

Heart of England Young Men's Christian Association

England & Wales · Charity number 218808

Details

Other names	BIRMINGHAM YMCA, BIRMINGHAM YOUNG MEN'S CHRISTIAN ASSOCIATION (INCORPORATED), YMCA Heart of England
Status	Registered
Legal form	Charitable company
Company number	00170981
Registered	1965-05-19
Register	View on the Charity Commission register

Contact

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Activities

Objects: TO ADVANCE THE CHRISTIAN FAITH, INCLUDING BY: (A) PROMOTING A CHRISTIAN ENVIRONMENT INSPIRED AND MOTIVATED BY THE LIFE, EXAMPLE AND TEACHING OF JESUS CHRIST, WHERE PEOPLE OF FAITH AND PEOPLE OF NONE CAN WORK TOGETHER FOR THE TRANSFORMATION OF COMMUNITIES, AND (B) ENABLING PEOPLE OF ALL AGES AND IN PARTICULAR YOUNG PEOPLE, TO FLOURISH THROUGH EXPERIENCING AND RESPONDING TO THE LOVE OF GOD DEMONSTRATED BY THE LIFE, EXAMPLE AND TEACHING OF JESUS CHRIST 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 TO PROVIDE OR ASSIST IN THE PROVISION OF EDUCATION FOR PEOPLE OF ALL AGES AND IN PARTICULAR YOUNG PEOPLE, WITH THE OBJECT OF DEVELOPING THEIR PHYSICAL, MENTAL OR SPIRITUAL CAPACITIES TO RELIEVE OR ASSIST IN THE RELIEF OF PEOPLE OF ALL AGES AND IN PARTICULAR YOUNG PEOPLE, WHO ARE IN CONDITIONS OF NEED, HARDSHIP OR DISTRESS BY REASON OF THEIR SOCIAL, PHYSICAL, EMOTIONAL, SPIRITUAL OR ECONOMIC CIRCUMSTANCES TO PROVIDE RESIDENTIAL ACCOMMODATION, INCLUDING SOCIAL HOUSING, FOR PEOPLE OF ALL AGES AND IN PARTICULAR YOUNG PEOPLE, WHO ARE IN NEED, HARDSHIP OR DISTRESS BY REASON OF THEIR SOCIAL, PHYSICAL, EMOTIONAL, SPIRITUAL OR ECONOMIC CIRCUMSTANCES

Activities: Birmingham YMCA's mission is to inspire young people to discover their potential so that they can live life in all its fullness. To serve its mission's aim the Association runs supported housing projects, affordable childcare, community and leisure facilities across the city of Birmingham.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** General Charitable Purposes, Education/training, The Prevention Or Relief Of Poverty, Accommodation/housing, Religious Activities, Arts/culture/heritage/science, Amateur Sport, Economic/community Development/employment, Recreation
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** BIRMINGHAM
- Birmingham City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£7,527,113	£6,127,731	£7,455,049	92
2024-03-31	£7,181,244	£6,110,250	£6,615,456	91
2023-03-31	£5,923,264	£5,263,025	£5,544,462	96
2022-03-31	£5,504,720	£5,521,699	£4,884,224	110
2021-03-31	£6,707,385	£5,305,471	£4,892,708	108

Trustees

Name	Role	Appointed
Dawn Ward	Chair	2018-09-26
Bretty Paul Jim		2025-09-01
Daniel Joseph Squires		2025-09-01
Frances Steele		2024-09-02
Gabriel Imevbore		2018-11-26
MICHAEL HEW		2017-05-22
Mark Farmer		2024-09-02
Mark Keith Bruckshaw		2020-04-01
Owen Everton Burke		2019-07-22
Stephen Marchant		2024-09-02

Accounts

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

**Company No: 00170981
Charity No: 218808
RSL No: LH4783**

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Contents

	Pages
Reference and Administration Information	2
Objectives and Principal Activities	3
Strategic Report	3 – 13
Corporate Governance	14 - 15
Statement of Trustee's responsibilities	15 – 16
Independent Auditor's Report to the Members	17 – 20
Statement of Total Comprehensive Income	21
Statement of Changes in Reserves	22
Statement of Financial Position	23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 44

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name	Heart of England Young Men's Christian Association
Charity Registration Number	218808
Company Registration Number	00170981
Registered Social Landlord Number	4783
Company Secretary and Chief Executive	Pauline Tomlinson

Board of Trustees

The Board of Trustees is composed of the following individuals:

Dawn Ward – Chair
Owen Everton Burke – Vice Chair
Oenca Rona Fontaine – Resigned 2nd September 2024
Michael Hew
Graham Cadd – Resigned 2nd September 2024
Mark Farmer – Appointed 12th September 2024
Gabriel Imevbore
Mark Bruckshaw
Frances Steele – Appointed 12th September 2024
Stephen Marchant – Appointed 12th September 2024
Edward Ansah – Appointed 12th September 2024

Registered Office: Heart of England YMCA
301 Reservoir Road
Erdington
Birmingham
England
B23 6DF

Auditors: Cooper Parry Group Limited
Cubo Birmingham
4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The Board of Trustees is pleased to present its report and audited financial statements for the year ended 31 March 2025.

The Trustees and Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Association arise from its acceptance of its founding Christian principle, the Paris Basis of 1855, incorporated into the National Statement of the Aims and Purposes of the YMCA in England & Wales as it may be amended from time to time.

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to 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. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

(a) promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and

(b) enabling people of all ages and young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ;

- 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;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

The Association welcomes, serves and works with persons of all religious faiths and of none.

STRATEGIC REPORT

Mission Statement

To reflect the vision for the YMCA federation nationally to be 'an inclusive Christian movement, transforming communities so that all young people can truly belong, contribute and thrive', trustees have agreed that the mission of YMCA Heart of England is:

To inspire young people to discover their potential so that they can live life in all its fullness.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Achievements, performance and future developments

The principal activities in furtherance of the Association's charitable objectives are:

- The provision of supported accommodation with associated support services
- The provision of social housing at below-market rents
- The provision of childcare
- The provision of training and support programmes that enable life skills and progression within employment.
- The provision of facilities for hire by the local community and other groups
- The provision of a chaplaincy to service users, the local communities that we serve, and our staff and volunteers
- The provision of youth clubs and assorted informal education activities for young people, including those identified as being vulnerable and/or at risk

In the year under review the Association managed 350 Bed spaces. These units provide much needed accommodation for formerly homeless people, many of whom are young and represent a diverse community. This is augmented by the provision of housing related support which we provide directly at our supported housing schemes (65%) and general needs (35%). Our specialist housing provides support for vulnerable groups within our society, this includes, young people, young families, those with mental health issues and those suffering domestic abuse, drug and alcohol recovery, and ex-offenders. We will continue to deliver ambitions to build more homes and provide services that meet the needs of our customers.

In addition, we operate one children's day nursery across the Borough of Solihull and provide a range of holiday play schemes and out of school clubs. We also operate a youth services team, delivering open access and bespoke youth work programmes, predominantly in Coventry. We are aware of the challenges faced by the Association as it responds to some financial challenges created through loss of income and the focus on recovery to sustain key services.

Chair's Statement

I wanted to start my statement this year by reminding us all of our MISSION and VISION.

Our **Mission** is to : Inspire young people to discover their potential so that they can live life in all its fulness.

Our **Vision** is of a robust, high profile and credible Christian charity that, through its programmes and facilities, intervenes to stop young people being excluded and helps them to truly belong, contribute and thrive within their community.

The Board of trustees and I are delighted that through the excellent leadership of the CEO and the Executive Leadership team coupled with the hard work, dedication and passion of all staff and volunteers we have collectively ensured that YMCA Heart of England has achieved our Mission (our purpose) and the majority of our 10-point strategic plan.

It has been a great honour and a privilege to work alongside the trustees, CEO and senior team of our wonderful Charity, to realise these achievements. The Board of trustees extend their heartfelt thanks to all the staff, volunteers and stakeholders that have made this year a resounding success.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

As with many charities we have had to comply with recent regulatory standards, changes in government policy and have adapted services regardless of the economic challenges and cost of living implications. We have stayed focused and intentional in our steps to continue to achieve and support those most in need.

This year we have seen

- The successful conclusion of our 10-point Strategic Plan and the introduction of our 5 year strategy for the organisation. This has been informed by staff, residents and our stakeholders.
- The purchase of 83 units of supported housing in Erdington, Birmingham which has brought them into YMCA's ownership after previously managing these on behalf of Clarion Housing.
- The redevelopment of our Coppice Building which was repurposed into a new modern head office facility.
- The Creation of 3 new spaces for hire in The Coppice and by moving staff across to our new offices we have freed up an additional 5 spaces to hire which means we now have 8 new spaces available to hire, to help generate valuable revenue for the young people we serve.
- The achievement of IIP Silver a significant focus / upgrade from Bronze.
- The achievement of the Matrix Standard, a nationally recognised qualification that endorses how well we provide advice and guidance.
- Stakeholder engagement has increased by 50%.
- The completion of 100% of planned works from our Stock Investment Programme, ensuring that our homes continue to remain safe and compliant.
- 87% of residents reporting satisfaction with the repairs service they receive
- 98% of all repairs raised completed within the required timescale.
- The delivery of 201 Community Engagement initiatives / events with a total of 2747 people attending these events throughout the year demonstrating very positive engagement and attendance.
- 97% of young people who have accessed our Youth Services demonstrated an improved attitude, behaviour, response or other positive outcome following their attendance on one of our youth programmes showing the positive impact our services have on young people.
- The occupancy rate across our housing schemes maintained at 98% throughout the year, minimising void loss and maximising our revenue from our housing schemes.
- We have remained 100% compliant in regards to Health and Safety and regulatory requirements.
- Our Tenant Satisfaction rating improve by 8% with 86% of residents stating that they are satisfied with YMCA Heart of England as their Landlord.

We have:

- Welcomed two new trustees onto the board and have co-opted three.
- Successfully delivered against our Operations Service Improvement Plan
- Continued to respond positively to our Staff Survey.
- Completed our Finance Audit signed off and agreed our Accounts for the Year to March 2024 which reported a surplus of £1,070,994.
- Been able to offer a 3% Pay Increase for our valued staff which has been very much welcomed, given the economic challenges and cost of living rises.
- Completed our internal audit and positively responding to the recommendations required.
- Successfully recruited to our role of Head of Housing and Chaplaincy Support

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Importantly over the last year, despite the challenges the external landscape has brought with it, we have remained focused and driven, and this has been a testimony to trustees who have led by example, continued to remain professional and governed to ensure we achieve positive outcomes. We have also continued to ensure that the ethos of our organisation continues to build on the legacy of George Williams by ensuring that we place God at the centre of all we do.

The Board of Trustees are looking forward to seeing what next year brings and the impact we will continue to have on our service users, our stakeholders and the communities we serve.

Thank you to everyone who has made this year's annual report one that speaks volumes about the work we continue to do and the individual lives we continue to impact on for the better.

Statement of Public Benefit

The Trustees consider they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

In the year under review the Association worked across three main service areas which provided benefit not only to our service users but also to the wider community. We work with people from all social and ethnic backgrounds and provide services in the cities of Birmingham and Coventry and the boroughs of Solihull and Rugby, focussing on inspiring people to reach their potential.

During the year, we provided 350 bed spaces of supported accommodation each night. These properties provide supported housing to vulnerable and disadvantaged groups. We work with people to provide skills and confidence to move towards independent living and to begin contributing to the wider community. In addition, we provided 66 bed spaces of move-on general needs for people who no longer require support. These are let at below market rents.

Financial Review

Statement of Comprehensive Income

Overall income increased this year by 5%. The variance is due to a combination of factors, including a 7% rent increase, as well as increases in our Service Charges. Alongside that, we also had the first year of full use of our new development of 27 units at Northfield, Mary Court. We have also been awarded two Lead Worker contracts from Birmingham City Council, which began in November.

Operating costs increased by 7% compared to the previous year. This was mainly due to a combination of increased repairs and maintenance, as well as service chargeable costs within the housing schemes, with added inflationary costs due to the general rise in prices. The repair costs were particularly significant within the Housing sector, as there were a number of properties which needed bathroom facilities updating, and Void periods were used as an opportunity to get a lot of this work completed.

The year saw the purchase of The Orchard, our 83 property housing scheme in Erdington. We had previously been managing this as a part of a management agreement with Clarion Housing, but from September 2024, now own the building outright. We have also completed the refurbishment of our Central Service office space in the Coppice building in Erdington. This has allowed us to open up previous space that was being used by staff in the Chris Bryant Centre, to offer more facilities for room hire and help develop our community work, looking to bring financial returns to support other areas of the organisation.

The Youth and Communities section of the organisation have all been facing financial challenges through the year. The current economic situation makes it difficult to obtain the external funding which is needed in this area, but a number of initiatives are being looked at to turn this around in the coming year.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Included in this is a partnership which has been running with 2MuchPassion. From March 2024, Eden Café has been run in partnership with 2MuchPassion, which generates a guaranteed rental revenue scheme for YMCA Heart of England. This partnership is planned to continue throughout the next year.

Interest costs have increased by 55% compared to last year due to the drawdown of the new loan facility with Charity Bank, which was required for the completion of the purchase of The Orchard.

Statement of Financial Position

Growth in asset base

Intangible Assets have reduced due to the continued depreciation of the assets held. Included in the asset base is the cost of the CRM software. This was fully implemented in June 2024

The total value of housing assets increased by 23% compared to the previous year and other assets went down by 2%. The purchase of The Orchard building has led to the increased value of our housing assets, which was previously leased from Clarion, and is expected to help produce a strong return on the investment.

We continue to deliver an ambitious development programme while maintaining a resilient balance sheet.

Liquidity

Creditors within one year has increased by 18%, this is mainly due to an increase in accruals, which includes a large backdated accrual for the rental lease at Harry Watton House. The notice for this was received during the year, dating back to June 2020, with an agreement over the amount reached with Birmingham City Council at the end of the financial year.

Our debt held has increased by 48% due to the drawdown of the new loan with Charity Bank, needed to fund the Orchard purchase. The loan debt at year end stood £9.614m.

Total Reserves

It was another strong performance in regards to our Income and Expenditure this year. A focus on the organisation's core services has helped to improve its financial performance. The areas of concern have been highlighted and measures taken to improve the financial performance in these sections going forward.

The board recognises that the economic situation is difficult. The board is aware of the challenges that these factors are creating for charities, particularly in regards to obtaining external funding and it is committed to managing the organisations finances.

The board are working to build its organisation's cash reserves and currently working to build its cash reserve to 3 to 6 months.

The purchase of The Orchard was a key priority for the organisation when it became available. The scheme has been the largest and strongest performer financially, therefore it made sense to ensure the work could continue at this scheme, with a long-term return expected on the investment. The purchase required using £700k worth of the company's cash reserves.

Pension Costs

Heart of England 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 last triennial valuation of the scheme was performed on 1 May 2023. This has shown that the pension recovery could be reduced by 2 years.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

YMCA Heart of England deficit decreased to £74,456 from £103,041 last year.

Bank

Bank balances at the year-end stood at £1.15m (2024 £2.2m) with the primary source of the decrease due to the substantial payment from reserves towards the acquisition of The Orchard property.

Immediate Operating Environment

From April 2025, we continue to ensure that the Association has strong liquidity and that committed bank facilities will remain available and that the value of charged security continues to meet loan asset cover requirements.

We know that the external economic situation alongside the financial issues at Birmingham City Council and inflation have made the operating environment more difficult, particularly for charities, and places more stress on external funding, especially in regard to youth services. Our Boards focus has been on Liquidity and sustainability during this reporting year and they will continue to do so.

Value for Money Statement

YMCA Heart of England is at the forefront of homeless prevention and alleviation in Birmingham, Coventry and Rugby. These activities have come under increasing pressure through the combination of funding cuts, the social housing rent reduction policy and the inevitable rise in homelessness and rough sleeping. This means our resources need to be managed efficiently so we can support as many people as possible. Our annual budget planning process includes scrutiny of each service, staffing complement and associated costs to ensure that our resources are focused on delivering the highest quality of services to our residents that we can realistically afford.

The same level of scrutiny is applied for our other services: nursery provision, conferencing and our youth work. Each area is monitored regularly at subcommittee level in respect of social and financial outcomes to ensure that we continue to deliver the highest quality can within the resources available. In addition, where funding is received from grant giving bodies (e.g. the Youth Investment Fund) our spending plans are subject to external scrutiny to ensure that they deliver value for money.

We are reporting on the Regulator of Social Housing (RSH) Value for Money standard and accompanying code of practice. The standard requires us to publish performance against our own value for money targets and against a series of common metrics with which to measure economy, efficiency and effectiveness.

The purpose of the Value for Money approach is to:

- Continue to drive improvements in VFM within the social housing sector
- Ensure a strategic approach to delivering VFM is embedded within the business
- Encourage investing in existing homes and new housing supply
- Enhance the consistency, comparability and transparency of VFM reporting.

We set out below a comparison between this year and last on our performance. Additionally, we have compared our performance to the National Housing Federation Sector Scorecard using the median.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Regulatory Metrics

RSH Metric	2024/25	2023/24	Sector Scorecard National Federation (Median)
1. Reinvestment %	17.8	12.5	5.7
2. New supply delivered	0	27	1.2
3. Gearing %	29.8	18.2	35.8
4. EBITDA MRI interest cover %	313.6	460.0	181.9
5. Social housing cost per unit £	14,260	12,672	4,230
6A. Operating margin (social housing) %	21.7	23.2	22.2
6B. Operating Margin (overall) %	11.2	15.0	20.2
7. Return on Capital Employed %	5.2	6.3	2.8

1. Reinvestment %

We recognise there is a backlog of unmet housing need, and our strategy is to increase our stock each year where possible. This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. This year after drawing down our loan with Charity Bank we were able to complete the purchase of The Orchard.

2. New supply delivered %

The focus for the future is reinvestment in existing housing stock to ensure it is fit for purpose for the coming decades as well as increasing our housing stock to support individuals and families. We continue to see unprecedented levels of external change and all political parties believe more homes need to be built in the coming years.

3. Gearing %

This represents our net debt to lenders as a percentage of the total cost of our housing properties. We have been successful in working with Homes England and other partners to keep borrowing as low as possible. Whilst this ratio did increase, due to the additional loan required to purchase The Orchard, we understand to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our lenders and funders.

4. EBITDA MRI Interest Cover %

This represents the level of surplus compared to the interest payable. The decrease this year was due to the new loan being utilised, leading to increased Interest payments.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

5. Headline social cost per unit

This represents social housing costs divided by total units owned and managed. Like other providers we have spent a lot of time analysing our cost per unit. Our strategic aim is for our headline social cost per unit to reduce each year. We recognise there is more to do, and our aim is to avoid spending time and money on undertaking repairs where this could have been avoided. Our Asset Management team are improving their working models to ensure they analyse and look for properties with signs of neglect and linking this to the planned maintenance schedules.

6A. Operating margin (social housing lettings only) %

This represents operating surplus from social housing lettings divided by turnover from social housing lettings. The Operating margin for social housing lettings decreased from 23.2 to 21.7 from the previous year. This is largely to do with increased revenue generated by rents and service charge as well as maintaining efficient control of cost levels. The organisation has implemented a number of initiatives to improve its cost management, including tracking spend closely, standardising its procurement processes, negotiating better prices with contractors.

6B. Operating margin (overall) %

Overall operating Margin decreased to 11.2 from 15.0 largely to do with reduced revenues from the Youth & Community departments.

Bad debts, void loss and current tenant arrears are key performance indicators in assessing efficiency and we monitor this monthly. Our aim is to reduce costs and deliver VFM efficiencies and using all our surplus to build more homes.

7. Return on capital employed %

This compares the overall operating surplus to total assets less current liabilities. The level of return is lower compared to the previous year; this is due to reduced returns within the Community departments.

Principal risks and uncertainties

New, emerging and high scoring risks are monitored through a Strategic and Operational Risk Register. The Executive Directors keep the register under review to ensure it fully reflects the risks to the delivery of YMCA Heart of England operations and Strategic Plan. Designated Managers are responsible for identified risk area and the Company Secretary oversees the progress against actions to mitigate risks.

The Board has also adopted a risk appetite which sets out the nature of levels of risk YMCA Heart of England are prepared to take to achieve our strategic objectives. Performance against this is being worked, facilitated through the use of metrics to enable the Board and committees to assess whether performance remains within the risk appetite parameters.

The Chief Executive reports to the Board on the effectiveness of the internal control environment.

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic post -pandemic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

	Risks	Risk responses	
	Risks	Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	- Treasury management strategy monitoring - Monitoring liquidity risk - Regular stress testing - Monitoring the metrics that are used for financial risk. - Income collection and arrears performance monitoring	- Implementation of income maximisation strategy - Establishment of sustainable finance framework - Key Performance indicators reported to the Executive Team monthly and Board bi monthly. - Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.
2	Reputational damage due to bad publicity	Independent internal review of all incidents	Monitor and seek professional advice. Regular internal review.
3	Changes in the external funding environment e.g. Local Authority Commissioning coming under tougher budgets, scrutiny and/or delays.	- Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure - Better information management and tracking	Keep up to date with current affairs, feedback on local, regional, and national guidance around Housing key priorities.
4	Responsibilities on becoming an Environmental and sustainably Employer and meet the Government Environmental Policy	- Promote responsibility for the environment and communicate and implement policy to workforce - Minimise waste by reduction, re-use and recycling methods - Identify and provide appropriate training , advice and information for staff and encourage them to develop new ideas and initiatives.	- Implementation of training programme to all staff. - Comply with all relevant environmental legislation/regulation.
5	Recruitment & Retention of staff, attract and retain people with the skills and experience required to deliver strategic plan. Avoiding the cost of not getting it right first time	Independent benchmarking of executive and senior managers salaries. Gender pays gap data, job evaluation and external benchmarking, monitoring of changes to staff establishment and turnover	Develop of employer brand, Develop of resource strategy, Development of hybrid working model, management development and coaching,
6	Development Risk / length of time to develop schemes	Review current and future development projects with a view to only spend time on developments that are most likely to crystallise.	Focus on The Orchard and sweating the assets
7	YMCA Heart of England does not meet its Health and Safety obligations as a landlord, employer, developer, and provider of social care	- Specialist team in place with subject experts embedded across the business - KPI monitored by the Board and committees - Compliance issues monitored by the Board - Oversight of activity by Director of Operations - Management Plans in place for key risk areas e.g fire, asbestos etc.	- Implementation of compliance modules across all asset compliance activities. - Further development of the suite of KPIs - Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.
8	Increase in housing arrears due to cost of living and increase in energy prices	- Treasury management strategy monitoring - Monitor on weekly basis; work with tenants and the local authority.	Improve relationship with Housing Benefits team, reduce cash payments and encourage standing orders or re-occurring payments by card. Internal Audit focused on this area.
9	Investment decisions do not give appropriate weight to competing strategic agendas, e.g. environment, safety, growth digitalisation.	Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy	Mapping procurement methodology, timing of delivery and location of new homes in the period 2022-2025. Maintaining and understanding of the market for Land and S106 (Legal agreements between local authorities and developers) and investment strategy in Digitalisation
10	Resilience of IT Systems to cyber attacks	Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber-attack.	Implement additional security systems and security. Implement regular assessment of internal controls independent from the IT and Business Development. Audits on Data by Risk Evolves. Internal Audit on IT environment.
11	Customer insight is not embedded in business design and service review process	Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction	Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Going Concern and Viability Statements

In assessing viability, the Board considered several key factors, including business models, our strategy, and risk appetite. Our assessment of viability therefore continues to align with a 5-year outlook.

