Trust Bank plc Nine Brindley Place Birmingham B1 2HB	MFG Solicitors LLP Adam House Birmingham Road Kidderminster Worcestershire DY10 2SH

REPORT OF THE BOARD (continued)

Structure, Governance and Management

Constitution

The Association is a charitable company limited by guarantee and not having a share capital, with members required to contribute up to a maximum of £1 each, should there be a deficiency on winding up. The Association is governed by its Articles of Association, which were reviewed by the Board in 2013.

Organisational structure

The Association is governed by its board of volunteer trustee directors, responsible for overseeing strategy and policy, approving annual budgets & accounts, who work in conjunction with the senior executive staff who recommend strategy, policy and exercise operational management. They hold five meetings per annum to consider business and progress against agreed plans plus hold strategic discussions and consider future work and direction. On appointment trustees receive induction including Charities Commission input. Attendance at meetings, interests and skills is monitored and reviewed annually. The YMCA movement offers support, development and benchmarking information. Codes of Governance and Conduct have been adopted.

The Association is part of the worldwide YMCA movement and is affiliated to the National Council of YMCAs in England and through them to the World Council of YMCAs. It receives no funds from either the National Council or the World Council, but pays an affiliation fee to the National Council of YMCAs.

The Board oversees and endorses or challenges the short and medium term strategies recommended by the senior executive staff. The Board aims to ensure the long term interests of the Association are not adversely affected by decisions taken in the medium term and ensures the ethos and values of the Association are maintained.

The day-to-day control of the Association's operations is exercised by the senior management team made up of the Chief Executive, Head of Housing and Support, Head of Business Development, Head of HR and Head of Finance. The senior management team attends Board meetings. In setting the salaries of the senior management team the Board considers benchmark information from other appropriate organisations in the YMCA movement.

The Association is organised so that those for whom activities are provided and key stakeholders are involved in the design, monitoring and evaluation of that provision; clear access to senior management and the volunteer Board is integral to the structure and is part of our engagement process.

Recruitment and appointment to the Board

The Board consists of up to fifteen elected members who are appointed for a three-year term, but who may stand for re-election at the end thereof. Members who are co-opted during the year are appointed up until the next Annual General Meeting when they are eligible for election. Board members are elected by the Members of the Association at the Annual General Meeting. Worcestershire YMCA Limited is the sole corporate member of Worcester YMCA.

All Board members acknowledge their Christian faith and are appointed by the sole member.

The Directors of the company are also charity trustees for the purposes of charity law and throughout this report are collectively referred to as the board members. Board members give their time voluntarily and receive no benefits from the charity in respect of this commitment. Any expenses reclaimed from the charity or payments made to them are set out in the notes to the accounts.

It is the aim of the board members to have the Board made up of individuals from the community it serves and simultaneously achieve a rich diversity of perspectives and experience, competent to oversee the operations of the Association. The board seeks to recruit new members accordingly. Potential board members are made aware of the aims and purposes of the YMCA Movement and must indicate their desire to join the Movement and accept the responsibilities involved.

REPORT OF THE BOARD (continued)

The perspectives, experience and skills of individual Board members are considered to ensure a balance across the Board. Board members are initially co-opted to the Board until the following Annual General Meeting.

Board member induction and training

As part of their induction programme, new Board members are provided with a welcome pack including copies of literature produced by the Charity Commission and the YMCA Movement, including the YMCA Code of Governance. Background information relating to the Association including copies of the articles of association, latest financial information, copies of minutes and policies are included in the welcome pack. The Board schedule five meetings per annum for ordinary business plus meetings to consider the work of the association and future direction.

As part of the YMCA Movement, Board members have access to its board development programme and training, support and benchmarking information. The Board undertakes periodic background and skills audits and as a result identifies certain characteristics it will require of future members. Attendance at Board meetings is monitored.

The Association works in partnership with other organisations, funders and commissioners that are compatible with its ethos and values.

Code of Governance

The Association's Board has adopted the National YMCA Code of Governance based on the National Housing Federation Code of Governance.

Statement of Board responsibilities

The Board (comprises of trustees, who are also directors for the purposes of company law) is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the incoming resources and application of resources, including the income and expenditure, of the Association for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE BOARD (continued)

Provision of information to auditors

We, the Board members of the Association who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Association's auditors are unaware; and
- we have taken all the steps that we ought to have taken as board members to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Corporate Governance – internal financial control

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to the:

- reliability of financial information used within the Association or for publication;
- maintenance of proper accounting records; and
- safeguarding of assets against unauthorised use or disposal.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against financial misstatement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions; annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate; and
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board members and others.

The Board receives and reviews regular reports from management and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed.

Formal procedures have been established for instituting the appropriate action to correct weaknesses identified from the above reports.

Risk management

The Association maintains a risk register covering governance, operational, financial, external and compliance risks. The Board receives and reviews regular reports from management including major risks facing the Association and action taken to reduce or mitigate the effects of those risks.