The Board has assessed the organisations viability and have reasonable expectation of being able to continue the operation for the foreseeable future. The Board's focus following Covid-19 is to place a stronger emphasis on liquidity and solvency and ensuring that the Association has adequate resources to continue in operation, meet its liabilities as they fall due, and retain sufficient available cash across all two years without breaching any loan covenant.

The Board have considered the number of challenges effected the housing sector and the contributing factors starting with Covid-19 pandemic, the war in Ukraine with rising energy prices and supply chain disruptions coupled with an increase in inflation and interest rates. These challenges are having a significant impact on our residents, many of whom are struggling with necessities.

We are taking a number of steps to address these challenges. Regular stress testing is performed on the Association and different scenarios and sensitivities have been reviewed on the Association's projected cashflow position and financial covenant. We also considered increase in rent arrears and bad debt. Should these occur, we have identified the limit for financial viability.

We are also working with the government to secure funding to support residents and reducing the essential development work and capital repairs.

The Board are satisfied the business model and strategy is adaptable with minimum risk on liquidity and solvency.

We have taken a series of steps to strengthen the Association's liquidity and increase the resilience of the balance sheet.

We are also looking to the future. The provision of social housing has vital part to play in the government's response to this crisis and they have already announced significant sums of money to help boost social housing supply and end rough sleeping for good. The delivery of more social housing is one of the key strategic objectives in YMCA Heart of England's new strategic plan and we are already in discussions with local councils in our area of benefit with a view to securing some of the recently announced government money for investment in social housing.

The Board of Directors has recognised the immense potential and importance of supporting young people in the wider community. We firmly believe that by empowering and nurturing the next generation, we can create a positive impact and shape a brighter future. To achieve this, we are committed and will be investing in Youth next year.

Reserves Policy

The Finance Sub-Committee, on behalf of the Board of Trustees, conducts an ongoing review of the level of reserves consistent with ongoing activities of the Charity. The trustees are taking into consideration the economic environment and risks associated with the various sources of income, expenditure plans and what level of working capital is required to continue core activities. The reserve policy is considered every quarter in line with the quarterly accounts.

We use a rolling five-year forecast to model how we will fund the delivery of our strategy.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

We monitor managed cash which includes all amounts available to finance the general activities net of any financing agreements. The trustees have agreed that managed operating cash should exceed a minimum of three months to six months annualised forecast cash outflow.

Financial performance and forecast information is monitored monthly to assess the cash requirements of the Charity. The reserve policy is considered and monitored every quarter.

Our Reserve Policy is set to take into consideration:

- Income risk reserve to protect the charity against a fall in income levels
- Working capital reserve to provide working capital if expenditure is needed ahead of income being received
- Designated reserves set aside to meet essential future spending and unplanned emergency repairs and other expenditure.
- Level of funding for unexpected opportunities

As we are approaching the remainder of the year with caution and with cost of living issues remaining, as well as interest rate movement uncertainty and reserves utilised to facilitate the purchase of The Orchard, our target hasn't yet been met.

Our Cash Reserves measured as at 31 March 2025

	2024
Cash Balance as at 31st March 2025	£1,150M
Managed Cash outflow based on 12 months forecast to the period ending March 2026	£7,665M
Divide by 12 (£7,665M divide by 12)	£638k
Months of annualised forecast of cash (£1,150M divide by £638K)	1.8 months

CORPORATE GOVERNANCE

We are committed to the principles of Good Governance. The trustees adopt the National Housing Federation's (NHF) 2020 code of governance to measure good governance practices as well as the Charity Governance Code.

Delegation and control

The Board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers. The board has not recently reviewed its delegated powers but intends to do so in the forthcoming year and is in the process of pulling together a scheme of delegation.

The Board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.

At the moment salaries are the only area where we benchmark. (We co-ordinate production of a biennial YMCA salary survey.) We are currently working with YMCA colleagues across the region to produce comparative data for operational performance.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Actively managing risks

The Board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.

The Board regularly reviews the Association's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.

The Association considers using a Governance Committee to lead the Board appointment process and to make recommendations to the Board. This will include a policy for training and inducting new trustees.

The Board reviews its own performance and that of individual trustees, including the Chair. Such evaluation typically considers the Board's balance of skills, experience and knowledge, its diversity in the widest sense, how the Board works together and other factors relevant to its effectiveness.

The Board reviews its collective effectiveness at an annual board away day. However, we have not previously reviewed the performance of trustees on an individual basis, this has been introduced through a robust skills and competency matrix and will be reviewed by Trustees in the current financial year.

Notwithstanding this, the Association considers itself to have high standards of governance. The policies of the Association are determined by the Board of Trustees, which meets bi-monthly. The Association's operations are managed by the Chief Executive, who reports to the Board of Trustees. The Association has a system of internal controls designed to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud or error. The system includes corporate controls over income and budget comparison, proper supervision and delegation including operational and financial review procedures, limitation on the spending power of individuals and control over the Association's assets. The internal controls are subject to regular review and are updated to take account of organisational and operational changes. This included the appointment of Internal auditors during the financial year. They have made recommendations regarding certain areas, that were focussed on, which will be taken forward and worked towards implementing where possible. There are four sub-committees that meet bi-monthly on matters of housing, finance, development and social enterprise.

A review of governance structures was undertaken in the year under review. This has already resulted in improved performance reporting to trustees through the Association's operational committees. In the current year it will also lead to the overhauling of the Key Performance Indicators against which officers' performance is assessed.

Key Management and Remuneration

There were three Executive Directors and one Chief Executive of the Association during the year under review. They were:

- Pauline Tomlinson – Chief Executive
- James Bemand – Director of Finance and ICT
- Tom Jackson – Director of Operations

The Association's policy is to review salaries annually as part of the budget setting process. This may result in a cost of living pay increase being awarded to all employees. The Association's policy is that any amendment to the salary level of an individual employee or group of employees beyond the annual cost of living increase must be recommended by the appropriate departmental director and authorised by the Director of Finance and Chief Executive.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The remuneration of Executive Directors is set by the Chief Executive, bearing in mind salaries for similar roles at comparable organisations, including other YMCAs within the region. Any amendment to the salary of an executive director beyond the annual cost of living increase must be recommended by the Chief Executive and authorised by the Treasurer and the Chair.

The remuneration of the Chief Executive is set by the Board. In considering the appropriate remuneration level they will look at salaries for comparable organisations, especially other YMCAs within the region. This is considered alongside other factors, such as the size and complexity of the Association's operations, and the affordability of any remuneration package to the Association.

All staff and trustees are required to declare any conflict of interest that may exist (or be perceived to exist) before recommending or authorising any amendment to an employee's remuneration.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees 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 its income and expenditure for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Trustees are 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

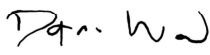
(incorporating the Strategic Report)

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

AUDITORS

Under section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

By order of the Board

Signed by:

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Dawn Ward
Chair and Trustee

1 September 2025

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association

Opinion

We have audited the financial statements of Heart of England Young Men's Christian Association for the year ended 31 March 2025 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025, and of the Association'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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2022.

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 Association 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 Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the strategic report).

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association'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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of Trustees' responsibilities set out on page 15, the Trustees 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 board 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 Board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Our assessment focussed on key laws and regulations the Association 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2022, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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 Association and how the association is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Association's control environment and how the Association has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Association'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 non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Nichola Venables
Senior Statutory Auditor
For and on behalf of

Cooper Parry Group Limited
Statutory Auditors
Cubo Birmingham
4th Floor
Two Chamberlain Square
B3 3AX

Date: 23 September 2025

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Total Comprehensive Income for the year ended 31 March 2025

	Note	2025 Continuing Activities £	2025 Total £	2024 Total £
Turnover				
Underlying Operations	3	7,527,113	7,527,113	7,141,191
Other Income		-	-	40,053
		7,527,113	7,527,113	7,181,244
Operating costs		(6,127,731)	(6,127,731)	(5,717,333)
Operating Surplus	5	1,399,382	1,399,382	1,463,911
Interest & financing costs	6 & 7	(559,789)	(559,789)	(392,917)
Surplus/(deficit) for the year before tax		839,593	839,593	1,070,994
Taxation		-	-	-
Surplus/ (Deficit) for the year		839,593	839,593	1,070,994
Total comprehensive income for the year		839,593	839,593	1,070,994

The accompanying notes on page 25 to 44 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Changes in Reserves for the year ended 31 March 2025

	Income and expenditure reserve £	Restricted Reserve £	Revaluation reserve £	Total £
Balance as at 1 April 2023	5,132,044	-	412,418	5,544,462
Surplus / (deficit) from statement of comprehensive income	1,030,942	40,053	-	1,070,994
Movement in Revaluation Reserve	(4,200)	-	4,200	-
Movement in Restricted Reserve	40,053	(40,053)	-	-
Balance at 31 March 2024	6,198,838	-	416,618	6,615,456
Surplus / (deficit) from statement of comprehensive income	839,593	-	-	839,593
Movement in Revaluation Reserve	(210)	-	210	-
Balance at 31 March 2025	7,038,221	-	416,828	7,455,049

The accompanying notes on page 25 to 44 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

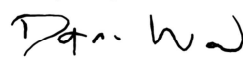
Statement of Financial Position

At 31 March 2025

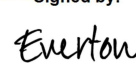
Company No. 00170981

	Note	2025 £	2024 £
Fixed Assets			
Intangible assets and goodwill	10	58,887	118,950
Tangible fixed assets - Housing Properties	11	24,794,758	20,125,352
Tangible fixed assets - Other Fixed Assets	12	<u>1,604,808</u>	<u>1,642,404</u>
		26,458,453	21,886,706
Current Assets			
Trade and other debtors	13	796,700	392,467
Cash and cash equivalents		<u>1,150,820</u>	<u>2,233,805</u>
		1,947,520	2,626,272
Creditors: Amounts falling due within one year	14	<u>(1,531,843)</u>	<u>(1,299,480)</u>
Net current assets		<u>415,677</u>	<u>1,326,792</u>
Total assets less current liabilities		26,874,130	23,213,498
Creditors: Amounts falling due after more than one year	15	(19,298,793)	(16,466,033)
Provisions for liabilities			
Other provisions	18	(120,288)	(132,009)
Total net assets		<u><u>7,455,049</u></u>	<u><u>6,615,456</u></u>
Reserves			
Income and expenditure reserve		7,038,221	6,198,838
Revaluation reserve		416,828	416,618
Restricted reserve		-	-
Total Reserves		<u><u>7,455,049</u></u>	<u><u>6,615,456</u></u>

The Financial Statements were approved by the Board on 1st September 2025 and signed on their behalf by:

Signed by:

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Dawn Ward CBE
Chair and Trustee

Signed by:

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Everton Burke Esq., OBE
Vice Chair and Trustee

The accompanying notes on page 25 to 44 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

	Note	2025 £	2024 £
Net cash generated from operating activities	20	1,548,689	1,432,769
Cash flow from investing activities			
Net purchase of tangible fixed assets	11 & 12	(5,202,697)	(2,959,921)
Purchase of intangible fixed assets	10	(158)	(11,214)
Grants received		(4,113)	371,250
Interest received	6	4,732	304
		(5,202,236)	(2,599,581)
Cashflow from financing activities			
Interest paid	7	(560,721)	(390,520)
New Secured Bonds and Loans		3,300,000	2,722,500
Repayments of borrowings		(168,717)	(111,843)
		2,570,562	2,220,137
Net change in cash and cash equivalents		(1,082,985)	1,053,325
Cash and cash equivalents at beginning of the year		2,233,805	1,180,480
Cash and cash equivalents at end of the year		1,150,820	2,233,805

The accompanying notes on page 25 to 44 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements

1. Legal Status

Heart of England YMCA is a private company limited by guarantee in the UK, registered under the Companies Act 2006, an English registered social housing provider and a registered charity.

The address of the registered office is given in the information on page 2 of these financial statements.

The principal activities of Heart of England YMCA are set out in the Report of the Trustees.

Heart of England YMCA is a public benefit entity as defined by FRS 102.

2. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice standards (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018, and comply with the Accounting Direction for Registered Providers of Social Housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of Heart of England YMCA, and rounded to the nearest whole £1.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

Turnover

Turnover represents rental and service charges income receivable, net of void losses in the year, revenue grants receivable from local authorities and income from social enterprise activities.

Other Income

Interest receivable and investment income is accrued on a time apportioned basis by reference to the principal outstanding at the effective interest rate.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that Heart of England YMCA will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England.

Other Grants

Grants received from non-Government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Taxation

Heart of England YMCA is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Value Added Tax (VAT)

The majority of the expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the income is exempt from VAT, the Association charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Association is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs.

The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HMRC. The balance of VAT payable or recoverable at the year-end is included as a current liability or a current asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to income and expenditure in the year.

Leases

All leases are operating leases, and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Heart of England YMCA runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Heart of England YMCA is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined Contribution Plan

Heart of England YMCA offers two pension schemes to all of its employees.

The People's Pension which is our default scheme on Auto-Enrolment offering contributions made on a salary sacrifice basis. This scheme auto-enrols employees on a 3% contribution rate which is matched by Heart of England YMCA.

The YMCA Personal pension scheme. This scheme allows contributions between 3% and 8% which is also matched by Heart of England YMCA on a salary sacrifice basis.

Defined Benefit Plan

Heart of England 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. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

As described in note 17, Heart of England YMCA has a contractual obligation to make pension deficit payments of £37,085 per annum over the period to April 2027 (2024: £37,085 pa to April 2027), accordingly this is shown as a liability in these accounts. In addition, Heart of England YMCA is required to contribute £11,604 (2024: £11,820) to the operating expenses of the Pension Plan and these costs are charged as paid.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Association recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Provision is made for any impairment.

Depreciation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is five years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of 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. No depreciation charge is applied in the year of addition.

The Association depreciates the major components of its housing properties based on the following:

Building Components	Years	Building Components	Years
Structure	50 / 100	Central Heating	30
Windows	30	Boilers	15
Kitchen	20	Roof	60
Bathroom	30	Environmental Works	30
Electrical and Mechanical	10 / 40		

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Freehold Premises	50
ICT Hardware	4
Fixtures & Fittings	10

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Reserves

Income and Expenditure Reserve

Income and Expenditure Reserves are unrestricted reserves and represent surpluses generated from operating activities.

Designated Reserve

These funds are those unrestricted funds which have been set aside by trustees for an essential spend or future purpose. These funds form part of unrestricted Income and Expenditure reserve. Generally, these funds cover the replacing or improvement of the charity's assets.

Restricted Reserve

Restricted Reserves are tied to a particular purpose. These funds are specified by a third party and impose terms and conditions stipulating the funding must be spent on a particular purpose.

Revaluation Reserve

A revaluation reserve is a noncash reserve and created to reflect the true value of the asset representing the deemed cost of housing properties on transition to FRS102.

Critical areas of judgement and accounting estimates

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Pension Liability**

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as rates of inflation, mortality, discount rate and salary increases. These assumptions have the ability to influence the value of the liability. These assumptions are based on the actuarial advice.

- **Bad Debt Provision**

Assumptions between budgetary and debt provisions are assumed. These assumptions include estimation of uncertainty against future recognition of certain accounts receivable as being uncollected.

- **Leases**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Heart of England YMCA.

- **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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

	2025		
	Turnover	Operating expenditure	Operating Surplus /(Deficit)
	£	£	£
Social housing lettings	6,891,640	(5,397,514)	1,494,126
Other social housing activities			
Charges for support services	162,611	(12,281)	150,330
Other social housing	32,946	(5,488)	27,458
	195,557	(17,769)	177,788
Activities other than Social Housing			
Amortised government grants	31,088	-	31,088
Childrens services	269,390	(323,559)	(54,169)
Conferencing services, Youth and café	118,945	(388,889)	(269,944)
Other non social housing	20,493	-	20,493
	439,916	(712,448)	(272,532)
	7,527,113	(6,127,731)	1,399,382

	2024		
	Turnover	Operating expenditure	Operating Surplus /(Deficit)
	£	£	£
Social housing lettings	6,381,770	(4,899,435)	1,482,335
Other social housing activities			
Charges for support services	99,422	(15,134)	84,288
Other social housing	73,512	(14,029)	59,483
	172,934	(29,163)	143,771
Activities other than Social Housing			
Amortised government grants	2,813	-	2,813
Childrens services	271,967	(330,551)	(58,584)
Training and conferencing services and café	300,551	(458,184)	(157,633)
Other non social housing	11,156	-	11,156
	586,487	(788,735)	(202,248)
	7,141,191	(5,717,333)	1,423,858

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

3b. Particulars of income and expenditure from social housing lettings

	2025		2024
	General needs housing	Total	Total
	£	£	£
Rent receivable net of identifiable service charges	6,657,806	6,657,806	6,162,786
Amortised government grants	233,834	233,834	218,984
Turnover from social housing lettings	6,891,640	6,891,640	6,381,770
Management	1,831,680	1,831,680	1,837,293
Service charge costs	2,400,223	2,400,223	2,025,113
Routine maintenance	757,862	757,862	543,016
Major repairs expenditure	1,156	1,156	29,799
Bad debts	3,548	3,548	97,337
Depreciation of housing properties	403,045	403,045	366,877
Operating expenditure on social housing lettings	5,397,514	5,397,514	4,899,435
Operating surplus on social housing lettings	1,494,126	1,494,126	1,482,335
Void losses	(163,142)	(163,142)	(86,629)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2025 Number	2024 Number
Social Housing		
General Housing		
Social Rent	317	234
Total Owned	317	234
Units managed on behalf of other organisations		
General needs	33	116
Total Managed	350	350
Accommodation in development at year end	-	-

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

5. Operating Surplus

The operating surplus is arrived at after charging / (crediting):

	2025	2024
	£	£
Release of deferred capital grant	(264,922)	(250,072)
Provision of Bad Debts	(18,075)	31,747
Amortisation of intangible fixed assets (per note 10)	60,221	60,222
Depreciation of housing properties	403,548	367,257
Depreciation of other tangible fixed assets	167,340	167,340
Operating lease rentals:		
external management charges	386,672	444,510
vehicles and equipment	-	-
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements	29,100	23,000
Total audit services		
	29,100	23,000
Tax compliance services	-	-
Total non-audit services	-	-

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

6. Interest receivable and similar income

	2025 £	2024 £
Interest receivable and similar income	4,732	304
	<u>4,732</u>	<u>304</u>

7. Interest and financing costs

	2025 £	2024 £
Net interest payable YMCA Pension Fund	-	-
Bank interest	560,721	390,520
Amortisation of issue costs	3,800	2,700
	<u>564,521</u>	<u>393,220</u>
	<u>559,789</u>	<u>392,916</u>

8. Employees

Average monthly number of employees employed in the year were:

	2025 No.	2024 No.
Housing and support activities	61	60
Nurseries	9	10
Maintenance	3	3
Learning & Communities	7	7
Management and administration	12	11
	<u>92</u>	<u>91</u>

The number of staff who were paid more than £60,000 in the year (including Executive Directors) were:

	2025 No.	2024 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1

The £70,000 - £80,000 includes a settlement payment made in 2025 that was accrued from the previous financial year and excluded from the higher paid staff disclosure.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Employee costs during the year were as follows:

	2025	2024
	£	£
Employee Costs:		
Wages and salaries	2,589,475	2,493,583
Social security costs	231,408	199,640
Pension costs	54,948	49,476
Life assurance costs	18,018	14,693
	<u>2,893,849</u>	<u>2,757,392</u>

Included in Wages and Salaries are staff redundancy and settlement costs of £nil (2024: £132,802).

9. Key management personnel

The key management personnel are defined for the purpose of this note as the Members of the Board and Executive Directors of the Association, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2022.

The aggregate remuneration for key management personnel charged in the year is:

	2025	2024
	£	£
Wages & Salaries	214,926	255,563
Benefits in kind	10,419	10,956
Employers NIC	25,777	27,699
Pension contributions	6,760	9,094
Settlements	<u>-</u>	<u>108,355</u>
	<u>257,882</u>	<u>411,667</u>

Settlement costs include amounts both paid in the year, and those accrued at year end, to be paid in the following financial year.

The Chief Executive is an ordinary member of the Association's pension scheme. No enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The number of Executive Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2024: 1).

None of the Board Members received emoluments. The emoluments of the highest paid Executive Director, the Chief Executive, are shown below:

	2025	2024
	£	£
Highest Paid Director		
Remuneration	83,640	76,319
Benefits in kind	4,500	4,500
Pension contributions	<u>2,644</u>	<u>2,425</u>
	<u>90,784</u>	<u>83,244</u>

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

10. Intangible Fixed Assets

	IT Software £	Total £
Cost		
At 1 April 2024	349,746	349,746
Additions	158	158
At 31 March 2025	349,904	349,904
Amortisation		
At 1 April 2024	230,796	230,796
Charged in the year	60,221	60,221
At 31 March 2025	291,017	291,017
Net book value		
At 31 March 2025	58,887	58,887
At 31 March 2024	118,950	118,950

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

11. Fixed Assets – housing properties

	Social housing properties held for letting	Social housing properties held for letting	Housing properties for letting under construction	Total housing properties
	Freehold	Long Leasehold		
	£	£	£	£
Cost				
At 1 April 2024	21,549,411	636,917	1,101,376	23,287,704
Additions	4,767,772	-	305,181	5,072,953
Transfers	348,168	-	(348,168)	-
Disposals	-	-	-	-
At 31 March 2025	26,665,351	636,917	1,058,389	28,360,657
Depreciation and impairment				
At 1 April 2024	2,933,704	228,647	-	3,162,351
Depreciation charged in year	389,073	14,475	-	403,548
At 31 March 2025	3,322,777	243,122	-	3,565,899
Net book value				
At 31 March 2025	23,342,574	393,795	1,058,389	24,794,758
At 31 March 2024	18,615,707	408,270	1,101,376	20,125,353

The existing charges held with Charity Bank are on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street.

The Association also has acquired a further loan with Charity Bank for a loan value of £3.3M, which has now been fully drawn down. The loans with Unity Trust Bank is secured against 200 Bunbury Road and Endeavour Ct.

Heart of England Community Foundation also hold charges against 200 Bunbury Road.