REPORT OF THE BOARD (continued)

Risk management (continued)

Risk	Mitigation and further action to be taken.
Governance - loss of key staff	Trustees continue to act as champions for each area of policy, policies are reviewed regularly, skills and role descriptions are identified, a training matrix identifies skills gaps, training is budgeted and undertaken, the strategic plan is approved by the Board, appraisals are conducted regularly.
Operational – project / service development	The organisation has adopted models to demonstrate how and why new and existing projects are in line with charitable objects and to better define and communicate our activities. To continue to enhance development of new plans in line with objects. Further action: review operational strategy and accelerate implementation.
Financial - dependency on limited income sources	Strategic plans aim to change the mix of income and the provision of services that are less dependent on Government policy. Specific opportunities identified. Further action: Review strategic plan in line with income dependencies. Realise opportunities identified and monitor success of diversification plans and organisational capability to ensure they match future requirements.
Environmental or external factors - changing government policy	Networking and lobbying to minimize adverse policy changes and their effects. Regular market scanning. Members of YMCA policy groups and relevant local groups. Further action: Engage a wider audience particularly potential service users in the provision of data and case studies for influencing policy and ensure other initiatives in diversification are coordinated. Conduct research with target audiences.
Compliance - diversification of activities	Systems to ensure compliance with legislation, regulation and reporting are robust. Further action: identify and monitor the effect on existing compliance of diversifying activity and consider any new compliance such diversification will introduce.

Financial Review

Reserves

The Association makes adequate provision, by way of financial reserves, to enable the discharge of statutory and contractual obligations and to support continuity of business in the face of potential risks.

The Board considers there are sufficient assets to meet obligations as they arise. Net current assets of the group are **£1,168,995** (2022: £1,327,510).

The overall funds of the Association have decreased as a consequence of a deficit arising from operational expenditure exceeding income in the year under review. It should be noted that central costs have not been apportioned between YMCA Worcestershire Limited and the Association for operational reasons.

The Association does not trade for profit, but plans for income to exceed expenditure each year, ensuring a margin of safety to manage the unexpected, its Articles prevent the distribution of reserves, which are instead applied to further the aims and objectives.

The Board has reviewed its reserves policy and the designation of reserves. The policy is to aim to maintain funds in reserves at least sufficient to fund 2 months total expenditure, being £218,529, to cover the eventuality of a material decline in incoming resources and to hold at least half of that amount in cash at bank.

Free reserves are traditionally calculated as net assets, £2,098,042, less restricted funds, £nil, less fixed assets, £1,753,444, which amount to a surplus of £344,598. However, the nature of the Association means adjustment should be made for long term liabilities which are secured against the housing properties in fixed assets, £753,071. By that calculation, the adjusted free reserves are £1,097,669. Therefore, the adjusted free reserves exceed the reserves target by £879,140. Free reserves have been built up from operating surpluses over several years such that free reserves exceed the minimum required by the reserves policy. The Association plans to hold and build upon free reserves to support continuity of business in the face of potential risks. The Board will regularly review this policy having regard to the changing financial, regulatory and competitive environment in which the charity operates.

REPORT OF THE BOARD (continued)

Pension deficit

As explained in note 21, Worcester YMCA participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The Pension Plan was closed to new members and future service accrual with effect from 30 April 2007. At 31 March 2023, the pension deficit for the Association and the group was £72,016 as shown on the balance sheet. A corresponding pension deficit reserve is also held on the balance sheet.

A valuation prepared as at 1 May 2020 showed that the YMCA Pension Plan had a deficit of £39 million. Worcester YMCA was advised that it would need to make contributions of £12,528 per annum from 1 May 2023, increasing by 3% per annum for each subsequent year. At 31 March 2023, the recovery period was 6 years commencing 1 May 2023. After the year-end, a three-year valuation was completed as at 1 May 2023. That valuation showed that the YMCA Pension Plan had reduced to a deficit of £9.1 million. Worcester YMCA has been advised to reduce its contributions to £9,642 per annum from 1 May 2024, with no uplift in subsequent years, for a reduced recovery period of 3 years commencing 1 May 2024.

Fundraising

The Association does not seek to raise funds from the public and therefore has nothing to report on its fundraising approach and standards.

Employment of disabled persons

The Association operates an equal opportunities employment policy and is committed to be a Disability Employer.

Objects and activities

As a Christian charity committed to helping people, especially the young, particularly at times of need, without discrimination, our faith calls us to stand alongside people on their personal journey, and help them develop in body, mind and spirit.

Accordingly, demonstrating our Christian faith and sharing it through social action we are active in working towards our vision of transforming communities so that all young people truly belong, contribute and thrive. We aim to be recognised as the leading provider of activities which inspire transformation.

The Association's objects and principal activities are 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 or assist in the provision of education for persons of all ages with the object of developing their physical, mental or spiritual capacities;
- 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;
- lead young people to the Lord Jesus Christ and to fullness of life in Him;
- provide residential accommodation for persons of all ages who are in need, hardship or distress by reason of their social physical or economic circumstances; and
- unite those who, regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in their faith and in their life, and to associate their efforts for the extension of His Kingdom.

Our aims mean we work with others to deliver activities through which all young people can be offered the opportunity to develop in body, mind and spirit so they have hope of experiencing life in all its fullness.

REPORT OF THE BOARD (continued)

Strategy

The key elements of our medium to long-term strategy are:

Build on the strength of YMCA's Early Years presence across the County; Provide opportunities that prepare young people, including the marginalised, for adult life and the world of work through positive activities, alternative curriculum, employability skills, health and wellbeing, volunteering, community and family engagement, and targeted mentoring support. In addition, we will work with churches and other Christian organisations to deliver high quality youth work and opportunities for religious education. With the global YMCA movement, we will provide wider opportunities for young people, to improve outcomes.