Housing properties book value net of depreciation comprises

	2025	2024
	£	£
Freehold land and buildings	24,400,963	19,717,082
Long Leasehold land and buildings	393,795	408,270
	24,794,758	20,125,352

Expenditure on works to existing properties

	2025	2024
Amounts charged to income and expenditure	649,618	397,550
	649,618	397,550

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Note 11. Fixed Assets – housing properties (continued)

Social housing assistance

	2025 £	2024 £
Total accumulated social housing grant received or receivable at 31 March:	7,465,820	7,465,820
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,709,761
Recognised in the Statement of Comprehensive Income	<u>(1,584,925)</u>	<u>(1,320,003)</u>
Held as deferred Income	<u>7,590,656</u>	<u>7,855,578</u>

Finance costs

	2025 £	2024 £
Aggregate amount of finance costs included in the cost of housing properties	<u>49,454</u>	<u>49,454</u>
	<u>49,454</u>	<u>49,454</u>

Impairment

The Association considers individual schemes to be separate Cash Generating Units (CGU) when assessed for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. Where this is not possible, individual homes are considered as separate CGUs for the assessment of impairment.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets – Other

	Freehold Premises £	Fixtures and Fittings £	ICT Hardware £	Motor Vehicles £	Total £
Cost					
At 1 April 2024	1,642,842	1,461,891	350,913	24,502	3,480,148
Additions	-	66,772	62,972	-	129,744
Transfers	-	-	-	-	-
At 31 March 2025	1,642,842	1,528,663	413,885	24,502	3,609,892
Depreciation					
At 1 April 2024	259,641	1,246,154	307,447	24,502	1,837,744
Charged in the year	41,045	71,684	54,611	-	167,340
At 31 March 2025	300,686	1,317,838	362,058	24,502	2,005,084
Net book value					
At 31 March 2025	1,342,156	210,825	51,827	-	1,604,808
At 31 March 2024	1,383,201	215,737	43,466	-	1,642,404

13. Debtors

	2025 £	2024 £
Due within one year		
Rent and service charges receivable	729,615	599,366
Prepayments and accrued income	428,773	80,131
	<u>1,158,388</u>	<u>679,497</u>
Other debtors	7,705	30,528
Less: provision for bad and doubtful debts	<u>(369,393)</u>	<u>(317,558)</u>
	<u>(361,688)</u>	<u>(287,030)</u>
	<u>796,700</u>	<u>392,467</u>

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

14. Creditors: amounts falling due within one year

	2025 £	2024 £
Bank loans (note 16)	171,904	138,614
Trade creditors	75,358	89,347
Rent and service charges received in advance	-	-
Deferred grant income	309,353	305,240
Corporation Tax	-	-
Other taxation and social security	55,307	44,453
Unpaid contributions for retirement benefits	11,801	10,728
Other creditors	12,977	94,751
Credit balances on Arrears less Bad Debt Provision	25,499	13,391
Accruals and deferred income	869,644	602,956
	1,531,843	1,299,480

15. Creditors: amounts falling due after more than one year

	2025 £	2024 £
Bank loans (note 16)	9,442,021	6,340,227
Deferred grant income	9,856,772	10,125,806
	19,298,793	16,466,033

16. Debt Analysis

Due within one year	2025 £	2024 £
Bank loans	171,904	138,614
	171,904	138,614
 Due after more than one year		
Bank loans	9,510,394	6,412,400
Less: issue costs	(68,373)	(72,172)
	9,442,021	6,340,228
 Total Loans	 9,613,925	 6,478,842

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

16. Debt Analysis (continued)

The Association has a total loan facility of £7,300,000 with the Charity Bank, which includes an additional £3,300,000 drawn down this year, and also a £3,400,000 loan facility with Unity Bank.

The Loan with Charity Bank is for 25 years from the date of the final drawdown and carries an interest rate of 1.80 percent above the Bank of England base rate. The loan is secured on specific charges on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street and all assets and undertakings of the YMCA.

The Loan with Unity Trust is divided into three tranches.

Loan 1 - Amount £250K, term 25 years with an interest rate of 2.25% over Bank of England Base Rate
 Loan 2 - Amount £400k term 10 years with an interest rate of 2.25% over Bank of England Base Rate
 Loan 3 - Amount £2,750M term 25 years with an interest rate of 3% over Bank of England Base Rate

The loan with Unity Trust is secured on specific charges on the following properties

1. 200 Bunbury Road, Northfield, B31 2DL
2. Endeavour Court, 20 Chelmarsh Road, Coventry, CV6 3LB

The security on St Margaret's and Bishopsgate was released during the year.

The loans are repayable as below:

	2025	2024
	£	£
Within one year or on demand	171,904	138,614
One year or more but less than two years	218,260	165,023
Two years or more but less than five years	851,229	572,085
Five years or more	8,440,905	5,675,292
	9,682,298	6,551,014
Less: amortised issue costs	(68,373)	(72,172)
	9,613,925	6,478,842

17. Pension obligations

Heart of England 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 Heart of England YMCA and at the year-end these were invested in the Mercer Dynamic De-risking Solution, 65% matching portfolio and 35% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2023. 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 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 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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

17. Pension obligations (continued)

The valuation prepared as at 1 May 2023 showed that the YMCA Pension Plan had a deficit of £9.1 million. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,057 (2024: £4,057) from 1 May 2025, being £3,090 for the deficit contribution payments and £967 (2024: £985) for the contributions to the plan expenses. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. Agreed future deficit contributions have been discounted using rate of 5.25% (2024: 5.25%) The current recovery period is 3 years commencing 1 May 2024.

	Within one year	Repayable one to two years	Two to five years	After five years	After mre than one year	Total	Total
	£	£	£	£	£	2025 £	2024 £
As at 31st March 2025	33,177	34,919	6,360		41,279	74,456	103,041
As at 31st March 2024	31,676	33,339	38,026		71,365	103,041	201,920

In addition, Heart of England 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 Heart of England YMCA may be called upon to pay in the future.

18. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2024	103,041	28,969	132,010
Utilised / Provided	(28,585)	16,863	(11,722)
At 31 March 2025	74,456	45,832	120,288

The YMCA Pension obligation is referred to in note 17. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

19. Share Capital

Heart of England YMCA Limited is a Company Limited by Guarantee. No shares have been issued.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

20. Cash Flow from Operating Activities

	2025 £	2024 £
Surplus/ Deficit for the year (net of transfer to restricted reserves)	839,593	1,070,994
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	570,888	534,597
Amortisation of intangible assets	60,222	60,222
Decrease/ (Increase) in stock	-	-
Decrease/ (Increase) in trade and other debtors	(404,233)	(121,448)
(Decrease)/ Increase in trade and other creditors	199,073	(142,941)
Decrease in provisions	(11,722)	(111,500)
Gain on disposal of property, plant & equipment	-	-
Government grants amortised in the year	(264,922)	(250,071)
Interest payable	564,521	393,220
Interest receivable	(4,732)	(304)
Net cash generated from operating activities	1,548,688	1,432,769

21. Capital Commitments

	2025 £	2024 £
Expenditure contracted for but not provided for	-	-
Expenditure authorised by the board, but not contracted	757,717	4,294,044
	757,717	4,294,044

The above commitments will be financed primarily through reserves.

22. Contingent assets / liabilities

The Association had no contingent assets at 31 March 2025 (2024: nil).

The Association receives capital grant funding from the Homes and Communities Agency which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Association is required to recycle this grant by crediting a Recycled Capital Grant Fund. As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

23. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2025 £	2024 £
Within one year	163,000	38,000
Between two and five years	488,250	152,000
	651,250	190,000

This includes lease at Harry Watton (£125,000 pa). This commitment has increased in line with the 5 year rent review and break clause outlined in the agreement.

24. Analysis of Debt

	2024 £ 000s	Cash Flows £ 000s	2025 £ 000s
Long-term borrowings	6,340	3,102	9,442
Short-term borrowings	138	34	172
Lease Liabilities	-	-	-
Total Liabilities	<u>6,478</u>	<u>3,136</u>	<u>9,614</u>
Cash and Cash Equivalents	<u>(2,233)</u>	<u>1,083</u>	<u>(1,150)</u>
Total Net Debt	<u>4,245</u>	<u>4,219</u>	<u>8,464</u>

25. Related parties

Disclosures in relation to key management personnel are included in note 9.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part.

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £812 (2024: £556).

One trustee also made unrestricted donations to the Association amounting to £100 in the year (2024: £708)

There was one transaction with Inspire Property Management, a company owned by Mark Bruckshaw, a Trustee, for Surveying work at a cost of £2,400.

26. Other Income

	2025	2024
Heart of England Community Foundation restricted grant	-	40,053
Total Other Income	<u>-</u>	<u>40,053</u>

This relates to the Heart of England Grant released relating to Northfield Development of £40,053.

Accounts

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

**Company No: 00170981
Charity No: 218808
RSL No: LH4783**

HEART OF ENGLAND YOUNG MEN’S CHRISTIAN ASSOCIATION
REPORT OF THE TRUSTEES
(incorporating the Strategic Report)

Contents	Pages
Reference and Administration Information	2
Objectives and Principal Activities	3
Strategic Report	3 – 13
Corporate Governance	14 - 15
Statement of Trustee’s responsibilities	15 – 16
Independent Auditor’s Report to the Members	17 – 20
Statement of Total Comprehensive Income	21
Statement of Changes in Reserves	22
Statement of Financial Position	23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 45

HEART OF ENGLAND YOUNG MEN’S CHRISTIAN ASSOCIATION
REPORT OF THE TRUSTEES
(incorporating the Strategic Report)

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name	Heart of England Young Men’s Christian Association
Charity Registration Number	218808
Company Registration Number	00170981
Registered Social Landlord Number	4783
Company Secretary and Chief Executive	Pauline Tomlinson

Board of Trustees

The Board of Trustees is composed of the following individuals:

- Dawn Ward – Chair
- Owen Everton Burke – Vice Chair
- Oenca Rona Fontaine
- Michael Hew
- Graham Cadd
- Arkle Leslie Bell – Resigned 5th March 2024
- Gabriel Imevbore
- Mark Bruckshaw
- Gareth Clive Bunn – Resigned 28th July 2023

Registered Office: Heart of England YMCA
301 Reservoir Road
Erdington
Birmingham
England
B23 6DF

Auditors: Cooper Parry Group Limited
Cubo Birmingham
Office 401
Two Chamberlain Square
Birmingham
B3 3AX

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The Board of Trustees is pleased to present its report and audited financial statements for the year ended 31 March 2024.

The Trustees and Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Association arise from its acceptance of its founding Christian principle, the Paris Basis of 1855, incorporated into the National Statement of the Aims and Purposes of the YMCA in England & Wales as it may be amended from time to time.

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to 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. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

(a) promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and

(b) enabling people of all ages and young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ;

- 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;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

The Association welcomes, serves and works with persons of all religious faiths and of none.

STRATEGIC REPORT

Mission Statement

To reflect the vision for the YMCA federation nationally to be 'an inclusive Christian movement, transforming communities so that all young people can truly belong, contribute and thrive', trustees have agreed that the mission of YMCA Heart of England is:

To inspire young people to discover their potential so that they can live life in all its fullness.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Achievements, performance and future developments

The principal activities in furtherance of the Association's charitable objectives are:

- The provision of supported accommodation with associated support services
- The provision of social housing at below-market rents
- The provision of childcare
- The provision of training and support programmes that enable life skills and progression within employment.
- The provision of facilities for hire by the local community and other groups
- The provision of a chaplaincy to service users, the local communities that we serve, and our staff and volunteers
- The provision of youth clubs and assorted in formal education activities for young people, including those identified as being vulnerable and/or at risk

In the year under review the Association managed 350 Bed spaces. These units provide much needed accommodation for formerly homeless people, many of whom are young and represent a diverse community. This is augmented by the provision of housing related support which we provide directly at our supported housing schemes (60%) and general needs (40%). Our specialist housing provides support for vulnerable groups within our society, this includes, young people, young families, those with mental health issues and those suffering domestic abuse, drug and alcohol recovery, and ex-offenders. We will continue to deliver ambitions to build more homes and provide services that meet the needs of our customers.

In addition, we operate one children's day nursery across the Borough of Solihull and provide a range of holiday play schemes and out of school clubs. We also operate a youth services team, delivering open access and bespoke youth work programmes, predominantly in Coventry. We are aware of the challenges faced by the Association as it responds to some financial challenges created through loss of income and the impact from Covid-19.

Chair's Statement

I wanted to start my statement this year by reminding us all of our MISSION and VISION.

Our **Mission** is to : Inspire young people to discover their potential so that they can live life in all its fullness.

Our **Vision** is of a robust, high profile and credible Christian charity that, through its programmes and facilities, intervenes to stop young people being excluded and helps them to truly belong, contribute and thrive within their community.

The Board of trustees and I are delighted that through the excellent leadership of the CEO and senior team coupled with the hard work, dedication and passion of all staff and volunteers we have collectively ensured that YMCA Heart of England has achieved our Mission (our purpose) and the majority of our 10 point strategic plan.

It has been a great honour and a privilege to work alongside the trustees, CEO and senior team of our wonderful Charity, to realise these achievements. The Board of trustees extend their heartfelt thanks to all of the staff, volunteers and stakeholders that have made this year a resounding success.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

As with many charities we have had to comply with recent regulatory standards, changes in government policy and have adapted services regardless of the economic challenges, cost of living implications and the section 114 being issued to Birmingham City Council. We have stayed focused and intentional in our steps to continue to achieve and support those most in need.

This year we have seen

- The review of our current 10 point Plan with steps in place to complete a 5 year strategy for the organisation. This has been informed by staff, residents and our stakeholders.
- The completion of our 27 units in Northfield, Birmingham, which has provided transitional homes for those in need.
- The Development of a Stock Investment Programme for the next 3 years, ensuring that the 350 homes we provide meet the Decent Homes Standards.
- 469 young people been positively impacted through the work we do, enabling them to feel a sense of purpose and belonging.
- Our partnership launch with 2 Much Passion to run our Community Coffee shop, a community Pantry Facility, start Stay and Play initiatives and embed free breakfast clubs.
- 100% compliance in regards to Health and Safety
- An achievement of 98% Occupancy across all our housing schemes - an increase of 2% from previous years.
- 100% response rate on our Tenancy Satisfaction Survey with 78% of residents overall stating that they are satisfied with YMCA Heart of England as their Landlord.
- Our Nursery achieved an occupancy level of 84% and secured a GOOD Ofsted rating.
- The launch of our Sanitary Bank – providing free sanitary items for our residents and young people.

We have:

- Welcomed two co-opted members, and a young person to our board (current resident) through our 'Get on Board' initiative.
- Successfully delivered against our Operations Service Improvement Plan
- Completed and responded positively to our Staff Survey.
- Completed our Finance Audit signed off and agreed our Accounts for the Year to March 2023 which reported a surplus of £660k for the year.
- Introduced new Healthcare Benefit packages for Employees.
- Been able to offer a 9% Average Pay Increase for our valued staff which has been very much welcomed.
- Successfully recruited to some of our key roles including the Director of Operations, Head of PR, Comms and Engagement, Health and Safety Manager and our HR Manager as well as many others.

Importantly over the last year, despite the challenges the external landscape has brought with it, we have remained focused and driven and this has been a testimony to trustees who have led by example, continued to remain professional and governed to ensure we achieve positive outcomes. We have also continued to ensure that the ethos of our organisation continues to build on the legacy of George Williams by ensuring that we place God at the centre of all we do.

The Board of Trustees are looking forward to seeing what next year brings and the impact we will continue to have on our service users, our stakeholders and the communities we serve.

Thank you to everyone who has made this year's annual report one that speaks volumes about the work we continue to do and the individual lives we continue to impact for the better.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Statement of Public Benefit

The Trustees consider they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

In the year under review the Association worked across three main service areas which provided benefit not only to our service users but also to the wider community. We work with people from all social and ethnic backgrounds and provide services in the cities of Birmingham and Coventry and the boroughs of Solihull and Rugby, focussing on inspiring people to reach their potential.

During the year, we provided 264 bed spaces of supported accommodation each night. These properties provide supported housing to vulnerable and disadvantaged groups. We work with people to provide skills and confidence to move towards independent living and to begin contributing to the wider community. In addition, we provided 66 bed spaces of move-on general needs for people who no longer require support. These are let at below market rents.

Financial Review

Statement of Comprehensive Income

Overall income increased this year by 21%. The variance is due to a combination of factors, including a 7% rent increase, as well as increases in our Service Charges and the completion of our new development of 27 units at Northfield, Mary Court.

Operating costs increased by 12% compared to the previous year. This was mainly due to a combination of increased maintenance and service chargeable costs within the housing schemes, with added inflationary costs due to the general rise in prices, alongside additional settlement and recruitment costs due to changes within the organisation. Also, after retaining Billy Bears Nursery and initially receiving an Inadequate Ofsted report, a lot of work was done to improve this section, resulting in a Good rating at the follow up inspection.

The year saw the completion of our new development in Northfield, Mary Court. This includes 27 new units and was opened in January 2024. The increased revenue from this development will start to be fully realised during the next financial year.

The Youth and Communities section of the organisation have all been facing financial challenges through the year, which saw some operational changes implemented towards the end of the year. This should bring a turnaround in the performance for this area. Included in this is a partnership which has commenced with 2MuchPassion. From March 2024, Eden Café will be run in partnership with 2MuchPassion, which will generate a guaranteed rental revenue scheme for YMCA Heart of England.

Interest costs has increased by 137% compared to last year due to the increase in Bank of England base rate, alongside the full drawdown of the loans with Unity Bank, which were required for the completion of the development at Northfield.

Statement of Financial Position

Growth in asset base

Intangible Assets have reduced due to the continued depreciation of the assets held. Included in the asset base is the cost of the new CRM software. The CRM software is an asset for the organisation because it will help to streamline activities and improve reporting. Once the software is fully implemented, the organisation expects to see savings in administrative costs and improved reporting. This is expected to be in use across the organisation by June 2024.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The total value of housing assets increased by 14% compared to the previous year and other assets went down by 4%. The development of Mary Court in Northfield is now complete and opened in January 2024. The site provides another 27 units. Due to the previous contractor going into Liquidation, this development has faced several challenges and delays, but with help from a loan from Unity Bank, the property is now fully operational.

We continue to deliver an ambitious development programme while maintaining a resilient balance sheet.

Liquidity

Creditors within one year has decreased by 8%, this is mainly due to a reduction in the value of trade creditors following the completion of the development of Northfield, which included large valuation payments.

Our debt held has increased by 68% due to the drawdown of the loan with Unity Bank, needed to fund the Northfield development. The loan debt at year end stood £6.478m.

Total Reserves

Income and expenditure have increased due to a good performance this year. A focus on the organisation's core services has helped to improve its financial performance. The organisation has been able to increase its revenue reserves and to improve its financial stability, and areas of concern have been highlighted and measures taken to improve the financial performance in these sections going forward.

The board recognises that the economy is currently difficult. The ongoing war in Ukraine, the cost-of-living issues, and inflation have all had a negative impact on the economy. The board is aware of the challenges that these factors are creating charities, and it is committed to managing the organisations finances.

The board are working to build its organisation's cash reserves and currently working to build its cash reserve to 3 to 6 months of forecast annual cash flow.

The development of Northfield was a major project for the organisation. The project is finally complete, and the board is confident that it will be a success. The project is expected to generate long-term revenue for the organisation.

Since the year end, YMCA Heart of England has agreed the purchase of the Orchard building from Clarion Housing for an amount of £4m. The purchase will take place during the 2024/25 financial year and will be funded by both reserves and a bank loan. Agreement has been reached with Charity Bank for the bank loan, with terms to be signed off by the board in due course.

Pension Costs

Heart of England 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 last triennial valuation of the scheme was performed on 1 May 2023. This has shown that the pension recovery could be reduced by 2 years.

YMCA Heart of England deficit decreased to £103,041 from £201,919 last year.

Bank

Bank balances at the year-end stood at £2.2m (2023 £1.2m) and the cash flow forecasts for 2024/25 allow for a potential substantial payment from reserves towards the acquisition of The Orchard property.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Immediate Operating Environment

From April 2024, we continue to ensure that the Association has strong liquidity and that committed bank facilities will remain available and that the value of charged security continues to meet loan asset cover requirements.

We know that the impact COVID-19 coupled with impact of the war in Ukraine, financial issues at Birmingham City Council and inflation have made the operating environment more difficult and places more stress on external funding. Our Boards focus has been on Liquidity during this reporting year and will continue to do so.

Value for Money Statement

YMCA Heart of England is at the forefront of homeless prevention and alleviation in Birmingham, Coventry and Rugby. These activities have come under increasing pressure through the combination of funding cuts, the social housing rent reduction policy and the inevitable rise in homelessness and rough sleeping. This means our resources need to be managed efficiently so we can support as many people as possible. Our annual budget planning process includes scrutiny of each service, staffing complement and associated costs to ensure that our resources are focused on delivering the highest quality of services to our residents that we can realistically afford.

The same level of scrutiny is applied for our other services: nursery provision, conferencing and our youth work. Each area is monitored regularly at subcommittee level in respect of social and financial outcomes to ensure that we continue to deliver the highest quality can within the resources available. In addition, where funding is received from grant giving bodies (e.g. the Youth Investment Fund) our spending plans are subject to external scrutiny to ensure that they deliver value for money.

We are reporting on the Regulator of Social Housing (RSH) Value for Money standard and accompanying code of practice. The standard requires us to publish performance against our own value for money targets and against a series of common metrics with which to measure economy, efficiency and effectiveness.

The purpose of the Value for Money approach is to:

- Continue to drive improvements in VFM within the social housing sector
- Ensure a strategic approach to delivering VFM is embedded within the business
- Encourage investing in existing homes and new housing supply
- Enhance the consistency, comparability and transparency of VFM reporting.

We set out below a comparison between this year and last on our performance. Additionally, we have compared our performance to the National Housing Federation Sector Scorecard using the median.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION
REPORT OF THE TRUSTEES
(incorporating the Strategic Report)

Regulatory Metrics

RSH Metric	2023/24	2022/23	Sector Scorecard National Federation (Median)
1. Reinvestment %	12.5	9.3	5.7
2. New supply delivered	27	6	1.2
3. Gearing %	18.2	13.1	35.8
4. EBITDA MRI interest cover %	460.0	672.5	181.9
5. Social housing cost per unit £	12,672	12,100	4,230
6A. Operating margin (social housing) %	23.2	13.1	22.2
6B. Operating Margin (overall) %	15.0	11.1	20.2
7. Return on Capital Employed %	6.3	4.2	2.8

1. Reinvestment %

We recognise there is a backlog of unmet housing need, and our strategy is to increase our stock each year where possible. This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. This year after drawing down our loan with Unity Trust Bank we were able to complete our development at Northfield.

2. New supply delivered %

The focus for the future is reinvestment in existing housing stock to ensure it is fit for purpose for the coming decades as well as increasing our housing stock to support individuals and families. We continue to see unprecedented levels of external change and all political parties believe more homes need to be built in the coming years.

This year we successfully increased our stock by 27 extra units after completing the Northfield Development, which opened in January 2024, with additional schemes being actively pursued as we look to maximise use of our available resources for the benefit of the wider community we serve.

3. Gearing %

This represents our net debt to lenders as a percentage of the total cost of our housing properties. We have been successful in working with Homes England and other partners to keep borrowing as low as possible. Whilst this ratio remains low, we understand to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our lenders and funders. The loan with Unity Bank was utilised this year.

4. EBITDA MRI Interest Cover %

This represents the level of surplus compared to the interest payable. The decrease this year was due to the new loan being utilised, leading to increased Interest payments.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

5. Headline social cost per unit

This represents social housing costs divided by total units owned and managed. Like other providers we have spent a lot of time analysing our cost per unit. Our strategic aim is for our headline social cost per unit to reduce each year. We recognise there is more to do, and our aim is to avoid spending time and money on undertaking repairs where this could have been avoided. Our Asset Management team are improving their working models to ensure they analyse and look for properties with signs of neglect and linking this to the planned maintenance schedules.

6A. Operating margin (social housing lettings only) %

This represents operating surplus from social housing lettings divided by turnover from social housing lettings. The Operating margin for social housing lettings increased from 13.1 to 23.2 compared to the previous year. This is largely to do with increased revenue generated by rents and service charge as well as maintaining efficient control of cost levels. The organisation has implemented a number of initiatives to improve its cost management, including tracking spend closely, standardising its procurement processes, negotiating better prices with contractors.

6B. Operating margin (overall) %

Overall operating Margin increased from 11.1 to 15.0 largely to do with increased revenues and overall improvement in cost control and improved management of bad debts.

Bad debts, void loss and current tenant arrears are key performance indicators in assessing efficiency and we monitor this monthly. Our aim is to reduce costs and deliver VFM efficiencies and using all our surplus to build more homes.

7. Return on capital employed %

This compares the overall operating surplus to total assets less current liabilities. The level of return is higher compared to the previous year; this is due additional units at Northfield which has increased our asset value.

Principal risks and uncertainties

New, emerging and high scoring risks are monitored through a Strategic and Operational Risk Register. The Executive Directors keep the register under review to ensure it fully reflects the risks to the delivery of YMCA Heart of England operations and Strategic Plan. Designated Managers are responsible for identified risk area and the Company Secretary oversees the progress against actions to mitigate risks.

The Board has also adopted a risk appetite which sets out the nature of levels of risk YMCA Heart of England are prepared to take to achieve our strategic objectives. Performance against this is being worked, facilitated through the use of metrics to enable the Board and committees to assess whether performance remains within the risk appetite parameters.

The Chief Executive reports to the Board on the effectiveness of the internal control environment.

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic post -pandemic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

	Risks	Risk responses	
	Risks	Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	- Treasury management strategy monitoring - Monitoring liquidity risk - Regular stress testing - Monitoring the metrics that are used for financial risk. - Income collection and arrears performance monitoring	- Implementation of income maximisation strategy - Establishment of sustainable finance framework - Key Performance indicators reported to the Executive Team monthly and Board bi monthly. - Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.
2	Reputational damage due to bad publicity	Independent internal review of all incidents	Monitor and seek professional advice. Regular internal review.
3	Changes in the external funding environment e.g. Local Authority Commissioning coming under tougher budgets, scrutiny and/or delays.	- Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure - Better information management and tracking	Keep up to date with current affairs, feedback on local, regional, and national guidance around Housing key priorities.
4	Responsibilities on becoming an Environmental and sustainably Employer and meet the Government Environmental Policy	- Promote responsibility for the environment and communicate and implement policy to workforce - Minimise waste by reduction, re-use and recycling methods - Identify and provide appropriate training , advice and information for staff and encourage them to develop new ideas and initiatives.	- Implementation of training programme to all staff. - Comply with all relevant environmental legislation/regulation.
5	Recruitment & Retention of staff, attract and retain people with the skills and experience required to deliver strategic plan. Avoiding the cost of not getting it right first time	Independent benchmarking of executive and senior managers salaries. Gender pays gap data, job evaluation and external benchmarking, monitoring of changes to staff establishment and turnover	Develop of employer brand, Develop of resource strategy, Development of hybrid working model, management development and coaching,
6	Development Risk / length of time to develop schemes	Review current and future development projects with a view to only spend time on developments that are most likely to crystallise.	Focus on Northfield and sweating the assets
7	YMCA Heart of England does not meet its Health and Safety obligations as a landlord, employer, developer, and provider of social care	- Specialist team in place with subject experts embedded across the business - KPI monitored by the Board and committees - Compliance issues monitored by the Board - Oversight of activity by Director of Asset and Development - Management Plans in place for key risk areas e.g fire, asbestos etc.	- Implementation of compliance modules across all asset compliance activities. - Further development of the suite of KPIs - Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.
8	Increase in housing arrears due to cost of living and increase in energy prices	- Treasury management strategy monitoring - Monitor on weekly basis; work with tenants and the local authority.	Improve relationship with Housing Benefits team, reduce cash payments and encourage standing orders or re-occurring payments by credit cards.
9	Investment decisions do not give appropriate weight to competing strategic agendas, e.g. environment, safety, growth digitalisation.	Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy	Mapping procurement methodology, timing of delivery and location of new homes in the period 2022-2025. Maintaining and understanding of the market for Land and S106 (Legal agreements between local authorities and developers) and investment strategy in Digitalisation
10	Resilience of IT Systems to cyber attacks	Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber-attack.	Implement additional security systems and security. Implement regular assessment of internal controls independent from the IT and Business Development. Audits on Data by Risk Evolves, External Audit on IT environment.
11	Customer insight is not embedded in business design and service review process	Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction	Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Going Concern and Viability Statements

In assessing viability, the Board considered several key factors, including business models, our strategy, and risk appetite. Our assessment of viability therefore continues to align with a 5-year outlook.

The Board has assessed the organisations viability and have reasonable expectation of being able to continue the operation for the foreseeable future. The Board's focus following Covid-19 is to place a stronger emphasis on liquidity and solvency and ensuring that the Association has adequate resources to continue in operation, meet its liabilities as they fall due, and retain sufficient available cash across all two years without breaching any loan covenant.

The board have considered the number of challenges effected the housing sector and the contributing factors starting with Covid-19 pandemic, the war in Ukraine with rising energy prices and supply chain disruptions coupled with an increase in inflation and interest rates. These challenges are having a significant impact on our residents, many of whom are struggling with necessities.

We are taking a number of steps to address these challenges. Regular stress testing is performed on the Association and different scenarios and sensitivities have been reviewed on the Association's projected cashflow position and financial covenant. We also considered increase in rent arrears and bad debt. Should these occur, we have identified the limit for financial viability.

We are also working with the government to secure funding to support residents and reducing the essential development work and capital repairs.

The Board are satisfied the business model and strategy is adaptable with minimum risk on liquidity and solvency.

We have taken a series of steps to strengthen the Association's liquidity and increase the resilience of the balance sheet.

We are also looking to the future. The provision of social housing has vital part to play in the government's response to this crisis and they have already announced significant sums of money to help boost social housing supply and end rough sleeping for good. The delivery of more social housing is one of the key strategic objectives in YMCA Heart of England's new strategic plan and we are already in discussions with local councils in our area of benefit with a view to securing some of the recently announced government money for investment in social housing.

The Board of Directors has recognised the immense potential and importance of supporting young people in the wider community. We firmly believe that by empowering and nurturing the next generation, we can create a positive impact and shape a brighter future. To achieve this, we are committed and will be investing in Youth next year.

Reserves Policy

The Finance Sub-Committee, on behalf of the Board of Trustees, conducts an ongoing review of the level of reserves consistent with ongoing activities of the Charity. The trustees are taking into consideration the economic environment and risks associated with the various sources of income, expenditure plans and what level of working capital is required to continue core activities. The reserve policy is considered every quarter in line with the quarterly accounts.

We use a rolling five-year forecast to model how we will fund the delivery of our strategy.

HEART OF ENGLAND YOUNG MEN’S CHRISTIAN ASSOCIATION
REPORT OF THE TRUSTEES
(incorporating the Strategic Report)

We monitor managed cash which includes all amounts available to finance the general activities net of any financing agreements. The trustees have agreed that managed operating cash should exceed a minimum of three months to six months annualised forecast cash outflow.

Financial performance and forecast information is monitored monthly to assess the cash requirements of the Charity. The reserve policy is considered and monitored every quarter.

Our Reserve Policy is set to take into consideration:

- Income risk reserve to protect the charity against a fall in income levels
- Working capital reserve to provide working capital if expenditure is needed ahead of income being received
- Designated reserves set aside to meet essential future spending and unplanned emergency repairs and other expenditure.
- Level of funding for unexpected opportunities

As we are approaching the remainder of the year with caution and with cost of living issues remaining, as well as interest rate movement uncertainty, our target has been met but with room for improvement.

Our Cash Reserves measured as at 31 March 2024

	2024
Cash Balance as at 31 st March 2024	£2,234M
Managed Cash outflow based on 12 months forecast to the period ending March 2025	£5,734M
Divide by 12 (£5,734M divide by 12)	£477k
Months of annualised forecast of cash (£2,234M divide by £477K)	4.68 months

It is to be noted that the forecast cash outflow for the period ending March 2025 detailed above does not include the potential outflow for the purchase of The Orchard property. While our cash reserves are at a relatively higher level at March 2024, due to the expected funding requirements for the purchase of The Orchard property and other infrastructure investments, there is likely to be some dip in this in the near future.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

CORPORATE GOVERNANCE

We are committed to the principles of Good Governance. The trustees adopt the National Housing Federation's (NHF) 2020 code of governance to measure good governance practices as well as the Charity Governance Code.

Delegation and control

The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers. The board has not recently reviewed its delegated powers but intends to do so in the forthcoming year and is in the process of pulling together a scheme of delegation.

The board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.

At the moment salaries are the only area where we benchmark. (We co-ordinate production of a biennial YMCA salary survey.) We are currently working with YMCA colleagues across the region to produce comparative data for operational performance.

Actively managing risks

The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.

The board regularly reviews the charity's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.

The charity considers using a Governance Committee to lead the board appointment process and to make recommendations to the board. This will include a policy for training and inducting new trustees.

The board reviews its own performance and that of individual trustees, including the chair. Such evaluation typically considers the board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.

The board reviews its collective effectiveness at an annual board away day. This discipline has continued throughout the current pandemic. However, we have not previously reviewed the performance of trustees on an individual basis, this has been introduced through a robust skills and competency matrix and will be reviewed by trustees in the current financial year.

Notwithstanding this, the Association considers itself to have high standards of governance. The policies of the Charity are determined by the Board of Trustees, which meets bi-monthly. The Charity's operations are managed by the Chief Executive, who reports to the Board of Trustees. The Charity has a system of internal controls designed to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud or error. The system includes corporate controls over income and budget comparison, proper supervision and delegation including operational and financial review procedures, limitation on the spending power of individuals and control over the Charity's assets. The internal controls are subject to regular review and are updated to take account of organisational and operational changes. There are four sub-committees that meet bi-monthly on matters of housing, finance, development and social enterprise.

A review of governance structures was undertaken in the year under review. This has already resulted in improved performance reporting to trustees through the Association's operational committees. In the current year it will also lead to the overhauling of the Key Performance Indicators against which officers' performance is assessed.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Key Management and Remuneration

There were five Executive Directors and one Chief Executive of the Association during the year under review. They were:

- Pauline Tomlinson – Chief Executive
- Fawzia Radman – Director of Finance and Corporate Services – Left the Business April 2024
- Daljeet Matharu – Director of Assets and Development – Left the Business in August 2023
- Tom Jackson – Director of Operations
- Carol Probyn – Director of People and Culture – Left the Business in June 2023

The changes within the Executive team saw the role of Director of Operations introduced to cover the areas which were previously overseen by the Director of Housing and Director of Assets and Development. The responsibilities of the Director of People and Culture moved into the remit of the Director of Finance and Corporate Services.

The Association's policy is to review salaries annually as part of the budget setting process. This may result in a cost of living pay increase being awarded to all employees. The Association's policy is that any amendment to the salary level of an individual employee or group of employees beyond the annual cost of living increase must be recommended by the appropriate departmental director and authorised by the Director of Finance and Chief Executive.

The remuneration of Executive Directors is set by the Chief Executive, bearing in mind salaries for similar roles at comparable organisations, including other YMCAs within the region. Any amendment to the salary of an executive director beyond the annual cost of living increase must be recommended by the Chief Executive and authorised by the Treasurer and the Chair.

The remuneration of the Chief Executive is set by the Board. In considering the appropriate remuneration level they will look at salaries for comparable organisations, especially other YMCAs within the region. This is considered alongside other factors, such as the size and complexity of the Association's operations, and the affordability of any remuneration package to the Association.

All staff and trustees are required to declare any conflict of interest that may exist (or be perceived to exist) before recommending or authorising any amendment to an employee's remuneration.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees 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 its income and expenditure for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).
- make judgements and estimates that are reasonable and prudent;

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION
REPORT OF THE TRUSTEES
(incorporating the Strategic Report)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The Trustees are 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

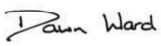
- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITORS

Under section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

By order of the Board

DocuSigned by:

3D6133A0D504495...
Dawn Ward
Chair and Trustee

2nd September 2024

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association

Opinion

We have audited the financial statements of Heart of England Young Men's Christian Association for the year ended 31 March 2024 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024, and of the Association'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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

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 Association 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 Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the strategic report).

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association'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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of Trustees' responsibilities set out on page 15 and 16, the Trustees 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 board 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 Board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Our assessment focussed on key laws and regulations the Association 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 Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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 Association and how the association is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Association's control environment and how the Association has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Association'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 non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins
Senior Statutory Auditor

For and on behalf of

Cooper Parry Group Limited
Statutory Auditors
Cubo Birmingham
Office 401
Two Chamberlain Square
B3 3AX

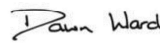
03 September 2024

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Total Comprehensive Income for the year ended 31 March 2024

	Note	2024 Total	2023 Total
		£	£
Turnover			
Underlying Operations	3a	7,141,191	5,923,264
Other Income	26	<u>40,053</u>	<u>-</u>
		7,181,244	5,923,264
Operating costs	3a	<u>(5,717,333)</u>	<u>(5,097,071)</u>
Operating Surplus	5	1,463,911	826,193
Interest & financing costs	6 & 7	<u>(392,917)</u>	<u>(165,954)</u>
Surplus/(deficit) for the year before tax		1,070,994	660,239
Taxation		<u>-</u>	<u>-</u>
Surplus/ (Deficit) for the year		<u>1,070,994</u>	<u>660,239</u>
Total comprehensive income for the year		<u>1,070,994</u>	<u>660,239</u>

The Financial Statements were approved by the Board on 2nd September 2024 and signed on their behalf by:

DocuSigned by:

 3D6133A0D504495...
 Dawn Ward CBE
 Chair and Trustee

Signed by:

 B238EFDC6CD34A8...
 Everton Burke Esq., OBE
 Vice Chair and Trustee

The accompanying notes on page 25 to 45 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Changes in Reserves for the year ended 31 March 2024

	Income and expenditure reserve £	Restricted Reserve £	Revaluation reserve £	Total £
Balance as at 1 April 2022	3,493,242	982,763	408,218	4,884,223
Surplus / (deficit) from statement of comprehensive income	660,239	-	-	660,239
Movement in Revaluation Reserve	(4,200)	-	4,200	-
Movement in Restricted Reserve	982,763	(982,763)	-	-
Balance at 31 March 2023	5,132,044	-	412,418	5,544,462
Surplus / (deficit) from statement of comprehensive income	1,030,942	40,053	-	1,070,994
Movement in Restricted Reserve	40,053	(40,053)	-	-
Movement in Revaluation Reserve	(4,200)	-	4,200	-
Balance at 31 March 2024	6,198,838	-	416,618	6,615,456

The accompanying notes on page 25 to 45 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Financial Position

At 31 March 2024

Company No. 00170981

	Note	2024 £	2023 £
Fixed Assets			
Intangible assets and goodwill	10	118,950	167,958
Tangible fixed assets - Housing Properties	11	20,125,352	17,625,914
Tangible fixed assets - Other Fixed Assets	12	<u>1,642,404</u>	<u>1,716,519</u>
		21,886,706	19,510,391
Current Assets			
Trade and other debtors	13	392,467	271,019
Cash and cash equivalents		<u>2,233,805</u>	<u>1,180,480</u>
		2,626,272	1,451,499
Creditors: Amounts falling due within one year	14	<u>(1,299,480)</u>	<u>(1,406,705)</u>
Net current assets		<u>1,326,792</u>	<u>44,794</u>
Total assets less current liabilities		23,213,498	19,555,185
Creditors: Amounts falling due after more than one year	15	(16,466,033)	(13,767,213)
Provisions for liabilities			
Other provisions	18	(132,009)	(243,510)
Total net assets		<u>6,615,456</u>	<u>5,544,462</u>
Reserves			
Income and expenditure reserve		6,198,838	5,132,044
Revaluation reserve		416,618	412,418
Restricted reserve		-	0
Total Reserves		<u>6,615,456</u>	<u>5,544,462</u>

The accompanying notes on page 25 to 45 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Statement of Cash Flows

	Note	2024 £	2023 £
Net cash generated from operating activities	20	1,432,769	1,396,997
Cash flow from investing activities			
Net purchase of tangible fixed assets	11 & 12	(2,959,921)	(1,935,138)
Purchase of intangible fixed assets	10	(11,214)	(180,155)
Grants received		371,250	
Interest received	6	304	-
		(2,599,581)	(2,115,293)
Cashflow from financing activities			
Interest paid	7	(390,520)	(163,254)
New Secured Bonds and Loans		2,722,500	643,500
Repayments of borrowings		(111,843)	(365,897)
		2,220,137	114,349
Net change in cash and cash equivalents		1,053,325	(603,948)
Cash and cash equivalents at beginning of the year		1,180,480	1,784,428
Cash and cash equivalents at end of the year		2,233,805	1,180,480

The accompanying notes on page 25 to 45 form part of these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements

1. Legal Status

Heart of England YMCA is a private company limited by guarantee in the UK, registered under the Companies Act 2006, an English registered social housing provider and a registered charity.

The address of the registered office is given in the information on page 2 of these financial statements.

The principal activities of Heart of England YMCA are set out in the Report of the Trustees.

Heart of England YMCA is a public benefit entity as defined by FRS 102.

2. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice standards (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018, and comply with the Accounting Direction for Registered Providers of Social Housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of Heart of England YMCA, and rounded to the nearest whole £1.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

Turnover

Turnover represents rental and service charges income receivable, net of void losses in the year, revenue grants receivable from local authorities and income from social enterprise activities.

Other Income

Interest receivable and investment income is accrued on a time apportioned basis by reference to the principal outstanding at the effective interest rate.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that Heart of England YMCA will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England.

Other Grants

Grants received from non-Government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Taxation

Heart of England YMCA is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Value Added Tax (VAT)

The majority of the expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the income is exempt from VAT, the Association charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Association is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs.

The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HMRC. The balance of VAT payable or recoverable at the year-end is included as a current liability or a current asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to income and expenditure in the year.

Leases

All leases are operating leases, and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Heart of England YMCA runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Heart of England YMCA is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined Contribution Plan

Heart of England YMCA offers two pension schemes to all of its employees.

The People's Pension which is our default scheme on Auto-Enrolment offering contributions made on a salary sacrifice basis. This scheme auto-enrols employees on a 3% contribution rate which is matched by Heart of England YMCA.

The YMCA Personal pension scheme. This scheme allows contributions between 3% and 8% which is also matched by Heart of England YMCA on a salary sacrifice basis.

Defined Benefit Plan

Heart of England 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. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

As described in note 17, Heart of England YMCA has a contractual obligation to make pension deficit payments of £37,085 per annum over the period to April 2027 (2023: £42,830 pa to April 2029), accordingly this is shown as a liability in these accounts. In addition, Heart of England YMCA is required to contribute £11,820 (2023: £11,596) to the operating expenses of the Pension Plan and these costs are charged as paid.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Association recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Provision is made for any impairment.

Depreciation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is five years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of 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 Association depreciates the major components of its housing properties based on the following:

Building Components	Years	Building Components	Years
Structure	50 / 100	Central Heating	30
Windows	30	Boilers	15
Kitchen	20	Roof	60
Bathroom	30	Environmental Works	30
Electrical and Mechanical	10 / 40		

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Freehold Premises	50
ICT Hardware	4
Fixtures & Fittings	10

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Reserves

Income and Expenditure Reserve

Income and Expenditure Reserves are unrestricted reserves and represent surpluses generated from operating activities.

Designated Reserve

These funds are those unrestricted funds which have been set aside by trustees for an essential spend or future purpose. These funds form part of unrestricted Income and Expenditure reserve. Generally, these funds cover the replacing or improvement of the charity's assets.

Restricted Reserve

Restricted Reserves are tied to a particular purpose. These funds are specified by a third party and impose terms and conditions stipulating the funding must be spent on a particular purpose.

Revaluation Reserve

A revaluation reserve is a noncash reserve and created to reflect the true value of the asset representing the deemed cost of housing properties on transition to FRS102.

Critical areas of judgement and accounting estimates

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Pension Liability**

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as rates of inflation, mortality, discount rate and salary increases. These assumptions have the ability to influence the value of the liability. These assumptions are based on the actuarial advice.

- **Bad Debt Provision**

Assumptions between budgetary and debt provisions are assumed. These assumptions include estimation of uncertainty against future recognition of certain accounts receivable as being uncollected.

- **Leases**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Heart of England YMCA.

- **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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

2024			
	Turnover	Operating expenditure	Operating Surplus /(Deficit)
	£	£	£
Social housing lettings	6,381,770	(4,899,435)	1,482,335
Other social housing activities			
Charges for support services	99,422	(15,134)	84,288
Other social housing	73,512	(14,029)	59,483
	172,934	(29,163)	143,771
Activities other than Social Housing			
Amortised government grants	2,813	-	2,813
Childrens services	271,967	(330,551)	(58,584)
Conferencing services, Youth and café	300,551	(458,184)	(157,633)
Other non social housing	11,156	-	11,156
	586,487	(788,735)	(202,248)
	7,141,191	(5,717,333)	1,423,858

2023			
	Turnover	Operating expenditure	Operating Surplus /(Deficit)
	£	£	£
Social housing lettings	5,057,722	(4,393,578)	664,144
Other social housing activities			
Charges for support services	116,945	(5,057)	111,888
Other social housing	29,310	(1,267)	28,043
	146,255	(6,324)	139,931
Activities other than Social Housing			
Amortised government grants	2,813	-	2,813
Childrens services	331,116	(252,677)	78,439
Training and conferencing services and café	332,298	(444,492)	(112,194)
Other non social housing	53,060	-	53,060
	719,287	(697,169)	22,118
	5,923,264	(5,097,071)	826,193

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

3b. Particulars of income and expenditure from social housing lettings

	2024		2023
	General needs housing £	Total £	Total £
Rent receivable net of identifiable service charges	6,162,786	6,162,786	4,838,738
Amortised government grants	218,984	218,984	218,984
Turnover from social housing lettings	6,381,770	6,381,770	5,057,722
Management	1,837,293	1,837,293	828,698
Service charge costs	2,025,113	2,025,113	2,382,701
Routine maintenance	543,016	543,016	854,171
Major repairs expenditure	29,799	29,799	-
Bad debts	97,337	97,337	(5,041)
Depreciation of housing properties	366,877	366,877	333,049
Operating expenditure on social housing lettings	4,899,435	4,899,435	4,393,578
Operating surplus on social housing lettings	1,482,335	1,482,335	664,144
Void losses	(86,629)	(86,629)	(162,656)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2024 Number	2023 Number
Social Housing		
General Housing		
Social Rent	234	220
Total Owned	234	220
Units managed on behalf of other organisations		
General needs	116	116
Total Managed	350	336
Accommodation in development at year end	-	27

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

5. Operating Surplus

The operating surplus is arrived at after charging / (crediting):

	2024	2023
	£	£
Release of deferred capital grant	(250,072)	(250,072)
Provision of Bad Debts	31,747	(40,564)
Amortisation of intangible fixed assets (per note 10)	60,222	55,279
Depreciation of housing properties (per note 11)	367,257	333,473
Depreciation of other tangible fixed assets (per note 12)	167,340	151,239
Operating lease rentals:		
external management charges	444,510	460,463
vehicles and equipment	-	8,654
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements (excluding VAT)	23,000	21,000
Total audit services	23,000	21,000
Tax compliance services	-	-
Total non-audit services	-	-

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

6. Interest receivable and similar income

	2024 £	2023 £
Interest receivable and similar income	304	-
	<u>304</u>	<u>-</u>

7. Interest and financing costs

	2024 £	2023 £
Net interest payable YMCA Pension Fund	-	7,350
Bank interest	390,520	155,904
Amortisation of issue costs	2,700	2,700
	<u>393,220</u>	<u>165,954</u>

8. Employees

Average monthly number of employees employed in the year were:

	2024 No.	2023 No.
Housing and support activities	60	57
Nurseries	10	10
Maintenance	3	4
Learning & Communities	7	13
Management and administration	11	12
	<u>91</u>	<u>96</u>

The number of staff who were paid more than £60,000 in the year (including Executive Directors) were:

	2024 No.	2023 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-

Employee costs during the year were as follows:

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

	2024	2023
	£	£
Employee Costs:		
Wages and salaries	2,493,583	2,205,256
Social security costs	199,640	187,599
Pension costs	49,476	40,035
Life assurance costs	14,693	12,238
	<u>2,757,392</u>	<u>2,445,128</u>

Included within Wages and Salaries are staff redundancy and settlement costs of £132,802 (2023: £10,352).