We measure the success of the strategy:

Annually, prior to the commencement of the financial year, when plans are produced as part of our budgetary cycle. These are submitted to the Board for approval by the beginning of the year. During the year, the senior management meet regularly to monitor performance in both financial and non-financial terms.

Progress is reported and variances explained to Board throughout the year. An annual review is conducted by the board and senior management and an Annual General Meeting is also held and a report presented by the board and senior management to members.

Review of activities

Working from our own centres and accommodation units of other organisations, we provide preschool nurseries, youth work including the support of young people towards independent living, 'move on' accommodation and support for vulnerable adults.

The two most significant charitable activities contributing to the achievement of our objectives in the year were:

Residential Accommodation
Children and Youth Services

During the year we continued our work in providing 14 units of accommodation and support to young and vulnerable people in the city.

First Class and Little Treasures Nurseries continued their work providing excellent care and development to a high standard, in an ever changing and challenging market. One highlight being that Little Treasures rated as GOOD after being subject of a short notice OFSTED Inspection.

Further analysis of the income and expenditure on operations can be found in notes 3, 4, 5 and 6 to the financial statements.

Strategy: Build on the strength of YMCA's Early Years and families presence across the County, work with older children and partnership working. We will work in partnership with others to improve health of mothers and their babies and work with older children and their families to make them better informed and benefit from their knowledge to improve their lives.

Provide opportunities that prepare young adults, including the marginalised, for adult life and the world of work through positive activities, employability skills, health and wellbeing, volunteering, community and family engagement, and targeted mentoring support. In addition, we will work with churches and other Christian organisations to deliver high quality youth work and opportunities for religious education. With the global YMCA movement, we will provide wider opportunities for young people, to improve outcomes.

REPORT OF THE BOARD (continued)

Housing and Support

We offer 14 units of accommodation for young people aged 18-35 in training, education or employment. This has enabled YMCA to provide quality social housing accommodation at affordable rents in the city at a time of high housing demand and high rents within the private sector. This means our residents can maintain employment and training. We continue to find ways to enhance our offer for residents through sourcing any relevant partners or networks who can assist in the short and medium terms to help them sustain their tenancies and move on when appropriate.

Nurseries

First Class and Little Treasures have continued their work in providing excellent care and development to young people to a very high standard in what is an ever changing and very challenging market environment. The nurseries enhance our provision across the group and contribute to the diversification of income sources.

A curriculum statement of intent provides a framework for setting out the aims of a programme of education, including the knowledge and skills gained at each stage, developing a framework over time into a structure and narrative. In line with the organisation's objectives, our statement enables children to live life to its fullest by offering stimulating learning experiences with Christian values at its heart. Our nurseries develop children's spiritual, social, moral and cultural understanding. They provide a holistic curriculum that fosters lifelong learning. The nurseries have created learning environments that build upon children, prior learning experiences and are tailor made for the families we support. All nurseries follow the curriculum set in line with Government guidance for the education sector.

Value for Money

Value for money forms part of our sustain service strategy. The consolidation of activities across the group continues to present opportunities to increase value for money and dilute costs over a broader base.

Public Benefit

The board has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives and in planning future activities. In particular, the Board has considered how planned activities will contribute to the aims and objectives set.

Communities and particularly young people within the County of Worcestershire benefit from our work.

We work with parents of children, children, young people and vulnerable adults. Our activities include affordable flexible childcare; work with school age children outside school throughout the year; work with young people and adults in formal and informal education, leisure activities including health and wellbeing and in support towards independent living. We engage in preventative work and offer residential accommodation.

We recognise the importance of responding to the needs of the community and allowing them to influence the charitable company's developments.

We consult with participants in our activities, potential participants and partner organisations. Consultation takes place through a variety of routes including formal surveys, one to one sessions and informal meetings. We aim to continuously improve our services, responding to comments and complaints made by people who participate in our activities. Informal comments are dealt with by the management of the particular delivery arm of the Association. Formal issues may be raised in accordance with our service delivery policies and procedures and will be reported to the Board. Services are regularly reviewed against current developments in recommended practice and guidelines issued by regulatory and similar bodies.

REPORT OF THE BOARD (continued)

Plans for future periods

Our assessment of performance in the year is used to inform our medium to long term strategy. Our objects remain relevant and appropriate. We have engaged with staff more widely to assist in the short to medium term plans for the organisation as it deals with consolidating activities in the face of reduced public spending. The organisation has begun to invest in its infrastructure to ensure a comprehensive and cohesive offer can be made to more potential beneficiaries.

By order of the Board



Lindsay Sartori
Chair
17 July 2024

Gordon Anstis House
Loxley Close
Worcestershire
B98 9JS
Tel: 01527 61643

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORCESTER YMCA

Opinion

We have audited the financial statements of Worcester YMCA ("the parent charitable company") and its subsidiary companies ("the group") for the year ended 31 March 2023 which comprise the Group Statement of Financial Activities, the Group and Parent Company Balance Sheets, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2023, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or Parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORCESTER YMCA (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board has been prepared in accordance with legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees' were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Report of the Board and from the requirements to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Our assessment focussed on key laws and regulations the group and parent charitable company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, the Childcare Act 2006, taxation legislation, data protection and employment legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORCESTER YMCA (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent charitable company and how the group and parent charitable company are complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the group and parent charitable company's control environment and how the group and parent charitable company have applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the group and parent charitable company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORCESTER YMCA (continued)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 and to the charitable company's trustees as a body in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'Simon Atkins FCA', with a horizontal line drawn underneath it.