9. Key management personnel

The key management personnel are defined for the purpose of this note as the Members of the Board and Executive Directors of the Association, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2022.

The aggregate remuneration for key management personnel charged in the year is:

	2024	2023
	£	£
Wages & Salaries	255,563	292,309
Benefits in kind	10,956	9,000
Employers NIC	27,699	35,189
Pension contributions	9,094	12,134
Settlements	<u>108,355</u>	<u>-</u>
	<u>411,667</u>	<u>348,632</u>

Settlement costs include amounts both paid in the year, and those accrued at year end, to be paid in the following financial year.

The Chief Executive is an ordinary member of the Association's pension scheme. No enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The number of Executive Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2023: 1).

None of the Board Members received emoluments. The emoluments of the highest paid Executive Director, the Chief Executive, are shown below:

	2024	2023
	£	£
Highest Paid Director		
Remuneration	76,319	73,840
Benefits in kind	4,500	4,500
Pension contributions	<u>2,425</u>	<u>2,350</u>
	<u>83,244</u>	<u>80,690</u>

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

10. Intangible Fixed Assets

	IT Software £	Total £
Cost		
At 1 April 2023	338,532	338,532
Additions	11,214	11,214
At 31 March 2024	349,746	349,746
Amortisation		
At 1 April 2023	170,574	170,574
Charged in the year	60,222	60,222
At 31 March 2024	230,796	230,796
Net book value		
At 31 March 2024	118,950	118,950
At 31 March 2023	167,958	167,958

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

11. Fixed Assets – housing properties

	Social housing properties held for letting	Social housing properties held for letting	Housing properties for letting under construction	Total housing properties
	Freehold	Long Leasehold		
Cost	£	£	£	£
At 1 April 2023	15,640,988	630,406	4,149,613	20,421,007
Additions	-	-	2,901,722	2,901,722
Transfers	5,908,423	6,511	(5,949,959)	(35,025)
Disposals	-	-	-	-
At 31 March 2024	21,549,411	636,917	1,101,376	23,287,704
Depreciation and impairment				
At 1 April 2023	2,580,349	214,745	-	2,795,094
Depreciation charged in year	353,355	13,902	-	367,257
At 31 March 2024	2,933,704	228,647	-	3,162,351
Net book value				
At 31 March 2024	18,615,707	408,270	1,101,376	20,125,353
At 31 March 2023	13,060,639	415,661	4,149,613	17,625,914

The existing charges held with Charity Bank are on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street.

The Association also has a new loan with Unity Trust Bank for a loan value of £3.4M, which has now been fully drawn down. The loan with Unity Trust Bank is secured against 200 Bunbury Road, Endeavour Ct, St Margaret's and Bishopsgate.

Heart of England Community Foundation also hold charges against 200 Bunbury Road.

Housing properties book value net of depreciation comprises

	2024	2023
	£	£
Freehold land and buildings	19,717,082	17,210,252
Long Leasehold land and buildings	408,270	415,661
	20,125,352	17,625,913

Expenditure on works to existing properties

	2024	2023
Amounts charged to income and expenditure	397,550	466,985
	397,550	466,985

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

Note 11. Fixed Assets – housing properties (continued)

Social housing assistance

	2024 £	2023 £
Total accumulated social housing grant received or receivable at 31 March:	7,465,820	7,094,570
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,709,761
Recognised in the Statement of Comprehensive Income	(1,320,003)	(1,069,931)
Held as deferred Income	<u>7,855,578</u>	<u>7,734,400</u>

Finance costs

	2024 £	2023 £
Aggregate amount of finance costs included in the cost of housing properties	49,454	49,454
	<u>49,454</u>	<u>49,454</u>

Impairment

The Association considers individual schemes to be separate Cash Generating Units (CGU) when assessed for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. Where this is not possible, individual homes are considered as separate CGUs for the assessment of impairment.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets – Other

	Freehold Premises £	Fixtures and Fittings £	ICT Hardware £	Motor Vehicles £	Total £
Cost					
At 1 April 2023	1,619,691	1,438,115	304,615	24,502	3,386,923
Additions	-	11,902	46,298	-	58,200
Transfers	23,151	11,874	-	-	35,025
At 31 March 2024	1,642,842	1,461,891	350,913	24,502	3,480,148
Depreciation					
At 1 April 2023	218,596	1,174,470	252,836	24,502	1,670,404
Charged in the year	41,045	71,684	54,610	-	167,340
At 31 March 2024	259,641	1,246,154	307,447	24,502	1,837,744
Net book value					
At 31 March 2024	1,383,201	215,737	43,466	-	1,642,404
At 31 March 2023	1,401,095	263,645	51,779	-	1,716,518

13. Debtors

	2024 £	2023 £
Due within one year		
Rent and service charges receivable	599,366	283,111
Prepayments and accrued income	80,131	185,123
	<u>679,497</u>	<u>468,234</u>
Other debtors	30,528	31,779
Less: provision for bad and doubtful debts	(317,558)	(228,994)
	<u>(287,030)</u>	<u>(197,215)</u>
	<u>392,467</u>	<u>271,019</u>

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

14. Creditors: amounts falling due within one year

	2024 £	2023 £
Bank loans (note 16)	138,614	117,968
Trade creditors	89,347	191,643
Rent and service charges received in advance	-	-
Deferred grant income	305,240	290,390
Corporation Tax	-	-
Other taxation and social security	44,453	49,230
Unpaid contributions for retirement benefits	10,728	11,670
Other creditors	94,751	91,538
Credit balances on Arrears less Bad Debt Provision	13,391	37,107
Accruals and deferred income	602,956	617,160
	1,299,480	1,406,705

15. Creditors: amounts falling due after more than one year

	2024 £	2023 £
Bank loans (note 16)	6,340,227	3,747,735
Deferred grant income	10,125,806	10,019,478
	16,466,033	13,767,213

16. Debt Analysis

Due within one year	2024 £	2023 £
Bank loans	138,614	117,968
	138,614	117,968
Due after more than one year		
Bank loans	6,412,400	3,795,107
Less: issue costs	(72,172)	(47,371)
	6,340,228	3,747,736
Total loans	6,478,842	3,865,704

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

16. Debt Analysis (continued)

The Association has a loan facility of £4,000,000 with the Charity Bank and also a £3,400,000 loan facility with Unity Bank, which had the final £2,750,000 drawdown in the year.

The Loan with Charity Bank is for 25 years from the date of the final drawdown and carries an interest rate of 2.25 percent above the Bank of England base rate. The loan is secured on specific charges on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street.

The Loan with Unity Trust is divided into three tranches.

Loan 1 - Amount £250K, term 25 years with an interest rate of 2.25% over Bank of England Base Rate
 Loan 2 - Amount £400k term 10 years with an interest rate of 2.25% over Bank of England Base Rate
 Loan 3 - Amount £2,750M term 25 years with an interest rate of 3% over Bank of England Base Rate

The loan with Unity Trust is secured on specific charges on the following properties

1. 200 Bunbury Road, Northfield, B31 2DL
2. Endeavour Court, 20 Chelmarsh Road, Coventry, CV6 3LB
3. St Margarets Road, Coventry, CV1 2BT
4. Bishopsgate, 20 Aldbourne, Coventry, CV1 4ER

The loans are repayable as below:

	2024	2023
	£	£
Within one year or on demand	138,614	117,968
One year or more but less than two years	165,023	130,176
Two years or more but less than five years	572,085	444,157
Five years or more	5,675,292	3,220,774
	6,551,014	3,913,074
Less: amortised issue costs	(72,172)	(47,372)
	6,478,842	3,865,702

17. Pension obligations

Heart of England 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 Heart of England YMCA and at the year end these were invested in the Mercer Dynamic De-risking Solution, 65% matching portfolio and 35% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2023. 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 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 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.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

17. Pension obligations (continued)

The valuation prepared as at 1 May 2023 showed that the YMCA Pension Plan had a deficit of £9.1 million. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,075 from 1 May 2024, being £3,090 for the deficit contribution payments and £985 for the contributions to the plan expenses. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. Agreed future deficit contributions have been discounted using rate of 5.25% (2023: 3%) The current recovery period is 3 years commencing 1 May 2024.

	Within one year	Repayable one to two years	Two to five years	After five years	After more than one year	Total	Total
	£	£	£	£	£	2024 £	2023 £
As at 31st March 2024	31,676	33,339	38,026		71,365	103,041	201,920
As at 31st March 2023	45,937	48,875	107,108	-	155,983	201,920	245,048

In addition, Heart of England 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 Heart of England YMCA may be called upon to pay in the future.

18. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2023	201,919	41,591	243,510
Utilised / Provided	(98,878)	(12,622)	(111,500)
At 31 March 2024	103,041	28,969	132,010

The YMCA Pension obligation is referred to in note 17. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

19. Share Capital

Heart of England YMCA Limited is a Company Limited by Guarantee. No shares have been issued.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

20. Cash Flow from Operating Activities

	2024 £	2023 £
Surplus/ Deficit for the year (net of transfer to restricted reserves)	1,070,994	660,239
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	534,597	484,712
Amortisation of intangible assets	60,222	55,279
Decrease/ (Increase) in stock	-	-
Decrease/ (Increase) in trade and other debtors	(121,448)	(13,926)
(Decrease)/ Increase in trade and other creditors	(142,941)	323,222
Decrease in provisions	(111,500)	(28,411)
Gain on disposal of property, plant & equipment	-	-
Government grants amortised in the year	(250,071)	(250,072)
Interest payable	393,220	165,954
Interest receivable	(304)	-
Net cash generated from operating activities	1,432,769	1,396,997

21. Capital Commitments

	2024 £	2023 £
Expenditure contracted for but not provided for	-	1,479,986
Expenditure authorised by the board, but not contracted	4,294,044	1,284,101
	4,294,044	2,764,087

The above commitments will be financed primarily through bank borrowings with some contribution from reserves.

22. Contingent assets / liabilities

The Association had no contingent assets at 31 March 2024 (2023: nil).

The Association receives capital grant funding from the Homes and Communities Agency which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Association is required to recycle this grant by crediting a Recycled Capital Grant Fund. As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

Notes to the Financial Statements (continued)

23. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2024	2023
	£	£
Within one year	38,000	6,000
Between two and five years	152,000	-
	<u>190,000</u>	<u>6,000</u>

24. Analysis of Debt

	2023	Cash Flows	2024
	£ 000s	£ 000s	£ 000s
Long-term borrowings	3,748	2,592	6,340
Short-term borrowings	118	20	138
Lease Liabilities	-	-	-
Total Liabilities	<u>3,866</u>	<u>2,612</u>	<u>6,478</u>
Cash and Cash Equivalents	<u>(1,180)</u>	<u>(1,053)</u>	<u>(2,233)</u>
Total Net Debt	<u>2,686</u>	<u>1,559</u>	<u>4,245</u>

25. Related parties

Disclosures in relation to key management personnel are included in note 9.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part. The cost to Heart of England YMCA for the year was £2,634 (2023: £2,765).

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £556 (2023: £986).

One trustee also made unrestricted donations to the Association amounting to £708 in the year (2023: £ NIL)

26. Other Income

	2024	2023
Heart of England Community Foundation restricted grant	40,053	-
Total Other Income	<u>40,053</u>	<u>-</u>

This relates to the Heart of England Grant released relating to Northfield Development of £40,053.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

27. Post Balance Sheet Events

Since the year end, YMCA Heart of England has agreed the purchase of the Orchard building from Clarion Housing for an amount of £4m. The purchase will take place during the 2024/25 financial year and will be funded by both reserves and a bank loan. Agreement has been reached with Charity Bank for the bank loan, with terms to be signed off by the board in due course.

Accounts

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

**Company No: 00170981
Charity No: 218808
RSL No: LH4783**

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Contents

	Pages
Reference and Administration Information	2
Objectives and Principal Activities	3
Strategic Report	3 – 13
Corporate Governance	14 - 15
Statement of Trustee's responsibilities	15 – 16
Independent Auditor's Report to the Members	17 – 20
Statement of Total Comprehensive Income	21
Statement of Changes in Reserves	22
Statement of Financial Position	23
Statement of Cash Flows	24
Notes to the Financial Statements	25 - 44

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name	Heart of England Young Men's Christian Association
Charity Registration Number	218808
Company Registration Number	00170981
Registered Social Landlord Number	4783
Company Secretary and Chief Executive	Pauline Tomlinson

Board of Trustees

The Board of Trustees is composed of the following individuals:

Paul Harris – Chair (to 22nd September 2022) – resigned 22nd September 2022
Dawn Ward – Chair (was Vice Chair and appointed Chair from 22nd September 2022)
Oenca Rona Fontaine
Michael Hew
Graham Cadd
Arkle Leslie Bell
Gabriel Imevbore
Owen Everton Burke – Vice Chair (appointed as Vice Chair from 14th November 2022)
Mark Bruckshaw
Gareth Clive Bunn

Registered Office: Heart of England YMCA
301 Reservoir Road
Erdington
Birmingham
England
B23 6DF

Auditors: Cooper Parry Group Limited
Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

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

The Trustees and Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Association arise from its acceptance of its founding Christian principle, the Paris Basis of 1855, incorporated into the National Statement of the Aims and Purposes of the YMCA in England & Wales as it may be amended from time to time.

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to 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. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

(a) promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and

(b) enabling people of all ages and young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ;

- 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;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

The Association welcomes, serves and works with persons of all religious faiths and of none.

STRATEGIC REPORT

Mission Statement

To reflect the vision for the YMCA federation nationally to be 'an inclusive Christian movement, transforming communities so that all young people can truly belong, contribute and thrive', trustees have agreed that the mission of YMCA Heart of England is:

To inspire young people to discover their potential so that they can live life in all its fullness.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Achievements, performance and future developments

The principal activities in furtherance of the Association's charitable objectives are:

- The provision of supported accommodation with associated support services
- The provision of social housing at below-market rents
- The provision of childcare
- The provision of training and support programmes that enable life skills and progression within employment.
- The provision of facilities for hire by the local community and other groups
- The provision of a chaplaincy to service users, the local communities that we serve, and our staff and volunteers
- The provision of youth clubs and assorted in formal education activities for young people, including those identified as being vulnerable and/or at risk

In the year under review the Association managed 336 Bed spaces. These units provide much needed accommodation for formerly homeless people, many of whom are young and represent a diverse community. This is augmented by the provision of housing related support which we provide directly at our supported housing schemes (60%) and general needs (40%). Our specialist housing provides support for vulnerable groups within our society, this includes, young people, young families, those with mental health issues and those suffering domestic abuse, drug and alcohol recovery, and ex-offenders. We will continue to deliver ambitions to build more homes and provide services that meet the needs of our customers.

In addition, we operate one children's day nursery across the Borough of Solihull and provide a range of holiday play schemes and out of school clubs. We also operate a youth services team, delivering open access and bespoke youth work programmes, predominantly in Coventry. We are aware of the challenges faced by the Association as it responds to some financial challenges created through loss of income and the impact from Covid-19.

Chair's Statement

Our first priority is always to thank God for His guidance and direction for us as an organisation and despite many of the challenges we have faced - as with many other organisations - we acknowledge that it is often during these difficult times that we see the work of God being played out in the provisions and the service areas that we offer, in the lives of those we serve and the staff and volunteers that enable us to fulfil our vision. We have seen the resilience of staff and volunteers as we navigate through some obstacles left behind from the Covid pandemic. Working alongside other trustees, the CEO and the Executive Leadership Team, I have seen the organisation make strides forward with our 10-point strategic plan with a focus on building a solid foundation.

The CEO has been in post now for just over 12 months, and under her leadership we have continued to review elements of the organisation, exited contracts, dealt with contractors going into liquidation at our Northfield site, which meant we have had to seek a loan to fund what was initially a build that wouldn't have cost us anything. We have done all this whilst dealing with and emerging from a national pandemic, and like many of us within society we have felt the impact of Covid on our staff, our volunteers, our services and our service users and are very mindful of how this plays out on the health and wellbeing of us all.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Whilst we have endured some significant challenges, we have also seen some excellent progress and we really want to celebrate some of these achievements.

We have:

1. Delivered to our strategic plan that focusses intentionally on 10 key priorities.
2. Streamlined our Operations delivery so that we connect our housing offer with our youth provision.
3. Focussed on building safety and invested in this year's maintenance programme.
4. Delivered on regulatory compliance and can confidently say that we have seen significant progress in ensuring and evidencing health and safety.
5. Made cost savings within our corporate services by realigning our delivery to become more 21st century relevant.
6. In place a stock condition survey that now gives us a clear investment and refurbishment plan for our properties over the next 20 years.
7. Continued to deliver excellent accommodation support services for our residents and their families.
8. Cemented our youth provision particularly in Coventry and have a plan in place to grow across our Birmingham sites.
9. Delivered organisational wide training on Equity, Diversity and Inclusion (EDI) and adopted the EDI Charter as part of the wider federation.
10. Maintained our Trauma Informed Status
11. Appointed the board Safeguarding Champion and I am pleased to have taken on the role of the Equity and Diversity Champion for the board.

Importantly we have raised expectations around governance and implemented governance training for our trustees who volunteer their time to ensure the organisation has measures in place to mitigate risk, to impact government thinking and to secure a financially robust future.

As Chair of the Board and along with the Trustees we certainly acknowledge the willingness of our staff and volunteers who go the extra mile to maintain services to our beneficiaries wherever possible and this has been truly inspiring.

In the face of many challenges, and the significant unforeseen additional costs for our Northfield build it is even more striking that we are reporting a surplus this year. This has been clearly down to the decisions we have taken throughout the year to ensure we are sustainable, and I want to thank the CEO and the Executive Leadership team and the clear steer from our trustees on coming to some key decisions which at times were extremely difficult. We also recognise the huge part that our staff team have played in this success and want to extend our sincere gratitude for the resilience and continued commitment to drive forward our plans.

We are looking forward to the next 12 months of stability for the organisation as we build on a solid foundation to continue to strive and reach out to those most in need. We want every staff member and volunteer, our beneficiaries, and the communities we serve across Coventry, Birmingham and Warwickshire, to really feel the values in the way that we treat them and operate as an Association. We look forward to organisational development and external quality kite marks that confirm the excellent work we are doing. We look forward to capturing more of the voice of our beneficiaries, staff and service users as we focus on continuous improvement.

Trustees are looking forward to an even more positive annual report next year and I end by simply saying 'thank you' to all those who have played a part in making this year such a success.

Statement of Public Benefit

The Trustees consider they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

In the year under review the Association worked across three main service areas which provided benefit not only to our service users but also to the wider community. We work with people from all social and ethnic backgrounds and provide services in the cities of Birmingham and Coventry and the boroughs of Solihull and Rugby, focussing on inspiring people to reach their potential.

During the year, we provided 264 bed spaces of supported accommodation each night. These properties provide supported housing to vulnerable and disadvantaged groups. We work with people to provide skills and confidence to move towards independent living and to begin contributing to the wider community. In addition, we provided 66 bed spaces of move-on general needs for people who no longer require support. These are let at below market rents.

Financial Review

Statement of Comprehensive Income

Overall income increased this year by 8%. The variance is due to a combination of factors, including the conversion of 6 additional units, a 7% rent increase being CPI plus 1%, improved occupancy across all our schemes mainly at Daimler Green and St Margarets following the exit of the Supporting People Contract Last year.

Operating costs decreased by 6% compared to the previous year, mainly due to better management of bad debt of £41K. Additionally, repairs and maintenance is reporting higher than last year. Last year, we deferred maintenance due to the Covid-19 pandemic, this meant we did not perform necessary repairs, as a result there was a back log. The Covid-19 pandemic has also disrupted the supply chains as well as increased in inflationary cost, which had made it more difficult and expensive to obtain material as well as increased cost of labour.

Last year the board of directors decided to sell Billy Bears Nursery. This decision was made due to a number of factors, the following,

- The nursery was not performing well financially.
- The board felt that the nursery was no longer a strategic fit for the company.
- The board was concerned about the future of the nursery due to the Covid-19 pandemic.

After further consideration, the board of directors decided to retain Billy Bears Nursery. This decision was made due to the nursery performing well, with a strong reputation in the community, loyal customer base and dedicated and experienced staff. The Board believes that then nursery can be turned around financially. In the year Billy Bears made a surplus of £58K.

The conferencing, Eden café and youth programs are all important programs that provide valuable services to young people. The programs are all facing financial challenges, but the board of directors are committed to continuing to provide these services. As a result of the financial challenges, the board of directors decided to restructure and is committed to making the restructure as smooth as possible and to minimise the impact on the young people and staff. Last year, the training program was included in the conferencing, Eden, and youth programs. However, we ceased these programs due to financial constraints.

Interest costs has increased by 64% compared to last year due to the increase in Bank of England base rate.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Statement of Financial Position

Growth in asset base

Intangible Assets have increased due to the cost of the new CRM software. The CRM software is an asset for the organisation because it will help to streamline activities and improve reporting. Once the software is fully implemented, the organisation expects to see savings in administrative costs and improved reporting.

The total value of housing assets increased by 10% compared to the previous year and Other assets went down by 3%. The development of Northfield is moving well, and we are looking to complete the development Mid-August of this year. The development will provide another 27 units. Last year we reported the contractor went into liquidation, but we are pleased to announce we have managed to turn this around with the support of a loan from Unity Trust and we are looking to complete in August 2023.

We continue to deliver an ambitious development programme while maintaining a resilient balance sheet.

Liquidity

Creditors within one year has increased by 28% this is mainly due to the current development of Northfield. The valuations for the development are high each month, which is funded by the loan.

Our debt held has increased by 4% (2022: 4%) compared to the previous year to fund this growth. The increase is higher than the increase in net book value of housing. The loan debt at year end stood £3.865m.

Total Reserves

Income and Expenditure have increased due to a good performance this year. The board made a difficult decision last year to discontinue the loss-making services. This was a necessary decision, as it allowed the organisation to focus on its core services and to improve its financial performance. The decision has been successful, as the organisation has been able to increase its revenue reserves and to improve its financial stability.

The board recognises that the economy is currently difficult. The war in Ukraine, the impact of Covid-19 pandemic, and inflation are all having a negative impact on the economy. The board is aware of the challenges that these factors are creating charities, and it is committed to managing the organisations finances.

The board are working to build its organisation's cash reserves and currently working to build its cash reserve to 3 to 6 months.

The development of Northfield is a major project for the organisation. The project is on track, and the board is confident that it will be a success. The project is expected to generate long-term revenue for the organisation.

The organisation has also spent the restricted reserve, which was the grant from Homes England to fund the development. The loan from Unity Trust will fund the remaining costs to completion.

Pension Costs

Heart of England 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 last triennial valuation of the scheme was performed on 1 May 2020. This has shown that the pension recovery needs to be extended by two years.

YMCA Heart of England deficit decreased to £201,919 from £245,048 last year.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Bank

Bank balances at the year-end stood at £1.2m (2022 £1,7m) and the cash flow forecasts for 2022/23 are all positive.

Immediate Operating Environment

From April 2023, we continue to ensure that the Association has strong liquidity and that committed bank facilities will remain available and that the value of charged security continues to meet loan asset cover requirements.

As part of our aspirations for a more sustainable future, YMCA HoE Strategic Plan will establish a Sustainable Finance Framework, which will set out the work being done on sustainability. We know that the impact COVID-19 coupled with impact of the war in Ukraine and inflation will make the operating environment become more difficult. It is likely to lead to an increase in Universal Credit applications. Our Boards focus has been on Liquidity during this reporting year and will continue to do so.