Simon Atkins FCA (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory auditor
Cubo Birmingham
3rd Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 23 July 2024

WORCESTER YMCA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account) YEAR ENDED 31 MARCH 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Income from:					
Voluntary income	3	750	-	750	1,623
Other trading activities	4	1,006,691	-	1,006,691	887,342
Investment income		-	-	-	25
Charitable activities	5	72,039	-	72,039	61,435
Total income		1,079,480	-	1,079,480	950,425
Expenditure on:					
Raising funds - trading activities		918,713	-	918,713	840,908
Charitable activities		392,459	-	392,459	350,442
Total resources expended	6	1,311,172	-	1,311,172	1,191,350
Net expenditure for the year before other recognised gains and losses		(231,692)	-	(231,692)	(240,925)
Transfers between funds	15	-	-	-	-
Gains on revaluation of freehold property	11	202,238	-	202,238	-
Net movement in funds		(29,454)	-	(29,454)	(240,925)
Reconciliation of funds					
Fund balance at 1 April 2022		2,127,496	-	2,127,496	2,368,421
Fund balance at 31 March 2023	15	2,098,042	-	2,098,042	2,127,496

The accompanying notes on page 17 to 31 form part of these financial statements.

The statement of financial activities includes all gains and losses recognised in the year.

All activities derive from continuing operations.

The Charity has taken advantage of section 408 of the Companies Act 2006 to not publish its own Statement of Financial Activities. The net expenditure dealt with in the financial statements of the parent company is £136,989 (2022: £233,060).

WORCESTER YMCA

CONSOLIDATED BALANCE SHEET 31 MARCH 2023

Registered company number: 05056873

	Notes	Group 2023 £	Association 2023 £	Group 2022 £	Association 2022 £
Fixed assets					
Intangible assets	10	299,477	-	364,109	-
Tangible fixed assets	11	1,453,967	500,906	1,291,858	521,922
Investments	12	690	1,050,306	690	1,050,306
		<u>1,754,134</u>	<u>1,551,212</u>	<u>1,656,657</u>	<u>1,572,228</u>
Current assets					
Debtors	13	513,019	1,571,653	689,455	1,394,169
Cash at bank and in hand		932,714	24,502	833,330	328,244
		<u>1,445,733</u>	<u>1,596,155</u>	<u>1,522,785</u>	<u>1,722,413</u>
Creditors: amounts falling due within one year	14a	(276,738)	(80,678)	(195,275)	(59,379)
Net current assets		<u>1,168,995</u>	<u>1,515,477</u>	<u>1,327,510</u>	<u>1,663,034</u>
Total assets less current liabilities		<u>2,923,129</u>	<u>3,066,689</u>	<u>2,984,167</u>	<u>3,235,262</u>
Creditors: amounts falling due after more than one year	14b	(753,071)	(753,071)	(770,776)	(770,776)
Provision for liabilities and charges	20	(72,016)	(72,016)	(85,895)	(85,895)
Net assets		<u>2,098,042</u>	<u>2,241,602</u>	<u>2,127,496</u>	<u>2,378,591</u>
Represented by					
Unrestricted funds					
General funds	15	1,818,062	1,961,622	2,063,633	2,314,728
Pension reserve	15	(72,016)	(72,016)	(85,895)	(85,895)
Revaluation reserve	15	351,996	351,996	149,758	149,758
Total		<u>2,098,042</u>	<u>2,241,602</u>	<u>2,127,496</u>	<u>2,378,591</u>

Approved by the Board on 17 July 2024



.....
Lindsay Sartori
Chair

The accompanying notes on page 17 to 31 form part of these financial statements.

WORCESTER YMCA

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2023

	Note	2023 £	2022 £
Net cash inflow / (outflow) from operating activities	17	144,219	(64,245)
Returns of investment and servicing of finance			
Interest paid		(23,859)	(21,948)
Interest Received		-	-
		<hr/>	<hr/>
Net cash inflow / (outflow) after returns on investments and servicing of finance		120,360	(86,193)
Payments to acquire tangible fixed assets		(2,380)	-
		<hr/>	<hr/>
Net cash inflow / (outflow) after capital expenditure		117,980	(86,193)
Financing			
Net movement in short term borrowings		(891)	(10,108)
Net movement in long term borrowings		(17,705)	(19,191)
		<hr/>	<hr/>
Net cash outflow from financing		(18,596)	(29,299)
		<hr/>	<hr/>
Change in cash and cash equivalents during the year	18	99,384	(115,492)
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on page 17 to 31 form part of these financial statements.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1 Legal status

Worcester YMCA is a company limited by guarantee with members required to contribute up to a maximum of £1 should there be a deficiency on winding up. The company is registered under the Companies Act 2006 and is a registered charity.

The address of the registered office is given in the information on page 1 of these financial statements.

2 Accounting policies

The principal accounting policies of the company are as follows:

Basis of preparation

The accounts have been prepared in accordance with UK applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of Consolidation

The group is required by Charities Act 2011 to prepare consolidated Financial Statements. The Financial statements incorporate those of the Charity and its subsidiary, reflecting trading activities to 31 March 2023.