Value for Money Statement

YMCA Heart of England is at the forefront of homeless prevention and alleviation in Birmingham, Coventry and Rugby. These activities have come under increasing pressure through the combination of funding cuts, the social housing rent reduction policy and the inevitable rise in homelessness and rough sleeping. This means our resources need to be managed efficiently so we can support as many people as possible. Our annual budget planning process includes scrutiny of each service, staffing complement and associated costs to ensure that our resources are focused on delivering the highest quality of services to our residents that we can realistically afford.

The same level of scrutiny is applied for our other services: nursery provision, conferencing and our youth work. Each area is monitored regularly at subcommittee level in respect of social and financial outcomes to ensure that we continue to deliver the highest quality can within the resources available. In addition, where funding is received from grant giving bodies (e.g. the Youth Investment Fund) our spending plans are subject to external scrutiny to ensure that they deliver value for money.

In the last few months the Board and Executive Leadership Team have been working on an impact framework which will measure the wider impact of our activities alongside financial outcomes, thereby ensuring we deliver fully on our mission and values and use our resources to best effect. The framework is now agreed as covering;

- Finance: utilisation, sustainability and stewardship
- Social: progression, community and influence
- Kingdom: experience, ethos and empower

This framework is being developed into a series of measures and performance indicators and we have started implementing these during this financial year.

We are reporting on the Regulator of Social Housing (RSH) Value for Money standard and accompanying code of practice. The standard requires us to publish performance against our own value for money targets and against a series of common metrics with which to measure economy, efficiency and effectiveness.

The purpose of the Value for Money approach is to:

- Continue to drive improvements in VFM within the social housing sector
- Ensure a strategic approach to delivering VFM is embedded within the business
- Encourage investing in existing homes and new housing supply
- Enhance the consistency, comparability and transparency of VFM reporting.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

We set out below a comparison between this year and last on our performance. Additionally, we have compared our performance to the National Housing Federation Sector Scorecard using the median.

Regulatory Metrics

RSH Metric	2022 /23	2021/22	Sector Scorecard National Federation (Median)
1. Reinvestment %	9.3	3.0	5.7
2. New supply delivered	6	2	1.2
3. Gearing %	13.1	9.7	35.8
4. EBITDA MRI interest cover %	672.5	330.8	181.9
5. Social housing cost per unit £	12,100	12,256	4,230
6A. Operating margin (social housing) %	13.1	0.7	22.2
6B. Operating Margin (overall) %	11.1	(0.2)	20.2
7. Return on Capital Employed %	4.2	0.5	2.8

1. Reinvestment %

We recognise there is a backlog of unmet housing need, and our strategy is to increase our stock each year. This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. The organisation is waiting to drawdown on the loan from Unity Trust. Once the loan is available, the organisation will be able to continue with the program of investing in its current stock.

2. New supply delivered %

The focus for the future is reinvestment in existing housing stock to ensure it is fit for purpose for the coming decades as well as increasing our housing stock to support individuals and families. We continue to see unprecedented levels of external change and all political parties believe more homes need to be built in the coming years.

This year we successfully increased our stock by six extra units at Will Steel House and looking to complete Northfield Development in August 2023 which will provide new build accommodation, with additional schemes being actively pursued as we look to maximise use of our available resources for the benefit of the wider community we serve.

3. Gearing %

This represents our net debt to lenders as a percentage of the total cost of our housing properties. We have been successful in working with Homes England and other partners to keep borrowing as low as possible. Whilst this ratio remains low we understand to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our lenders and funders.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

4. EBITDA MRI Interest Cover %

This represents the level of surplus compared to the interest payable. The increase compared to the previous year was mainly due to the current economy and inflation, which resulted in the Bank of England base rate.

5. Headline social cost per unit

This represents social housing costs divided by total units owned and managed. Like other providers we have spent a lot of time analysing our cost per unit. Our strategic aim is for our headline social cost per unit to reduce each year. We recognise there is more to do and our aim is to avoid spending time and money on undertaking repairs where this could have been avoided. Our Asset Management team are improving their working models to ensure they analyse and look for properties with signs of neglect and linking this to the planned maintenance schedules.

6A. Operating margin (social housing lettings only) %

This represents operating surplus from social housing lettings divided by turnover from social housing lettings. The Operating margin for social housing lettings increased from 0.7 to 13.1 compared to the previous year this is largely to do with the exit of the Supporting People Contract at Daimler Green and St Margarets which improved the overall performance, improved occupancy across all our schemes as well as improved management of bad debts. The organisation has implemented a number of initiatives to improve its cost management, including tracking its spend closely, standardising its procurement processes, negotiating better prices with contractors.

6B. Operating margin (overall) %

Overall operating Margin increased from 0.2 to 11.1 largely to do with discontinuing loss-making services last year and overall improvement in occupancy, better cost control and improved management of bad debts.

Bad debts, void loss and current tenant arrears are key performance indicators in assessing efficiency and we monitor this monthly. Our aim is to reduce costs and deliver VFM efficiencies and using all our surplus to build more homes.

7. Return on capital employed %

This compares the overall operating surplus to total assets less current liabilities. The level of return is higher compared to the previous year; this is due the six extra units at Will Steel House as well as the current development of Northfield which has increased our asset value.

Principal risks and uncertainties

New, emerging and high scoring risks are monitored through a Strategic and Operational Risk Register. The Executive Directors keep the register under review to ensure it fully reflects the risks to the delivery of YMCA Heart of England operations and Strategic Plan. Designated Managers are responsible for identified risk area and the Company Secretary oversees the progress against actions to mitigate risks.

The Board has also adopted a risk appetite which sets out the nature of levels of risk YMCA Heart of England are prepared to take to achieve our strategic objectives. Performance against this is being worked, facilitated through the use of metrics to enable the Board and committees to assess whether performance remains within the risk appetite parameters.

The Chief Executive reports to the Board on the effectiveness of the internal control environment.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic post -pandemic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

	Risks	Risk responses	
	Risks	Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	- Treasury management strategy monitoring - Monitoring liquidity risk - Regular stress testing - Monitoring the metrics that are used for financial risk. - Income collection and arrears performance monitoring	- Implementation of income maximisation strategy - Establishment of sustainable finance framework - Key Performance indicators reported to the Executive Team monthly and Board bi monthly. - Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.
2	Reputational damage due to bad publicity	Independent internal review of all incidents	Monitor and seek professional advice. Regular internal review.
3	Changes in the external funding environment e.g. Local Authority Commissioning coming under tougher budgets, scrutiny and/or delays.	- Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure - Better information management and tracking	Keep up to date with current affairs, feedback on local, regional, and national guidance around Housing key priorities.
4	Responsibilities on becoming an Environmental and sustainably Employer and meet the Government Environmental Policy	- Promote responsibility for the environment and communicate and implement policy to workforce - Minimise waste by reduction, re-use and recycling methods - Identify and provide appropriate training , advice and information for staff and encourage them to develop new ideas and initiatives.	- Implementation of training programme to all staff. - Comply with all relevant environmental legislation/regulation.
5	Recruitment & Retention of staff, attract and retain people with the skills and experience required to deliver strategic plan. Avoiding the cost of not getting it right first time	Independent benchmarking of executive and senior managers salaries. Gender pays gap data, job evaluation and external benchmarking, monitoring of changes to staff establishment and turnover	Develop of employer brand, Develop of resource strategy, Development of hybrid working model, management development and coaching,
6	Development Risk / length of time to develop schemes	Review current and future development projects with a view to only spend time on developments that are most likely to crystallise.	Focus on Northfield and sweating the assets
7	YMCA Heart of England does not meet its Health and Safety obligations as a landlord, employer, developer, and provider of social care	- Specialist team in place with subject experts embedded across the business - KPI monitored by the Board and committees - Compliance issues monitored by the Board - Oversight of activity by Director of Asset and Development - Management Plans in place for key risk areas e.g fire, asbestos etc.	- Implementation of compliance modules across all asset compliance activities. - Further development of the suite of KPIs - Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.
8	Increase in housing arrears due to cost of living and increase in energy prices	- Treasury management strategy monitoring - Monitor on weekly basis; work with tenants and the local authority.	Improve relationship with Housing Benefits team, reduce cash payments and encourage standing orders or re-occurring payments by credit cards.
9	Investment decisions do not give appropriate weight to competing strategic agendas, e.g. environment, safety, growth digitalisation.	Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy	Mapping procurement methodology, timing of delivery and location of new homes in the period 2022-2025. Maintaining and understanding of the market for Land and S106 (Legal agreements between local authorities and developers) and investment strategy in Digitalisation
10	Resilience of IT Systems to cyber attacks	Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber-attack.	Implement additional security systems and security. Implement regular assessment of internal controls independent from the IT and Business Development. Audits on Data by Risk Evolves. External Audit on IT environment.
11	Customer insight is not embedded in business design and service review process	Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction	Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Going Concern and Viability Statements

In assessing viability, the Board considered several key factors, including business models, our strategy, and risk appetite. Our assessment of viability therefore continues to align with a 5-year outlook.

The Board has assessed the organisations viability and have reasonable expectation of being able to continue the operation for the foreseeable future. The Board's focus following Covid-19 is to place a stronger emphasis on liquidity and solvency and ensuring that the Association has adequate resources to continue in operation, meet its liabilities as they fall due, and retain sufficient available cash across all two years without breaching any loan covenant.

The board have considered the number of challenges effected the housing sector and the contributing factors starting with Covid-19 pandemic, the war in Ukraine with rising energy prices and supply chain disruptions coupled with an increase in inflation and interest rates. These challenges are having a significant impact on our residents, many of whom are struggling with necessities.

We are taking a number of steps to address these challenges. Regular stress testing is performed on the Association and different scenarios and sensitivities have been reviewed on the Association's projected cashflow position and financial covenant. We also considered increase in rent arrears and bad debt. Should these occur, we have identified the limit for financial viability.

We are also working with the government to secure funding to support residents and reducing the essential development work and capital repairs.

The Board are satisfied the business model and strategy is adaptable with minimum risk on liquidity and solvency.

We have taken a series of steps to strengthen the Association's liquidity and increase the resilience of the balance sheet by sweating our existing assets and pleased to announce we have delivered 6 additional units at Will Steel House.

We are also looking to the future. The provision of social housing has vital part to play in the government's response to this crisis and they have already announced significant sums of money to help boost social housing supply and end rough sleeping for good. The delivery of more social housing is one of the key strategic objectives in YMCA Heart of England's new strategic plan and we are already in discussions with local councils in our area of benefit with a view to securing some of the recently announced government money for investment in social housing.

The Board of Directors has recognised the immense potential and importance of supporting young people in the wider community. We firmly believe that by empowering and nurturing the next generation, we can create a positive impact and shape a brighter future. To achieve this, we are committed and will be investing in Youth next year.

Reserves Policy

The Finance Sub-Committee, on behalf of the Board of Trustees, conducts an ongoing review of the level of reserves consistent with ongoing activities of the Charity. The trustees are taking into consideration the economic environment and risks associated with the various sources of income, expenditure plans and what level of working capital is required to continue core activities. The reserve policy is considered every quarter in line with the quarterly accounts.

We use a rolling five-year forecast to model how we will fund the delivery of our strategy.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

We monitor managed cash which includes all amounts available to finance the general activities net of any financing agreements. The trustees have agreed that managed operating cash should exceed a minimum of three months to six months annualised forecast cash outflow.

Financial performance and forecast information is monitored monthly to assess the cash requirements of the Charity. The reserve policy is considered and monitored every quarter.

Our Reserve Policy is set to take into consideration:

- Income risk reserve to protect the charity against a fall in income levels
- Working capital reserve to provide working capital if expenditure is needed ahead of income being received
- Designated reserves set aside to meet essential future spending and unplanned emergency repairs and other expenditure.
- Level of funding for unexpected opportunities

As we are approaching the remainder of the year with caution and with inflation, interest rates and energy prices are all on the rise, our Reserve Target was not achieved.

Our Reserves measured as at 31 March 2023

	2023
Cash Balance as at 31 st March 2023	£1,180M
Managed Cash outflow based on 12 months forecast to the period ending March 2024	£5,338M
Divide by 12 (£5,338M divide by 12)	£445k
Months of annualised forecast of cash (£1,180M divide by £445K)	2.65 months

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

CORPORATE GOVERNANCE

We are committed to the principles of Good Governance. The trustees adopt the National Housing Federation's (NHF) 2020 code of governance to measure good governance practices as well as the Charity Governance Code.

Delegation and control

The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers. The board has not recently reviewed its delegated powers but intends to do so in the forthcoming year and is in the process of pulling together a scheme of delegation.

The board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.

At the moment salaries are the only area where we benchmark. (We co-ordinate production of a biennial YMCA salary survey.) We are currently working with YMCA colleagues across the region to produce comparative data for operational performance.

Actively managing risks

The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.

The board regularly reviews the charity's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.

The charity considers using a Governance Committee to lead the board appointment process and to make recommendations to the board.

The board reviews its own performance and that of individual trustees, including the chair. Such evaluation typically considers the board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.

The board reviews its collective effectiveness at an annual board away day. This discipline has continued throughout the current pandemic. However, we have not previously reviewed the performance of trustees on an individual basis, this has been introduced through a robust skills and competency matrix and will be reviewed by trustees in the current financial year.

Notwithstanding this, the Association considers itself to have high standards of governance. The policies of the Charity are determined by the Board of Trustees, which meets bi-monthly. The Charity's operations are managed by the Chief Executive, who reports to the Board of Trustees. The Charity has a system of internal controls designed to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud or error. The system includes corporate controls over income and budget comparison, proper supervision and delegation including operational and financial review procedures, limitation on the spending power of individuals and control over the Charity's assets. The internal controls are subject to regular review and are updated to take account of organisational and operational changes. There are four sub-committees that meet bi-monthly on matters of housing, finance, development and social enterprise.

A review of governance structures was undertaken in the year under review. This has already resulted in improved performance reporting to trustees through the Association's operational committees. In the current year it will also lead to the overhauling of the Key Performance Indicators against which officers' performance is assessed.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Key Management and Remuneration

There were five Executive Directors and one Chief Executive of the Association during the year under review. They were:

- Pauline Tomlinson – Chief Executive
- Fawzia Radman – Director of Finance and Corporate Services
- Daljeet Matharu – Director of Assets and Development
- Hyacinth Blackburn – Director of Housing & Youth
- Carol Probyn – Director of People and Culture

The Association's policy is to review salaries annually as part of the budget setting process. This may result in a cost of living pay increase being awarded to all employees. The Association's policy is that any amendment to the salary level of an individual employee or group of employees beyond the annual cost of living increase must be recommended by the appropriate departmental director and authorised by the Director of Finance and Chief Executive.

The remuneration of Executive Directors is set by the Chief Executive, bearing in mind salaries for similar roles at comparable organisations, including other YMCAs within the region. Any amendment to the salary of an executive director beyond the annual cost of living increase must be recommended by the Chief Executive and authorised by the Treasurer and the Chair.

The remuneration of the Chief Executive is set by the Board. In considering the appropriate remuneration level they will look at salaries for comparable organisations, especially other YMCAs within the region. This is considered alongside other factors, such as the size and complexity of the Association's operations, and the affordability of any remuneration package to the Association.

All staff and trustees are required to declare any conflict of interest that may exist (or be perceived to exist) before recommending or authorising any amendment to an employee's remuneration.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees 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 its income and expenditure for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The Trustees are 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITORS

Under section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

By order of the Board



Dawn Ward
Chair and Trustee

Date: 11th September 2023

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association

Opinion

We have audited the financial statements of Heart of England Young Men's Christian Association for the year ended 31 March 2023 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023, and of the Association'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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

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 Association 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 Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the strategic report).

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association'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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of Trustees' responsibilities set out on page 15 and 16, the Trustees 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 board 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 Board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Our assessment focussed on key laws and regulations the Association 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 Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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 Association and how the association is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Association's control environment and how the Association has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Association'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.

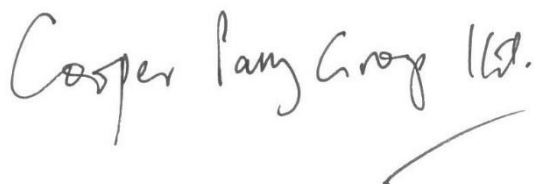
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

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 Heart of England Young Men's Christian Association (continued)

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, reading "Simon Atkins" followed by a flourish.

Simon Atkins
Senior Statutory Auditor

For and on behalf of

Cooper Parry Group Limited

Statutory Auditors
Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
B3 3AX

11th September 2023

Statement of Total Comprehensive Income for the year ended 31 March 2023

	Note	2023 Continuing Activities £	2023 Total £	Continuing Activities £	2022 Discontinued Activities	Total £
Turnover						
Underlying Operations	3	5,923,264	5,923,264	5,355,808	127,837	5,483,645
Other Income	12	-	-	21,075	-	21,075
		5,923,264	5,923,264	5,376,883	127,837	5,504,720
Operating costs		(5,097,071)	(5,097,071)	(5,085,202)	(335,483)	(5,420,685)
Operating Surplus	5	826,193	826,193	291,681	(207,646)	84,035
Profit on disposal of property, plant & equipment (FA)		-	-	8,695	-	8,695
Interest & financing costs	6	(165,954)	(165,954)	(101,014)	-	(101,014)
Surplus/(deficit) for the year before tax		660,239	660,239	199,362	(207,646)	(8,284)
Taxation		-	-	-	-	-
Surplus/ (Deficit) for the year		660,239	660,239	199,362	(207,646)	(8,284)
Total comprehensive income for the year		660,239	660,239	199,362	(207,646)	(8,284)

The Financial Statements were approved by the Board on 11th September 2023 and signed on their behalf by:



Dawn Ward CBE
Chair and Trustee



Everton Burke Esq., OBE
Vica Chair and Trustee

The accompanying notes on page 25 to 44 form part of these Financial Statements.

Statement of Changes in Reserves for the year ended 31 March 2023

	Income and expenditure reserve £	Restricted Reserve £	Revaluation reserve £	Total £
Balance as at 1 April 2021	3,435,361	1,049,129	408,218	4,892,708
Surplus / (deficit) from statement of comprehensive income	(8,285)	-	-	(8,285)
Movement in Restricted Reserve	66,366	(66,366)	-	-
Write Down of Investment in subsidiary	(200)	-	-	(200)
Balance at 31 March 2022	3,493,242	982,763	408,218	4,884,223
Surplus / (deficit) from statement of comprehensive income	660,239	-	-	660,239
Movement in Revaluation Reserve	(4,200)	-	4,200	-
Movement in Restricted Reserve	982,763	(982,763)	-	-
Balance at 31 March 2023	5,132,044	-	412,418	5,544,462

The accompanying notes on page 25 to 44 form part of these Financial Statements.

Statement of Financial Position

At 31 March 2023

Company No. 00170981

	Note	2023 £	2022 £
Fixed Assets			
Intangible assets and goodwill	9	167,958	43,082
Tangible fixed assets - Housing Properties	10	17,625,914	16,119,335
Tangible fixed assets - Other Fixed Assets	11	<u>1,716,519</u>	<u>1,772,672</u>
		19,510,391	17,935,089
Current Assets			
Trade and other debtors	13	271,019	257,092
Cash and cash equivalents		<u>1,180,480</u>	<u>1,784,428</u>
		1,451,499	2,041,520
Creditors: Amounts falling due within one year	14	<u>(1,406,705)</u>	<u>(1,101,884)</u>
Net current assets		<u>44,794</u>	<u>939,636</u>
Total assets less current liabilities		19,555,185	18,874,725
Creditors: Amounts falling due after more than one year	15	(13,767,213)	(13,718,580)
Provisions for liabilities			
Other provisions	18	(243,510)	(271,921)
Total net assets		<u><u>5,544,462</u></u>	<u><u>4,884,223</u></u>
Reserves			
Income and expenditure reserve		5,132,044	3,493,242
Revaluation reserve		412,418	408,218
Restricted reserve		-	982,763
Total Reserves		<u><u>5,544,462</u></u>	<u><u>4,884,223</u></u>

The Financial Statements on pages 21 to 44 were approved by the Board on 11th September 2023 and are signed on its behalf by:



Dawn Ward CBE
Chair and Trustee



Everton Burke Esq., OBE
Vica Chair and Trustee

The accompanying notes on page 25 to 44 form part of these Financial Statements.

Statement of Cash Flows

	Note	2023 £	2022 £
Net cash generated from operating activities	20	1,396,997	516,867
Cash flow from investing activities			
Net purchase of tangible fixed assets	10 & 11	(1,935,138)	(547,082)
Purchase of intangible fixed assets	9	(180,155)	(20,195)
Proceeds from sale of tangible fixed assets		-	30,261
		<u>(2,115,293)</u>	<u>(537,016)</u>
Cashflow from financing activities			
Interest paid	6	(163,254)	(98,314)
New Secured Bonds and Loans		643,500	
Repayments of borrowings		<u>(365,897)</u>	<u>(137,712)</u>
		114,349	(236,026)
Net change in cash and cash equivalents		(603,948)	(256,175)
Cash and cash equivalents at beginning of the year		<u>1,784,428</u>	<u>2,040,603</u>
Cash and cash equivalents at end of the year		<u>1,180,480</u>	<u>1,784,428</u>

The accompanying notes on page 25 to 44 form part of these Financial Statements.

Notes to the Financial Statements

1. Legal Status

Heart of England YMCA is a private company limited by guarantee in the UK, registered under the Companies Act 2006, an English registered social housing provider and a registered charity.

The address of the registered office is given in the information on page 2 of these financial statements.

The principal activities of Heart of England YMCA are set out in the Report of the Trustees.

Heart of England YMCA is a public benefit entity as defined by FRS 102.

2. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice standards (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2018, and comply with the Accounting Direction for Registered Providers of Social Housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of Heart of England YMCA, and rounded to the nearest whole £1.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

Turnover

Turnover represents rental and service charges income receivable, net of void losses in the year, revenue grants receivable from local authorities and income from social enterprise activities.

Other Income

Interest receivable and investment income is accrued on a time apportioned basis by reference to the principal outstanding at the effective interest rate.

Notes to the Financial Statements (continued)

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that Heart of England YMCA will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England.

Other Grants

Grants received from non-Government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Taxation

Heart of England YMCA is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Value Added Tax (VAT)

The majority of the expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the income is exempt from VAT, the Association charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Association is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs.

The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HMRC. The balance of VAT payable or recoverable at the year-end is included as a current liability or a current asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to income and expenditure in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Heart of England YMCA runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Heart of England YMCA is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined Contribution Plan

Heart of England YMCA offers two pension schemes to all of its employees.

The People's Pension which is our default scheme on Auto-Enrolment offering contributions made on a salary sacrifice basis. This scheme auto-enrols employees on a 3% contribution rate which is matched by Heart of England YMCA.

The YMCA Personal pension scheme. This scheme allows contributions between 3% and 8% which is also matched by Heart of England YMCA on a salary sacrifice basis.

Defined Benefit Plan

Heart of England 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. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

As described in note 18, Heart of England YMCA has a contractual obligation to make pension deficit payments of £42,830 per annum over the period to April 2029, increasing at an annual uplift of 3%, accordingly this is shown as a liability in these accounts. The amount paid in the year was £49,000. In addition, Heart of England YMCA contributed £11,596 to the operating expenses of the Pension Plan and these costs are charged as paid.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Notes to the Financial Statements (continued)

Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Association recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Provision is made for any impairment.

Depreciation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is five years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Notes to the Financial Statements (continued)

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of 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 Association depreciates the major components of its housing properties based on the following:

Building Components	Years	Building Components	Years
Structure	50 / 100	Central Heating	30
Windows	30	Boilers	15
Kitchen	20	Roof	60
Bathroom	30	Environmental Works	30
Electrical and Mechanical	10 / 20		

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Freehold Premises	50
ICT Hardware	4
Fixtures & Fittings	10

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Notes to the Financial Statements (continued)

Reserves

Income and Expenditure Reserve

Income and Expenditure Reserves are unrestricted reserves and represent surpluses generated from operating activities.