All intra-Group transactions and balances between Group companies are eliminated on consolidation.

The wholly owned subsidiaries which are consolidated are:

Little Treasures Limited
First Class Nursery (Kidderminster) Limited

Business Combinations

The cost of a business combination is the fair value at the acquisition date, of the consideration paid and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful life. The period chosen for writing off goodwill is nine years representing the remaining life of the lease acquired on the business premises of the subsidiary acquired.

Going concern

The financial statements have been prepared on the going concern basis as the Board believes that no material uncertainties exist in relation to the going concern basis of accounting and that the charity has adequate funds to continue in operational existence for the foreseeable future.

The Board has considered the level of funds held by the charity, including the level of bank loans and commitments under these and the continued support of the charity's bankers, together with the expected level of income and expenditure for the 12 months from the date of approval of these financial statements, which indicate that the level of reserves for the charity are sufficient to be able to continue as a going concern. The Board has also taken account of the availability of continued financial support of the charity's parent company, Worcestershire YMCA, who has confirmed their continued financial support to the charity.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

2 Accounting policies (continued)

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income including grants, gifts and legacies is included in full when there is certainty of receipt.

Income from the hire of facilities is recognised as the related services are provided.

Investment income is recognised on a receivable basis.

Rental income for accommodation is accounted for when it becomes receivable. Income from education and training activities includes income received under contract, subject to specific performance conditions.

Government grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Financial Activities in the same period as the related expenditure.

Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred. The costs of all activities include a share of support costs, the individual elements of which are apportioned to each activity on the basis of direct time spent thereon. Direct costs relating to particular activities are allocated directly.

Costs of generating voluntary income include staff costs associated with that activity.

Costs of generating funds include related staff costs and direct costs incurred in those activities.

Charitable activities costs include a direct allocation of staff and other direct costs and an apportionment of support costs.

Governance costs comprise those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets and depreciation

Fixed assets are recorded at cost at the time of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life, as follows:

Freehold buildings	Over 10 or 32 years
Fixtures and Fittings	20% straight line
Computer equipment	20% straight line
Motor vehicles	25% straight line

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

2 Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Certain group freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Investments

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

Worcester YMCA 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 Worcester YMCA, therefore the scheme is accounted for as defined contribution scheme.

The employer contributions in relation to the pension plan are determined by the Trustee based on advice from a qualified actuary.

In addition, all staff are eligible for employer's pension contributions to be paid to a stakeholder or equivalent contributory personal pension scheme, with the level of contribution depending on their own level of contribution. The association has no liability beyond the payment of its agreed monthly contributions. The contributions are charged to the Statement of Financial Activities as made.

As described in note 20 and 21 Worcester YMCA has a contractual obligation to make pension deficit payments over the period to April 2029, accordingly this is shown as a liability in these financial statements. In addition, Worcester YMCA is required to contribute to the operating expenses of the Pension Plan and these costs are charged to the Statement of Financial Activities as made.

Critical areas of judgements and key sources of estimation uncertainty

Amounts included in the financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

2 Accounting policies (continued)

Revaluation of land and buildings

Management periodically reviews the fair value of land and buildings and valuations are sought from suitably qualified valuers. The fair value of property can only be provided by a valuer within a range of possible values, therefore the fair value is determined by the trustees based on the advice of the valuer and the range of values provided.

YMCA pension (estimation uncertainty)

The present value of the YMCA pension liability under the recovery plan instigated by the Trustees of the pension scheme on a number of factors using a variety of assumptions including estimates of future increases in deficit contributions payable and the discount rate. Any changes in these assumptions will impact the carrying value of the pension liability.

3 Voluntary income

	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Government grant income	750	-	750	1,503
Donations and legacies	-	-	-	120
	<u>750</u>	<u>-</u>	<u>750</u>	<u>1,623</u>

In 2022 all voluntary income was attributable to unrestricted funds.

4 Other trading activities

	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Hiring of facilities	-	-	-	33
Non charitable trading activities	1,006,691	-	1,006,691	887,309
	<u>1,006,691</u>	<u>-</u>	<u>1,006,691</u>	<u>887,342</u>

In 2022 all of the trading activities income was attributable to unrestricted funds.

5 Charitable activities

	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Total 2022 £
Children and youth services	<u>72,039</u>	<u>-</u>	<u>72,039</u>	<u>61,435</u>

In 2022 all of the charitable activities income was attributable to unrestricted funds.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

6 Resources expended

	Accommodation £	Corporate Services £	Trading income £	2023 Total £	2022 Total £
Direct costs					
People related	222,715	-	714,519	937,234	851,035
Premises related	40,890	-	50,877	91,767	89,747
Vehicle related	378	-	-	378	397
Office expenses	2,141	-	6,940	9,081	9,810
Other direct expenses	517	-	70,644	71,161	52,841
Indirect costs					
Overheads	11,123	-	21,623	32,746	25,031
Depreciation and amortisation	76,648	-	30,493	107,141	110,484
Other costs	38,047	-	21,081	59,128	34,945
Taxation	-	-	2,536	2,536	17,060
Total resources expended	392,459	-	918,713	1,311,172	1,191,350

All of the total expenditure of £1,311,172 (2022: £1,191,350) related to unrestricted funds.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

7 Operating surplus

	2023 £	2022 £
The operating surplus is arrived at after charging:		
Depreciation of tangible fixed assets	42,509	45,852
Amortisation	64,632	64,632
Auditors' remuneration - for audit services	29,495	17,477
Auditors' remuneration - other services	3,251	-
Operating lease charges	8,240	8,894
Loan interest paid	23,859	21,948

8 Employee costs

	2023 £	2022 £
Salaries and wages	826,518	776,792
Social security costs	52,819	37,811
Pension and other costs	70,173	19,922
	<u>949,510</u>	<u>834,525</u>

No employee received emoluments in excess of £60,000 (2022: none).

	2023 No.	2022 No.
The average monthly number of persons employed during the year were as follows:		
Direct charitable & nursery related work	52	53
Administration	1	1
	<u>53</u>	<u>54</u>

The salaries of senior management are paid by the parent charitable company, Worcestershire YMCA Limited, and recharged to this company as appropriate. The aggregate remuneration of senior management is disclosed, on a group basis, in the financial statements of Worcestershire YMCA Limited. The financial statements of Worcestershire YMCA Limited are available from Companies House or as detailed in note 24 to the financial statements.

9 Trustee remuneration

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year. Expenses of £Nil (2022: £Nil) were reimbursed to trustees during the year.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

10 Intangible assets - Goodwill

	Goodwill on acquisition £	Purchased goodwill £	Total £
Cost			
At 1 April 2022	556,320	39,000	595,320
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2023	556,320	39,000	595,320
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 April 2022	210,961	20,250	231,211
Charge for year	55,632	9,000	64,632
	<hr/>	<hr/>	<hr/>
At 31 March 2023	266,593	29,250	295,843
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 March 2023	289,727	9,750	299,477
	<hr/>	<hr/>	<hr/>
At 1 April 2022	345,359	18,750	364,109
	<hr/>	<hr/>	<hr/>

11 Tangible fixed assets - Group

	Computer & other equipment £	Motor vehicles £	Land and buildings £	Total £
Cost or valuation				
At 1 April 2022	84,601	10,788	1,401,558	1,496,947
Additions	2,380	-	-	2,380
Revaluations	-	-	135,000	135,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	86,981	10,788	1,536,558	1,634,327
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2022	77,925	8,091	119,073	205,089
Charge for year	6,704	2,697	33,108	42,509
Revaluations	-	-	(67,238)	(67,238)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	84,629	10,788	84,943	180,360
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2023	2,352	-	1,451,615	1,453,967
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2022	6,676	2,697	1,282,485	1,291,858
	<hr/>	<hr/>	<hr/>	<hr/>

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

11 Tangible fixed assets – Group (continued)

In respect of certain fixed assets stated in valuations, the comparable historical cost and depreciation values are as follows; Cost £665,242 (2022: £665,242), depreciation charge £11,975 (2022: £11,975) and accumulated depreciation £185,675 (2022: 173,700).

11 Tangible fixed assets – Association

	Computer & other equipment £	Motor vehicles £	Land and buildings £	Total £
Cost				
At 1 April 2022	5,596	10,788	585,000	601,384
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	5,596	10,788	585,000	601,384
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2022	5,560	8,091	65,811	79,462
Charge for year	36	2,697	18,283	21,016
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	5,596	10,788	84,094	100,478
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2023	-	-	500,906	500,906
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2022	36	2,697	519,189	521,922
	<hr/>	<hr/>	<hr/>	<hr/>

12 Investments

	2023 £	2022 £
COIF Charities Investment		
Market value at 1 April 2022	690	690
(Loss) / gain on revaluation	-	-
	<hr/>	<hr/>
Market value at 31 March 2023	690	690
	<hr/>	<hr/>

12a Investments – company

The charity owns 100% of the issued share capital of Little Treasures Limited, a company limited by shares incorporated in England and Wales (company number 04029930). Its net assets totalled £621,043 as at 31 March 2023 (2022: £448,271). Its profit for the year to 31 March 2023 was £98,333 (2022: £46,420).

The charity also owns 100% of the issued share capital of First Class Nursery (Kidderminster) Limited, a company limited by shares incorporated in England and Wales (company number 08887253). Its net liabilities totalled £(4,713) as at 31 March 2023 (2022: net assets, £4,891). Its loss for the year to 31 March 2023 was £(9,604) (2022: profit £1,347).

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

12a Investments – company (continued)

	2023	2022
	£	£
Company Investments		
Bought forward at 1 April 2022 – subsidiary undertakings	1,049,616	1,049,616
Bought forward at 1 April 2022 – COIF	690	690
	<hr/>	<hr/>
Carried forward at 31 March 2023	1,050,306	1,050,306
	<hr/>	<hr/>

13 Debtors

	Group 2023 £	Group 2022 £	Association 2023 £	Association 2022 £
Rental income	2,228	849	2,228	849
Other debtors	89,697	65,328	16,063	(1,984)
Amounts owed by group undertakings	421,094	623,278	1,553,362	1,395,304
	<hr/>	<hr/>	<hr/>	<hr/>
	513,019	689,455	1,571,653	1,394,169
	<hr/>	<hr/>	<hr/>	<hr/>