Designated Reserve

These funds are those unrestricted funds which have been set aside by trustees for an essential spend or future purpose. These funds form part of unrestricted Income and Expenditure reserve. Generally, these funds cover the replacing or improvement of the charity's assets.

Restricted Reserve

Restricted Reserves are tied to a particular purpose. These funds are specified by a third party and impose terms and conditions stipulating the funding must be spent on a particular purpose.

Revaluation Reserve

A revaluation reserve is a noncash reserve and created to reflect the true value of the asset representing the deemed cost of housing properties on transition to FRS102.

Critical areas of judgement and accounting estimates

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Pension Liability**

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as rates of inflation, mortality, discount rate and salary increases. These assumptions have the ability to influence the value of the liability. These assumptions are based on the actuarial advice.

- **Bad Debt Provision**

Assumptions between budgetary and debt provisions are assumed. These assumptions include estimation of uncertainty against future recognition of certain accounts receivable as being uncollected.

- **Leases**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Heart of England YMCA.

- **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.

Notes to the Financial Statements (continued)

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

	2023		
	Turnover	Operating expenditure	Operating Surplus /(Deficit)
	£	£	£
Social housing lettings	5,057,722	(4,393,578)	664,144
Other social housing activities			
Charges for support services	116,945	(5,057)	111,888
Other social housing	29,310	(1,267)	28,043
	146,255	(6,324)	139,931
Activities other than Social Housing			
Amortised government grants	2,813	-	2,813
Childrens services	331,116	(252,677)	78,439
Conferencing services, Youth and café	332,298	(444,492)	(112,194)
Other non social housing	53,060	-	53,060
	719,287	(697,169)	22,118
	5,923,264	(5,097,071)	826,193

	2022					
	Turnover		Operating expenditure		Operating Surplus /(Deficit)	
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued
	£		£		£	
Social housing lettings	4,491,438	-	(4,475,728)	-	15,710	-
Other social housing activities						
Charges for support services	240,071	-	14,896	-	254,967	-
Other social housing	57,423	-	(19,639)	-	37,784	-
	297,494	-	(4,743)	-	292,751	-
Activities other than Social Housing						
Amortised government grants	31,088	-	-	-	31,088	-
Childrens services	267,032	33,636	(296,766)	(142,237)	(29,734)	(108,601)
Training and conferencing services and café	214,787	94,201	(307,966)	(193,246)	(93,179)	(99,045)
Other non social housing	53,969	-	-	-	53,969	-
	566,876	127,837	(604,732)	(335,483)	(37,856)	(207,646)
	5,355,808	127,837	(5,085,203)	(335,483)	270,605	(207,646)

Notes to the Financial Statements (continued)

	2023		2022
	General needs housing	Total	Total
	£	£	£
Rent receivable net of identifiable service charges	4,838,738	4,838,738	4,273,854
Amortised government grants	218,984	218,984	217,584
Turnover from social housing lettings	5,057,722	5,057,722	4,491,438
Management	828,698	828,698	936,672
Service charge costs	2,382,701	2,382,701	2,517,748
Routine maintenance	854,171	854,171	602,785
Major repairs expenditure	-	-	-
Bad debts	(5,041)	(5,041)	83,935
Depreciation of housing properties	333,049	333,049	334,588
Operating expenditure on social housing lettings	4,393,578	4,393,578	4,475,728
Operating surplus on social housing lettings	664,144	664,144	15,710
Void losses	(162,656)	(162,656)	(162,454)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2023	2022
	Number	Number
Social Housing		
General Housing		
Social Rent	220	214
Total Owned	220	214
Units managed on behalf of other organisations		
General needs	116	116
Total Managed	336	330
Accommodation in development at year end	27	33

Notes to the Financial Statements (continued)

5. Operating Surplus

The operating surplus is arrived at after charging / (crediting):

	2023	2022
	£	£
Release of deferred capital grant	(250,072)	(248,672)
Provision of Bad Debts	(40,564)	(41,403)
Amortisation of intangible fixed assets (per note 9)	55,279	21,402
Depreciation of housing properties	333,473	334,588
Depreciation of other tangible fixed assets	151,239	169,725
Operating lease rentals:		
external management charges	460,463	459,976
vehicles and equipment	8,654	33,734
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements	21,000	16,560
Total audit services		
	21,000	16,560
Tax compliance services		
Total non-audit services	-	2,220
	-	2,220

Notes to the Financial Statements (continued)

6. Interest and financing costs

	2023	2022
	£	£
Net interest payable YMCA Pension Fund	7,350	8,565
Bank interest	155,904	89,749
Amortisation of issue costs	2,700	2,700
	<u>165,954</u>	<u>101,014</u>

7. Employees

Average monthly number of employees employed in the year were:

	2023	2022
	No.	No.
Housing and support activities	57	56
Nurseries	10	15
Maintenance	4	6
Learning & Communities	13	18
Management and administration	12	15
	<u>96</u>	<u>110</u>

The number of staff who were paid more than £60,000 in the year (including Executive Directors) were:

	2023	2022
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	<u>1</u>	<u>1</u>

Employee costs during the year were as follows:

	2023	2022
	£	£
Employee Costs:		
Wages and salaries	2,205,256	2,377,599
Social security costs	187,599	191,209
Pension costs	40,035	67,833
Life assurance costs	12,238	432
	<u>2,445,128</u>	<u>2,637,073</u>

Included in wages and salaries are redundancy costs in the year of £10,352 (2022 - £95,595).

Notes to the Financial Statements (continued)

8. Key management personnel

The Directors are defined for the purpose of this note as the Members of the Board and Executive Directors of the Association, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2022.

The aggregate remuneration for key management personnel charged in the year is:

	2023	2022
	£	£
Wages & Salaries	292,309	351,895
Benefits in kind	9,000	5,633
Employers NIC	35,189	36,597
Pension contributions	12,134	13,552
	<u>348,632</u>	<u>407,677</u>

The Chief Executive is an ordinary member of the Association's pension scheme. No enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2022: 1).

None of the Board Members received emoluments. The emoluments of the highest paid Executive Director, the Chief Executive, are shown below:

	2023	2022
	£	£
Highest Paid Director		
Remuneration	73,840	69,400
Benefits in kind	4,500	4,500
Pension contributions	2,350	2,217
	<u>80,690</u>	<u>76,117</u>

Notes to the Financial Statements (continued)

9. Intangible Fixed Assets

	IT Software £	Total £
Cost		
At 1 April 2022	158,377	158,377
Additions	180,155	180,155
At 31 March 2023	338,532	338,532
Amortisation		
At 1 April 2022	115,295	115,295
Charged in the year	55,279	55,279
At 31 March 2023	170,574	170,574
Net book value		
At 31 March 2023	167,958	167,958
At 31 March 2022	43,082	43,082

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

10. Fixed Assets – housing properties

	Social housing properties held for letting	Social housing properties held for letting	Housing properties for letting under construction	Total housing properties
	Freehold	Long Leasehold		
Cost	£	£	£	£
At 1 April 2022	15,520,263	630,406	2,430,287	18,580,956
Additions	-	-	1,895,972	1,895,971
Transfers	176,645	-	(176,645)	-
Disposals	(55,920)	-	-	(55,920)
At 31 March 2023	15,640,988	630,406	4,149,613	20,421,007
Depreciation and impairment				
At 1 April 2022	2,260,542	201,079	-	2,461,621
Depreciation charged in year	319,807	13,666	-	333,473
At 31 March 2023	2,580,349	214,745	-	2,795,094
Net book value				
At 31 March 2023	13,060,639	415,661	4,149,613	17,625,913
At 31 March 2022	13,259,721	429,327	2,430,287	16,119,335

The existing charges held with Charity Bank are on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street.

During the year the association secured a loan with Unity Trust Bank for a loan value of £3.4M, £650k drawdown occurred in this period. The loan with Unity Trust Bank is secured against 200 Bunbury Road, Endeavour Ct St Margaret's, Bishopsgate.

Heart of England Community Foundation also hold charges against 200 Bunbury Road.

Housing properties book value net of depreciation comprises

	2023	2022
	£	£
Freehold land and buildings	17,210,252	15,690,008
Long Leasehold land and buildings	415,661	429,327
	17,625,913	16,119,335

Expenditure on works to existing properties

	2023	2022
Amounts charged to income and expenditure	466,985	115,738
	466,985	115,738

Notes to the Financial Statements (continued)

Note 10. Fixed Assets – housing properties (continued)

Social housing assistance

	2023	2022
	£	£
Total accumulated social housing grant received or receivable at 31 March:	7,094,570	7,094,570
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,709,761
Recognised in the Statement of Comprehensive Income	<u>(1,069,931)</u>	<u>(819,859)</u>
Held as deferred Income	<u>7,734,400</u>	<u>7,984,472</u>

Finance costs

	2023	2022
	£	£
Aggregate amount of finance costs included in the cost of housing properties	49,454	49,454
	<u>49,454</u>	<u>49,454</u>

Impairment

The Association considers individual schemes to be separate Cash Generating Units (CGU) when assessed for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. Where this is not possible, individual homes are considered as separate CGUs for the assessment of impairment.

Notes to the Financial Statements (continued)

11. Tangible Fixed Assets – Other

	Freehold Premises £	Fixtures and Fittings £	ICT Hardware £	Motor Vehicles £	Total £
Cost					
At 1 April 2022	1,598,919	1,397,097	271,319	24,502	3,291,837
Additions	20,772	41,018	33,296	-	95,086
At 31 March 2023	1,619,691	1,438,115	304,615	24,502	3,386,923
Depreciation					
At 1 April 2022	179,456	1,108,633	206,574	24,502	1,519,165
Charged in the year	39,140	65,837	46,262	-	151,239
At 31 March 2023	218,596	1,174,470	252,836	24,502	1,670,404
Net book value					
At 31 March 2023	1,401,095	263,645	51,779	-	1,716,519
At 31 March 2022	1,419,463	288,464	64,745	-	1,772,672

12. Other Income

Other Income

	2023 £	2022 £
Coronavirus job retention scheme	-	21,075
Total Other Income	-	21,075

13. Debtors

	2023 £	2022 £
Due within one year		
Rent and service charges receivable	283,111	328,637
Prepayments and accrued income	185,123	114,084
	<u>468,234</u>	<u>442,721</u>
Other debtors	31,779	17,030
Less: provision for bad and doubtful debts	(228,994)	(202,658)
	<u>(197,215)</u>	<u>(185,628)</u>
	271,019	257,093

Notes to the Financial Statements (continued)

14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans (note 17)	117,968	136,369
Trade creditors	191,643	60,584
Rent and service charges received in advance	-	35,306
Deferred grant income	290,390	235,070
Corporation Tax	-	-
Other taxation and social security	49,230	4,636
Unpaid contributions for retirement benefits	11,670	10,716
Other creditors	91,538	90,285
Credit balances on Arrears less Bad Debt Provision	37,107	14,967
Accruals and deferred income	617,160	513,951
	<u>1,406,705</u>	<u>1,101,884</u>

15. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans (note 17)	3,747,735	3,449,030
Deferred grant income	10,019,478	10,269,549
	<u>13,767,213</u>	<u>13,718,578</u>

16. Debt Analysis

Due within one year	2023	2022
	£	£
Bank loans	117,968	136,369
	<u>117,968</u>	<u>136,369</u>
Due after more than one year		
Bank loans	3,795,107	3,499,104
Less: issue costs	(47,371)	(50,073)
	<u>3,747,736</u>	<u>3,449,031</u>
Total loans	<u>3,865,704</u>	<u>3,585,400</u>

Notes to the Financial Statements (continued)

16. Debt Analysis (continued)

The Association has a loan facility of £4,000,000 with the Charity Bank and also a £3,400,000 loan facility with Unity Bank, which had a £650,000 drawdown in the year.

The Loan with Charity Bank is for 25 years from the date of the final drawdown and carries an interest rate of 2.25 percent above the Bank of England base rate. The loan is secured on specific charges on freehold properties, 301 Reservoir Road, 109 Grosvenor Road and 43 Henrietta Street.

The Loan with Unity Trust is divided into three tranches.

- Loan 1 - Amount £250K, term 25 years with an interest rate of 2.25% over Bank of England Base Rate
- Loan 2 - Amount £400k term 10 years with an interest rate of 2.25% over Bank of England Base Rate
- Loan 3 - Amount £2,750M term 25 years with an interest rate of 3% over Bank of England Base Rate

The loan with Unity Trust is secured on specific charges on the following properties

1. 200 Bunbury Road, Northfield, B31 2DL
2. Endeavour Court, 20 Chelmarsh Road, Coventry, CV6 3LB
3. St Margarets Road, Coventry, CV1 2BT
4. Bishopsgate, 20 Aldbourne, Coventry, CV1 4ER

Loan issue costs and fees to date are £58,788 and the loan is repayable as below:

	2023	2022
	£	£
Within one year or on demand	117,968	136,369
One year or more but less than two years	130,176	139,887
Two years or more but less than five years	444,157	443,413
Five years or more	3,220,774	2,915,802
	3,913,074	3,635,471
Less: amortised issue costs	(47,372)	(50,073)
	3,865,702	3,585,398

17. Pension obligations

Heart of England 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 Heart of England YMCA and at the year end these were invested in the Mercer Dynamic De-risking Solution, 63% matching portfolio and 37% in the growth portfolio and Schroder (property units only).

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.

Notes to the Financial Statements (continued)

17. Pension obligations (continued)

The valuation prepared as at 1 May 2020 showed that the YMCA Pension Plan had a deficit of £39 million. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,547 from 1 May 2023. 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. Agreed future deficit contributions have been discounted using rate of 3% (2022: 3%) The current recovery period is 6 years commencing 1 May 2023.

	Within one year	Repayable one to two years	Two to five years	After five years	After more than one year	Total	Total
	£	£	£	£	£	2023 £	2022 £
As at 31st March 2023	45,937	48,875	107,108		155,983	201,920	245,048
As at 31st March 2022	43,129	45,937	155,983	-	201,920	245,048	285,493

In addition, Heart of England 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 Heart of England YMCA may be called upon to pay in the future.

18. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2022	245,048	26,873	271,921
Utilised / Provided	(43,129)	14,718	(28,411)
At 31 March 2023	201,919	41,591	243,510

The YMCA Pension obligation is referred to in note 17. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

19. Share Capital

Heart of England YMCA Limited is a Company Limited by Guarantee. No shares have been issued.

Notes to the Financial Statements (continued)

20. Cash Flow from Operating Activities

	2023 £	2022 £
Surplus/ Deficit for the year (net of transfer to restricted reserves)	660,239	(8,285)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	484,712	486,065
Amortisation of intangible assets	55,279	21,402
Decrease/ (Increase) in stock	-	2,436
Decrease/ (Increase) in trade and other debtors	(13,926)	(7,667)
(Decrease)/ Increase in trade and other creditors	323,222	248,447
Decrease in provisions	(28,411)	(69,179)
Gain on disposal of property, plant & equipment	-	(8,695)
Government grants amortised in the year	(250,072)	(248,672)
Interest payable	165,954	101,014
Net cash generated from operating activities	1,396,997	516,866

21. Capital Commitments

	2023 £	2022 £
Expenditure contracted for but not provided for	1,479,986	3,846,617
Expenditure authorised by the board, but not contracted	1,284,101	751,500
	2,764,087	4,598,117

The above commitments will be financed primarily through borrowings.

22. Contingent assets / liabilities

The Association had no contingent assets at 31 March 2023 (2022: nil).

The Association receives capital grant funding from the Homes and Communities Agency which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Association is required to recycle this grant by crediting a Recycled Capital Grant Fund. As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

23. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2023 £	2022 £
Within one year	6,000	36,000
Between two and five years	-	6,000
	6,000	42,000

Notes to the Financial Statements (continued)

24. Analysis of Debt

	2022	Cash Flows	2023
	£ 000s	£ 000s	£ 000s
Long-term borrowings	3,449	299	3,748
Short-term borrowings	136	(18)	118
Lease Liabilities	22	(16)	6
Total Liabilities	<u>3,607</u>	<u>265</u>	<u>3,872</u>
Cash and Cash Equivalents	<u>(1,784)</u>	<u>604</u>	<u>(1,180)</u>
Total Net Debt	<u>1,823</u>	<u>869</u>	<u>2,692</u>

25. Related parties

Disclosures in relation to key management personnel are included in note 8.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part. The cost to Heart of England YMCA for the year was £2,765 (2022: £2,744).

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £986 (2022: £113).

There were £420 other related party transactions with Inner Dimensions Ltd. The transaction related to services received for training. Oenca Rona Fontaine, a Trustee, is the Director of Inner Dimensions Ltd.

Accounts

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

**Company No: 00170981
Charity No: 218808
RSL No: LH478**

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Contents	Pages
Reference and Administration Information	2
Objectives and Principal Activities	3
Strategic Report	4 – 14
Corporate Governance	15 - 16
Statement of Trustee's responsibilities	16 - 17
Independent Auditor's Report to the Members	18 – 21
Statement of Total Comprehensive Income	22
Statement of Changes in Reserves	23
Statement of Financial Position	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 46

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name	Heart of England Young Men's Christian Association
Charity Registration Number	218808
Company Registration Number	00170981
Registered Social Landlord Number	LH4783
Company Secretary and Chief Executive	Alan Fraser resigned 1 st June 2021 Pauline Tomlinson appointed 1 st June 2021

Board of Trustees

The Board of Trustees is composed of the following individuals:

Paul Harris - Chair
Dawn Ward - Vice Chair
Oenca Rona Fontaine
Michael Hew
Graham Cadd
Arkle Leslie Bell
Gabriel Imevbore
Owen Everton Burke
Mark Bruckshaw
Gareth Clive Bunn
Anne Linsey (resigned 27th September 2021)

Registered Office: Heart of England YMCA
301 Reservoir Road
Erdington
Birmingham
England
B23 6DF

Auditors: Cooper Parry Group Limited
Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
B3 3AX

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The Board of Trustees is pleased to present its report and audited financial statements for the year ended 31 March 2022.

The Trustees and Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Association arise from its acceptance of its founding Christian principle, the Paris Basis of 1855, incorporated into the National Statement of the Aims and Purposes of the YMCA in England & Wales as it may be amended from time to time.

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to 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. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

(a) promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and

(b) enabling people of all ages and young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ;

- 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;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

The Association welcomes, serves and works with persons of all religious faiths and of none.

STRATEGIC REPORT

Mission Statement

To reflect the vision for the YMCA federation nationally to be 'an inclusive Christian movement, transforming communities so that all young people can truly belong, contribute and thrive', trustees have agreed that the mission of YMCA Heart of England is:

To inspire young people to discover their potential so that they can live life in all its fullness.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Achievements, performance and future developments

The principal activities in furtherance of the Association's charitable objectives are:

- The provision of supported accommodation with associated support services
- The provision of social housing at below-market rents
- The provision of childcare, including nursery provision and holiday play schemes
- The provision of training and other support for to enable them to secure or progress within employment
- The provision of facilities for hire by the local community and other groups
- The provision of a chaplaincy to service users, the local communities that we serve, and our staff and volunteers
- The provision of youth clubs and assorted in formal education activities for young people, including those identified as being vulnerable and/or at risk

The previous year we announced the Board decided to cease offering nursery provision and the delivery of training apprenticeship. During the year we ceased these services. In the year under review the Association managed 330 Bed spaces. These units provide much needed accommodation for formerly homeless people, many of whom are young and represent a diverse community. This is augmented by the provision of housing related support which we provide directly at our supported housing schemes (60%) and general needs (40%). Our specialist housing provides support for vulnerable groups within our society, this includes, young people, young families, those with mental health issues and those suffering domestic abuse, drug and alcohol recovery, and ex-offenders. We will continue to deliver ambitions to build more homes and provide services that meet the needs of our customers.

In addition, we operate one children's day nursery across the Borough of Solihull and provide a range of holiday play schemes and out of school clubs. We also operate a youth services team, delivering open access and bespoke youth work programmes, predominantly in Coventry. We are aware of the challenges faced by the Association as it responds to some financial challenges created through loss of income and the impact from Covid-19.

Chair's Statement

I want to start this year's Chairs statement by firstly thanking God for His guidance and direction for us as an organisation and despite many of the challenges we have faced we acknowledge that it is often during these difficult times that we reflect and refocus and 2021 – 2022 has enabled us to do just that – reflect on our key priorities. We have planned for the future sustainability of our organisation and importantly acknowledged that 'in our hearts we plan our course but the Lord establishes our steps'. Proverbs 19:6.

This year we have made some key decisions this included the appointment of a new CEO, and under her leadership we have restructured elements of the organisation, closed some of our services, exited contracts, dealt with contractors going into liquidation at our Northfield site, which meant we have had to seek a loan to fund what was initially a build that wouldn't have cost us anything. We have done all this whilst dealing with and emerging from a national pandemic, and like many of us within society we have felt the impact of Covid on our staff, our volunteers, our services and our service users.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

This meant that many of our plans to try and build a single, unified team and corporate culture and invest in future developments had to be put on hold whilst we remodelled our services to focus on a 'Back to Basic's' emphasis with the key drivers being Housing and Youth and building on a solid financial infrastructure.

Whilst we have endured some significant challenges we have also seen some significant progress and we really want to celebrate some of these achievements. We have developed our strategic plan that focusses intentionally on 10 key priorities for the next 2 years, streamlined our Operations delivery so that we connect our housing offer with our youth provision. We have focussed on building safety and invested in this year's maintenance programme. We have delivered on regulatory compliance and can confidently say that we have seen significant progress within our assets, development and health and safety areas. We have made cost savings within our corporate services by realigning our delivery to become more 21st century relevant. We have also commissioned a stock condition survey that now gives us a clear investment and refurbishment plan for our properties over the next 20 years. We have continued to deliver excellent accommodation support services for our residents and cemented our youth provision particularly in Coventry. We have delivered organisational wide training on Equity, Diversity and Inclusion (EDI) and adopted the EDI Charter as part of the wider federation. We have mandated organisational wide training to become a Trauma Informed Organisation and relaunched our values with a focus on the behaviours that reflect the values we stand for. We have appointed the board Safeguarding Champion and I am pleased to have taken on the role of the Equity and Diversity Champion for the board.

Our staff conference this year was slightly later than usual but we were so encouraged with the turn out to our first face to face conference in over three years with over 90% of staff in attendance. The conference created an opportunity for fine dining – with the food being provided by an ex – resident who has now established her own catering company – a fantastic achievement. It enabled us to say a huge thank you to staff who supported her to this point in her journey and in particular one of our concierge's who was instrumental in providing guidance and support. We also celebrated those who have worked with us for a significant time through the presentation of our long service awards and we recognised others for reflecting the values in their behaviours. It was an absolute honour for example to acknowledge our longest serving member of staff – who has been with us for just shy of 30 years and all this at the age of 91 – an absolute privilege to be able to appreciate the special contribution this individual has made. It was also humbling to hear the testimonials of ex – service users and to embrace our staff members talking so passionately about what it means to them to work for YMCA Heart of England. Clearly explaining that their commitment is so much more than 'just the day job'.

As Chair of the Board and along with the Trustees we certainly acknowledge the willingness of our staff and volunteers who go the extra mile to maintain services to our beneficiaries wherever possible and this has been truly inspiring.

In the face of many challenges, and the significant unforeseen additional costs for our Northfield build it is all the more striking that we are reporting a surplus this year. This has been clearly down to the decisions we have taken throughout the year to ensure we are sustainable and I want to thank the CEO, the Executive Leadership team and the clear steer from our trustees on coming to some key decisions which at times were extremely difficult. We also recognise the huge part that our staff team have played in this success and want to extend our sincere gratitude for the resilience and continued commitment to drive forward our plans.