14a Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Association 2023 £	Association 2022 £
Bank loans and overdrafts	21,177	22,068	21,177	22,068
Trade creditors	19,211	31,769	2,236	19,796
Other taxes and social security costs	36,638	8,957	13,001	2,931
Owed to group undertakings	-	-	-	-
Accruals and deferred income	177,274	109,729	43,461	14,584
Corporation tax payable	19,612	17,076	-	-
Other creditors	2,826	5,676	803	-
	<hr/>	<hr/>	<hr/>	<hr/>
	276,738	195,275	80,678	59,379
	<hr/>	<hr/>	<hr/>	<hr/>

There are two secured bank loans on the properties at 2 Stanley Road, Worcester, WR5 1BR and at Broomhall Grange, Norton Road, Broomhall, WR5 2PD. The loans from Unity Bank are charged at commercial rates and are repayable over 25 years. The loans are secured with fixed charges over the assets of the charity and its subsidiary, Little Treasures Limited. At 31 March 2023, the Charity had failed to meet its financial covenant under the loans in respect of the EBITDA measure. Based on communications and discussions with the bank and the understanding the sufficient funds are held by Worcestershire YMCA Limited, the ultimate parent charitable company, that could be provided to the Charity to enable it to satisfy the EBITDA measure, there is no indication that any action, beyond the issue of a reservation of rights letter, will take place. The carrying amount of the loan in breach was £774,248 at 31 March 2023.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

14a Creditors: amounts falling due within one year (continued)

Included in accruals and deferred income above is deferred income of £89,896 (2022: £82,470) and this is analysed below:

	2023 £	2022 £
Deferred income brought forward	82,470	17,068
Deferred balances released during the year	(82,470)	(17,068)
Deferred during the year	89,896	82,470
	<hr/>	<hr/>
	89,896	82,470
	<hr/>	<hr/>

The amounts are deferred when the companies do not have unconditional entitlement to the income or when the invoice relates to the delivery of a service and is therefore only recognised to the extent that the companies have provided the service.

14b Creditors: amounts falling due after one year

	Group 2023 £	Group 2022 £	Association 2023 £	Association 2022 £
Bank loans and overdrafts	753,071	770,776	753,071	770,776
Loan Maturity Analysis				
Within one year	21,177	22,068	21,177	22,068
Within one to two years	22,408	17,196	22,408	17,196
Within two to five years	75,349	80,803	75,349	80,803
In more than 5 years	655,314	672,777	655,314	672,777
	<hr/>	<hr/>	<hr/>	<hr/>
	774,248	792,844	774,248	792,844
	<hr/>	<hr/>	<hr/>	<hr/>

15 Movement in funds

	Balance at 1 April 2022 £	Incoming £	Outgoing £	Gains & Losses £	Balance at 31 March 2023 £
General fund	2,063,633	1,079,480	(1,325,051)	-	1,818,062
Pension reserve	(85,895)	-	13,879	-	(72,016)
Revaluation reserve	149,758	-	-	202,238	351,996
Total unrestricted funds	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,127,496	1,079,480	(1,311,172)	202,238	2,098,042
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

16 Movement in funds - prior year

	Balance at 1 April 2021 £	Incoming £	Outgoing £	Gains & Losses £	Balance at 31 March 2022 £
General fund	2,307,763	950,425	(1,194,555)	-	2,063,633
Pension reserve	(89,100)	-	3,205	-	(85,895)
Revaluation reserve	149,758	-	-	-	149,758
Total unrestricted funds	2,368,421	950,425	(1,191,350)	-	2,127,496

16a Analysis of net assets between funds

All assets and liabilities are allocated to unrestricted funds in both the current and prior year.

17 Cash flows from operating activities

	2023 £	2022 £
Reconciliation to changes in resources		
Net movement in funds	(29,454)	(240,925)
Interest received	-	-
Interest paid	23,859	21,948
Depreciation of tangible fixed assets	42,509	45,852
Amortisation	64,632	64,632
Gains on revaluation	(202,238)	-
Decrease / (increase) in debtors	176,437	(32,650)
Increase in creditors	82,353	80,103
Decrease in provisions	(13,879)	(3,205)
	144,219	(64,245)

18 Change in cash and cash equivalents

	2023 £	2022 £
Net increase / (decrease) in cash and cash equivalents	99,384	(115,492)
	99,384	(115,492)
Cash and cash equivalents at 1 April 2022	833,330	948,822
Cash and cash equivalents at 31 March 2023	932,714	833,330

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

19 Analysis of net debt

	At 1 April 2022 £	Cash Flow £	Non-cash Changes £	At 31 March 2023 £
Cash at bank and in hand	833,330	99,384	-	932,714
Loans due within one year	(22,068)	18,596	(17,705)	(21,177)
Loans due after one year	(770,776)	-	17,705	(753,071)
	<u>40,486</u>	<u>117,980</u>	<u>-</u>	<u>158,466</u>

20 Provisions for liabilities and charges

	2023 £	2022 £
Pension liability (note 21)	<u>72,016</u>	<u>85,895</u>

21 Pension costs

Worcester YMCA 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 Worcester YMCA and at the year-end these were invested in the Mercer Dynamic De-risking Solution, 62% matching portfolio and 38% in the growth portfolio and Schroder (property units only).

At 31 March 2023, the most recent completed three year valuation was as at 1 May 2020. 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 2.59% and 1.09% respectively, the increase in pensions in payment of 2.99% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.0 years, female 24.4 years, and 23.7 years for a male pensioner, female 26.1 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £146.1m. This represented 79% of the benefits that had accrued to members.

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

The valuation prepared as at 1 May 2020 showed that the YMCA Pension Plan had a deficit of £39 million. Worcester YMCA was advised that it would need to make contributions of £12,528 per annum from 1 May 2023, increasing by 3% per annum for each subsequent year. These amounts were based on the actuarial assumptions at 1 May 2020 (as outlined above) and it was understood that contributions may vary in the future as a result of actual performance of the Pension Plan. At 31 March 2023, agreed future deficit contributions were discounted using a rate of 4.8% (2022: 2.7%). At 31 March 2023, the recovery period was 6 years commencing 1 May 2023.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

21 Pension costs (continued)

	Within 1 Year £	One to two years £	Two to five years £	After five years £	After more than one year £	Total 2023 £	Total 2022 £
As at 31 March 2023	12,528	12,313	35,686	11,489	59,488	72,016	
As at 31 March 2022	<u>12,164</u>	<u>12,199</u>	<u>36,811</u>	<u>24,721</u>	<u>73,731</u>		<u>85,895</u>

After the year-end, a three-year valuation was completed as at 1 May 2023. The assumptions used in that valuation which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets of 4.56%, the increase in pensions in payment of 3.18% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 21.5 years, female 24.0 years, and 23.1 years for a male pensioner, female 25.7 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £103.1m, which represented 92% of the benefits that had accrued to members.

The valuation prepared as at 1 May 2023 showed that the YMCA Pension Plan had a deficit of £9.1 million. Worcester YMCA has been advised to reduce its contributions to £9,642 per annum from 1 May 2024, with no uplift in subsequent years, for a reduced recovery period of 3 years commencing 1 May 2024. These amounts are 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.

In addition, Worcester YMCA 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 Worcester YMCA may be called upon to pay in the future.

YMCA contributory pension scheme

All staff are eligible for employers' pension contributions to be paid to a stakeholder or equivalent contributory personal pension scheme, with the level of contribution depending on their own level of contribution. The association has no liability beyond the payment of its agreed monthly contributions.

The total pension charge for the year is shown in note 8. The amount outstanding at the year-end was £2,826 (2022: £1,686).

22 Capital commitments

Capital expenditure contracted for but not provided in the accounts is £nil (2022: £nil).

23 Related Party Transactions

No members of the Board or other person related to the organisation had any personal interest in any contract or transaction entered into by the charitable company during the year (2022: nil).

During the year Worcestershire YMCA Limited (parent undertaking) decreased its indebtedness to Worcester YMCA by £193,643 (2022: increased £19,578). Worcester YMCA was owed £439,310 (2022: £632,953) at the year end.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

23 Related Party Transactions (continued)

Little Treasures Limited, a subsidiary of Worcester YMCA, repaid loans and covenanted income amounting to £127,799 (2022: £60,000) during the year. £434,255 (2022: £306,455) was owed at the year end. The movements relate to net cash movements during the year and the recharges noted above.

Worcester YMCA made loans and recharged expenses and received covenanted income to / from First Class Nursery (Kidderminster) Limited, subsidiary of Worcester YMCA, amounting to £223,902 (2022: £192,857) during the year. £679,797 was owed to Worcester YMCA at the year end (2022: £455,895). The movements relate to net cash movements during the year and the recharges noted above.

During a prior year First Class Nursery (Kidderminster) Limited loaned £100,000 to Little Treasures Limited. This amount was still outstanding at year end (2022:£100,000).

Little Treasures Limited was owed £28,982 (2022: £28,892) by its (ultimate) parent undertaking Worcestershire YMCA Limited, and First Class Nursery (Kidderminster) Limited owed £47,197 (£38,658) to Worcestershire YMCA Limited at the year end.

24 Ultimate controlling party

Worcester YMCA is controlled by Worcestershire YMCA Limited, a company incorporated in England and Wales (company number: 01944516), registered with Charity Commission for England and Wales (charity registration number: 516872) and registered as a Social Housing Provider (registration number: LH3687). The consolidated financial statements for Worcestershire YMCA Limited are available from the head office of Worcestershire YMCA Limited at Gordon Anstis House, Loxley Close, Redditch, Worcestershire B98 9JS.

Worcestershire YMCA exercises control over Worcester YMCA as the sole member of the Charity, giving it the powers to appoint and remove trustees. Worcestershire YMCA's objects and principal activities are 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 or assist in the provision of education for persons of all ages with the object of developing their physical, mental or spiritual capacities;
- 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;
- lead young people to the Lord Jesus Christ and to fullness of life in Him;
- provide residential accommodation for persons of all ages who are in need, hardship or distress by reason of their social physical or economic circumstances; and
- unite those who, regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in their faith and in their life, and to associate their efforts for the extension of His Kingdom.

25 Taxation

As a charitable company, Worcester YMCA is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company.

Little Treasures Limited and First Class Nursery (Kidderminster) Limited are not registered as charities and therefore corporation tax is payable on taxable surpluses as they arise.

WORCESTER YMCA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023 (CONTINUED)

26 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2023:

	2023 Land and buildings £	2023 Other £	2022 Land and buildings £	2022 Other £
Contracts expiring				
Within one year	8,000	240	8,000	894
Within two to five years	32,000	-	32,000	280
Over five years	174,000	-	182,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	214,000	240	222,000	1,174
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