We are looking forward to the next 12 months of stability for the organisation as we build on a solid foundation to continue to strive and reach out to those most in need. We want every staff member and volunteer, our beneficiaries and the communities we serve across Coventry, Birmingham and Warwickshire, to really feel the values in the way that we treat them and operate as an Association. In that regard it is especially pleasing to report that we have appointed a new Director of HR and Culture and we look forward to her starting with us as we work together to embrace a Christ like culture reflecting the values at every touch point of our organisation. We look forward to organisational development and external quality kite marks that confirm the excellent work we are doing. We look forward to capturing more of the voice of our beneficiaries, staff and service users as we focus on continuous improvement.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

We are also looking forward to putting in place governance training for our trustees who voluntarily give up their time to ensure the organisation has measures in place to mitigate risk, to impact government thinking and to secure a financially robust future so we can in turn make an impact on those we serve through the lenses of Kingdom, Social and Financial measures.

We understand that some of the targets and KPI's that we have agreed may be challenging particularly within our housing and youth area but we have confidence that these are achievable.

Trustees are looking forward to an even more positive annual report next year and I end by simply saying 'thank you'.

Our response to Covid -19

Throughout the financial year under review the Association has to manage the impact of the coronavirus pandemic on our operations. All of housing schemes remained open and continued to offer a secure home with access to remote support to all of our residents. Our community facilities remained closed for most of the year in response to government guidance, whilst the operation of our nurseries has been disrupted by the various lockdowns. The Board made a difficult decision to cease offering nursery provision and the delivery of training apprenticeship. We continued to deliver online support to the most vulnerable young people on our bespoke youth work programmes

We have made good use of the government's furlough scheme throughout the year to protect affected staff but a small number of employees were sadly made redundant. Because of our actions, our underlying financial position remains secure, as highlighted in the report.

Covid-19 has impacted significantly on this reporting period, with income in our learning and community's department significantly below our initial expectations. Our learning and community's department lost revenue and as a result our services were ceased, some key staff made redundant. Our main income streams (approximately 87% of our total income) relate to housing services. We maintain a good waiting list and high occupancy on all our schemes. Rent payments continue to be received.

We have invested considerably in measures to protect the health and safety of our service users and employees. Where possible our employees are working from home, using enabling technology solutions and working flexibly around their domestic circumstances. For those employees unable to work from home, we have implemented both social distancing and elevated health measures in our work places, including temperature checking and additional cleaning regimes to ensure the safety of our people. We are acting compassionately and quickly where we identify that people are struggling, protecting resident income, employees' welfare, and keeping vital services running. These measures obviously have had some costs, but have enabled us to remain operating in most areas. There were no significant outbreaks of coronavirus infections and sickness absences were no higher than normal. We recognise that not everyone will be comfortable with face-to-face meetings and events and so we have invested in technology that will allow 'hybrid' events with both physical and virtual attendees. And we are applying to various grant-giving bodies to secure funding for community outreach projects so that we can continue to support vulnerable young people.

In all these ways YMCA Heart of England responded well to the challenges the pandemic has posed, and we believe that the future of the Association remains secure.

Statement of Public Benefit

The Trustees consider they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

In the year under review the Association worked across three main service areas which provided benefit not only to our service users but also to the wider community. We work with people from all social and ethnic backgrounds and provide services in the cities of Birmingham and Coventry and the boroughs of Solihull and Rugby, focussing on inspiring people to reach their potential.

During the year, we provided 264 bed spaces of supported accommodation each night. These properties provide supported housing to vulnerable and disadvantaged groups. We work with people to provide skills and confidence to move towards independent living and to begin contributing to the wider community. In addition, we provided 66 bed spaces of move-on general needs for people who no longer require support. These are let at below market rents.

Financial Review

Statement of Comprehensive Income

Overall income decreased this year by 18%. The main reason for this is largely to do with the release of £1.18m grant for the Development of Northfield in the previous year.

Operating costs remained broadly in line with 2020/21, with increased maintenance costs of £109K as we invest in our homes, enhance building safety and deliver a high service level to our customers.

Surplus on disposal of £8K relates to the disposal of our fleet of motor vehicles. The proceeds will be reinvested in replacing social assets.

Interest costs has increased by 3% compared to last year due to the increase in Bank of England base rate.

Covid-19 has materially impacted the performance of both Nurseries, reporting an operating deficit of £135K including redundancy costs of £36.7K. We are aware of the financial challenges coupled with the impact from Covid-19 and the Board made a difficult decision this year to close both nurseries. We recognise the operating environment is becoming more challenging for small providers diversifying their portfolio in this area; and recognise that economy of scale is required to scale up. Such changes mean that we are able to focus our attention and investment on being an excellent landlord

Training and Conferencing services and Cafe operating performance decreased this year by 24% and reporting an operating deficit of £190K. We have been affected by Covid-19 in particular in delivering apprenticeships. As a result the Board made a decision to cease delivering apprenticeships in this year. We understand no charity will survive or succeed without adapting and evolving to new environments as they emerge.

Other non-social housing decreased by 57% this year which relates to securing grants in the previous year.

The surplus generated for the year will continue to be re-invested into our development programme, enhancing our systems and providing excellent service all round.

Statement of Financial Position

Growth in asset base

The total value of housing assets increased by 1% compared to the previous year and Other assets went down by 9%. During the year the refurbishment of Magdalene Court at our Northfield site was put on hold. The contractor went into liquidation which meant we had to seek a loan to fund the development.

We continue to deliver an ambitious development programme while maintaining a resilient balance sheet.

Housing properties increased by a net of £228K which comprises of £562K additions, £335K depreciation.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

We could not have grown our assets if it were not for the support of Homes England, Heart of England, Charity Bank and Unity Trust Bank. We would like to record our appreciation for the ongoing support.

Liquidity

Our debt held has decreased by 4% (2021: 3.4%) compared to the previous year to fund this growth. The increase is higher than the increase in net book value of housing. The loan debt at year end stood £3.6m.

Total Reserves

Total reserves remained in line with 2020/21.

Pension Costs

Heart of England 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 last triennial valuation of the scheme was performed at 1 May 2020. This has shown that the pension recovery needs to be extended by two years.

YMCA Heart of England deficit decreased to £245,048 from £285,493 last year.

Bank

Bank balances at the year-end stood at £1.7m (2021 £2,04m) and the cash flow forecasts for 2022/23 are all positive. The bank balance at year end includes a net amount of £983K for the redevelopment of our Northfield site which is grant funded by Homes England and Heart of England. We anticipate the grant to be spent by the end of the current financial year.

Immediate Operating Environment

From April 2021, we continue to ensure that the Association has strong liquidity and that committed bank facilities will remain available and that the value of charged security continues to meet loan asset cover requirements.

As part of our aspirations for a more sustainable future, YMCA HoE Strategic Plan will establish a Sustainable Finance Framework, which will set out the work being done on sustainability. It will allow YMCA HoE to attract new efficient funding that will enable the development of quality homes, the refinancing of our existing stock, and help meet the costs of renovation to enable YMCA HoE to ensure our homes are in excellent condition. We know that the impact COVID-19 will make the operating environment become more difficult. It is likely to lead to an increase in Universal Credit applications, the likelihood of the UK entering a period of recession which may increase the level of rent arrears affecting the ability to collect rent. Delays in the progression of new developments of which we have experienced with the Northfield Development. Backlog of repairs that will require additional resources to meet short term constraints. Our Boards focus has been on Liquidity during this reporting year and will continue to do so.

Value for Money Statement

YMCA Heart of England is at the forefront of homeless prevention and alleviation in Birmingham, Coventry and Rugby. These activities have come under increasing pressure through the combination of funding cuts, the social housing rent reduction policy and the inevitable rise in homelessness and rough sleeping. This means our resources need to be managed efficiently so we can support as many people as possible. Our annual budget planning process includes scrutiny of each service, staffing complement and associated costs to ensure that our resources are focused on delivering the highest quality of services to our residents that we can realistically afford.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The same level of scrutiny is applied for our other services: nursery provision, conferencing and our youth work. Each area is monitored regularly at subcommittee level in respect of social and financial outcomes to ensure that we continue to deliver the highest quality can within the resources available. In addition, where funding is received from grant giving bodies (e.g. the Youth Investment Fund) our spending plans are subject to external scrutiny to ensure that they deliver value for money.

In the last few months the Board and Executive Leadership Team have been working on an impact framework which will measure the wider impact of our activities alongside financial outcomes, thereby ensuring we deliver fully on our mission and values and use our resources to best effect. The framework is now agreed as covering;

- Finance: utilisation, sustainability and stewardship
- Social: progression, community and influence
- Kingdom: experience, ethos and empower

This framework is being developed into a series of measures and performance indicators and we have started implementing these during this financial year.

We are reporting on the Regulator of Social Housing (RSH) Value for Money standard and accompanying code of practice. The standard requires us to publish performance against our own value for money targets and against a series of common metrics with which to measure economy, efficiency and effectiveness.

The purpose of the Value for Money approach is to:

- Continue to drive improvements in VFM within the social housing sector
- Ensure a strategic approach to delivering VFM is embedded within the business
- Encourage investing in existing homes and new housing supply
- Enhance the consistency, comparability and transparency of VFM reporting.

We set out below a comparison between this year and last on our performance. Additionally, we have compared our performance to the National Housing Federation Sector Scorecard using the median.

Regulatory Metrics

RSH Metric	2021 /22	2020/21	Sector Scorecard National Federation (Median)
1. Reinvestment %	3.0	8.9	5.10
2. New supply delivered	2	60	0.00
3. Gearing %	9.7	9	33.82
4. EBITDA MRI interest cover %	330.8	1,753	215.95
5. Social housing cost per unit £	12,256	11,383	3,891
6A. Operating margin (social housing) %	0.7	3.1	25.49
6B. Operating Margin (overall) %	(0.2)	25.4	23.54
7. Return on Capital Employed %	0.5	7.8	3.10

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

1. Reinvestment %

We recognise there is a backlog of unmet housing need and our strategy is to increase our stock each year. This year due to the impact from Covid-19 we experienced delays in the progression of new developments of which we have experienced with the Northfield Development.

2. New supply delivered %

The focus for the future is reinvestment in existing housing stock to ensure it is fit for purpose for the coming decades as well as increasing our housing stock to support individuals and families. We continue to see unprecedented levels of external change and all political parties believe more homes need to be built in the coming years.

We have been building a development pipeline to provide additional new build accommodation. We now have 1 scheme on site (total 27 units), with additional schemes being actively pursued as we look to maximise use of our available resources for the benefit of the wider community we serve.

3. Gearing %

This represents our net debt to lenders as a percentage of the total cost of our housing properties. We have been successful in working with Homes England and other partners to keep borrowing as low as possible. Whilst this ratio remains low we understand to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our lenders and funders.

4. EBITDA MRI Interest Cover %

This represents the level of surplus compared to the interest payable. A one-off event reported in the previous year under Other Income which materially increased the EBITDA is the reason why the percentage is extremely high in 2020/21. These events are the release of Grant for the Development of Northfield from Heart of England, the value of this is £1m we also received £21K of Government JRS income during this reporting period of which is reported in Other Income.

5. Headline social cost per unit

This represents social housing costs divided by total units owned and managed. Like other providers we have spent a lot of time analysing our cost per unit. Our strategic aim is for our headline social cost per unit to reduce each year. We recognise there is more to do and our aim is to avoid spending time and money on undertaking repairs where this could have been avoided. Our Asset Management team are improving their working models to ensure they analyse and look for properties with signs of neglect and linking this to the planned maintenance schedules.

6A. Operating margin (social housing lettings only) %

This represents operating surplus from social housing lettings divided by turnover from social housing lettings. The Operating margin for Social housing lettings decreased from 3.1 to 0.7 compared to the previous year this is largely to do with the release of £1.8m grant for the Development of Northfield in the previous year.

6B. Operating margin (overall) %

Overall operating Margin decreased from 25.4 to 0.2 largely to do with the release of £1.8m grant for the Development of Northfield and £168K of Government JRS income in the previous year.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Bad debts, void loss and current tenant arrears are key performance indicators in assessing efficiency and we monitor this monthly. Our aim is to reduce costs and deliver VFM efficiencies and using all our surplus to build more homes.

7. Return on capital employed %

This compares the overall operating surplus to total assets less current liabilities. The level of return is low compared to the previous year, this is due to the merger with YMCA Coventry and Warwickshire and the one-off Exceptional Income reflected in 2020/21.

Principal risks and uncertainties

New, emerging and high scoring risks are monitored through a Strategic and Operational Risk Register. The Executive Directors keep the register under review to ensure it fully reflects the risks to the delivery of YMCA Heart of England operations and Strategic Plan. Designated Managers are responsible for identified risk area and the Company Secretary oversees the progress against actions to mitigate risks.

The Board has also adopted a risk appetite which sets out the nature of levels of risk YMCA Heart of England are prepared to take to achieve our strategic objectives. Performance against this is being worked, facilitated through the use of metrics to enable the Board and committees to assess whether performance remains within the risk appetite parameters.

The Chief Executive reports to the Board on the effectiveness of the internal control environment.

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic post -pandemic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

	Risks	Risk responses	
	Risks	Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	- Treasury management strategy monitoring - Monitoring liquidity risk - Regular stress testing - Monitoring the metrics that are used for financial risk. - Income collection and arrears performance monitoring	- Implementation of income maximisation strategy - Establishment of sustainable finance framework - Key Performance indicators reported to the Executive Team monthly and Board bi monthly. - Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.
2	Reputational damage due to bad publicity	Independent internal review of all incidents	Monitor and seek professional advice. Regular internal review.
3	Changes in the external funding environment e.g. Local Authority Commissioning coming under tougher budgets, scrutiny and/or delays.	- Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure - Better information management and tracking	Keep up to date with current affairs, feedback on local, regional, and national guidance around Housing key priorities.
4	Responsibilities on becoming an Environmental and sustainably Employer and meet the Government Environmental Policy	- Promote responsibility for the environment and communicate and implement policy to workforce - Minimise waste by reduction, re-use and recycling methods - Identify and provide appropriate training , advice and information for staff and encourage them to develop new ideas and initiatives.	- Implementation of training programme to all staff. - Comply with all relevant environmental legislation/regulation.
5	Recruitment & Retention of staff, attract and retain people with the skills and experience required to deliver strategic plan. Avoiding the cost of not getting it right first time	Independent benchmarking of executive and senior managers salaries. Gender pays gap data, job evaluation and external benchmarking, monitoring of changes to staff establishment and turnover	Develop of employer brand, Develop of resource strategy, Development of hybrid working model, management development and coaching..
6	Development Risk / length of time to develop schemes	Review current and future development projects with a view to only spend time on developments that are most likely to crystallise.	Focus on Northfield and sweating the assets
7	YMCA Heart of England does not meet its Health and Safety obligations as a landlord, employer, developer, and provider of social care	- Specialist team in place with subject experts embedded across the business - KPI monitored by the Board and committees - Compliance issues monitored by the Board - Oversight of activity by Director of Asset and Development - Management Plans in place for key risk areas e.g fire, asbestos etc.	- Implementation of compliance modules across all asset compliance activities. - Further development of the suite of KPIs - Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.
8	Increase in housing arrears due to cost of living and increase in energy prices	- Treasury management strategy monitoring - Monitor on weekly basis; work with tenants and the local authority.	Improve relationship with Housing Benefits team, reduce cash payments and encourage standing orders or re-occurring payments by credit cards.
9	Investment decisions do not give appropriate weight to competing strategic agendas, e.g. environment, safety, growth digitalisation.	Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy	Mapping procurement methodology, timing of delivery and location of new homes in the period 2022-2025. Maintaining and understanding of the market for Land and S106 (Legal agreements between local authorities and developers) and investment strategy in Digitalisation
10	Resilience of IT Systems to cyber attacks	Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber attack.	Implement additional security systems and security. Implement regular assessment of internal controls independent from the IT and Business Development. Audits on Data by Risk Evolves. External Audit on IT environment.
11	Customer insight is not embedded in business design and service review process	Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction	Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Going Concern and Viability Statements

The Covid-19 pandemic has developed rapidly in 2021. The resulting impact of the virus on the operations and measures has not impacted materially on our financial performance in 2021/22 however, measures have already been taken to minimise the impact on our ongoing viability.

In assessing viability, the Board considered several key factors, including business models, our strategy, and risk appetite. Our assessment of viability therefore continues to align with a 5-year outlook.

Given the global political and economic uncertainty resulting from the Covid-19 pandemic, coupled with the already fast-paced change taking place across the hospitality, conferencing, training and the nursery sectors we saw significant volatility and business disruption, which reduced our expected performance in these areas in 2020/21.

We have already felt the impact of lockdown within our community activities (which includes nurseries, café, conferencing, youth work and training) in 2021/22. These business areas have been stress tested throughout the year and viewed from internal and external lense. The Board made a decision to close our two remaining nurseries and cease providing training apprenticeship. Such changes mean that we are able to focus our attention and investment on being an excellent landlord.

Nevertheless, measures have already been taken to protect our liquidity and operating performance. Immediate cost reductions and mitigation measures were put in place.

Restructures of our staff team have started which will contribute to our liquidity strength. This is mainly within conferencing, training and nurseries.

The Board's focus following Covid-19 is to place a stronger emphasis on liquidity and solvency and ensuring that the Association has adequate resources to continue in operation, meet it liabilities as they fall due, and retain sufficient available cash across all two years without breaching any loan covenant. Having reviewed revised financial forecasts prepared by officers, considering the likely impact of Covid-19 and the mitigating actions being taken, the Board has a reasonable expectation that the Association will remain financially viable.

The Board are satisfied the business model and strategy is adaptable with minimum risk on liquidity and solvency if a possible exit strategy is required from our community activities. Also, scenarios have been tested to scale up operations quickly to meet a return of consumer demand.

Regular stress testing is performed on the Association and different scenarios and sensitivities have been reviewed on the Association's projected cashflow position and financial covenant. Should these occur, mitigating actions would be required to ensure the Association remains liquid and financial viable.

These actions were identified as the Covid-19 pandemic emerged as part of the contingency planning that the Association has been undertaking which is considered both feasibility and timely to execute.

We have taken a series of steps to strengthen the Association's liquidity and increase the resilience of the balance sheet by sweating our existing assets and please to announce in 2022/23 6 additional units will be development at Will Steel House.

We are also looking to the future. The provision of social housing has vital part to play in the government's response to this crisis and they have already announced significant sums of money to help boost social housing supply and end rough sleeping for good. The delivery of more social housing is one of the key strategic objectives in YMCA Heart of England's new strategic plan and we are already in discussions with local councils in our area of benefit with a view to securing some of the recently-announced government money for investment in social housing.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Reserves Policy

The Finance Sub-Committee, on behalf of the Board of Trustees, conducts an ongoing review of the level of reserves consistent with ongoing activities of the Charity. The trustees are taking into consideration the economic environment and risks associated with the various sources of income, expenditure plans and what level of working capital is required to continue core activities. The reserve policy is considered every quarter in line with the quarterly accounts.

We use a rolling five-year forecast to model how we will fund the delivery of our strategy.

We monitor managed cash which includes all amounts available to finance the general activities net of any financing agreements. The trustees have agreed that managed operating cash outflows should exceed a minimum of three months to six months annualised forecast cash outflow.

Financial performance and forecast information is monitored monthly to assess the cash requirements of the Charity. The reserve policy is considered and monitored every quarter.

Our Reserve Policy is set to take into consideration:

- Income risk reserve to protect the charity against a fall in income levels
- Working capital reserve to provide working capital if expenditure is needed ahead of income being received
- Designated reserves set aside to meet essential future spending and unplanned emergency repairs and other expenditure.
- Level of funding for unexpected opportunities

Covid-19 has affected both demand and funding for Heart of England YMCA. The Pandemic is, at the same time, reducing our income. As we are approaching the remainder of the year with caution our Reserve Target was achieved.

	2022
Total Reserve	£4,884M
Less Capital Grant restricted for Phase 5 on Magdalene Court at our Northfield Site	-£983K
Less Total Funds held for Designated Reserves	-£380K
Less Revaluation Reserve	-£408K
Available Reserves	£3,113M

Our Reserves measured as at 31 March 2022

	2022
Managed Cash outflow based on 12 months forecast to the period ending March 2023	£5,211M
Divide by 12	£434k
Months of annualised forecast of operating cash outflows (£3,113M available reserves divide by £434K)	7 months

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Corporate Governance

We are committed to the principles of Good Governance. The trustees adopt the National Housing Federation's (NHF) 2020 code of governance to measure good governance practices as well as the Charity Governance Code.

Delegation and control

The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers. The board has not recently reviewed its delegated powers but intends to do so in the forthcoming year and is in the process of pulling together a scheme of delegation.

The board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.

At the moment salaries are the only area where we benchmark. (We co-ordinate production of a biennial YMCA salary survey.) We are currently working with YMCA colleagues across the region to produce comparative data for operational performance.

Actively managing risks

The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.

The board regularly reviews the charity's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.

The charity considers using a Governance Committee to lead the board appointment process and to make recommendations to the board.

The board reviews its own performance and that of individual trustees, including the chair. Such evaluation typically considers the board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.

The board reviews its collective effectiveness at an annual board away day. This discipline has continued throughout the current pandemic. However, we have not previously reviewed the performance of trustees on an individual basis, this has been introduced through a robust skills and competency matrix and will be reviewed by trustees in the current financial year.

Notwithstanding this, the Association considers itself to have high standards of governance. The policies of the Charity are determined by the Board of Trustees, which meets bi-monthly. The Charity's operations are managed by the Chief Executive, who reports to the Board of Trustees. The Charity has a system of internal controls designed to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud or error. The system includes corporate controls over income and budget comparison, proper supervision and delegation including operational and financial review procedures, limitation on the spending power of individuals and control over the Charity's assets. The internal controls are subject to regular review and are updated to take account of organisational and operational changes. There are four sub-committees that meet bi-monthly on matters of housing, finance, development and social enterprise.

A review of governance structures was undertaken in the year under review. This has already resulted in improved performance reporting to trustees through the Association's operational committees. In the current year it will also lead to the overhauling of the Key Performance Indicators against which officers' performance is assessed.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Key Management and Remuneration

There were four executive directors and one chief executive of the Association during the year under review. They were:

- Pauline Tomlinson –Chief Executive
- Fawzia Radman – Director of Finance and Corporate Services
- Daljeet Matharu – Director of Assets and Development
- Hyacinth Blackburn – Director of Housing & Youth

The Association's policy is to review salaries annually as part of the budget setting process. This may result in a cost of living pay increase being awarded to all employees. The Association's policy is that any amendment to the salary level of an individual employee or group of employees beyond the annual cost of living increase must be recommended by the appropriate departmental director, and authorised by the Director of Finance and Chief Executive.

The remuneration of executive directors is set by the Chief Executive, bearing in mind salaries for similar roles at comparable organisations, including other YMCAs within the region. Any amendment to the salary of an executive director beyond the annual cost of living increase must be recommended by the Chief Executive and authorised by the Treasurer and the Chair.

The remuneration of the Chief Executive is set by the Board. In considering the appropriate remuneration level they will look at salaries for comparable organisations, especially other YMCAs within the region. This is considered alongside other factors, such as the size and complexity of the Association's operations, and the affordability of any remuneration package to the Association.

All staff and trustees are required to declare any conflict of interest that may exist (or be perceived to exist) before recommending or authorising any amendment to an employee's remuneration.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees 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 its income and expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The trustees are 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITORS

Under section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

By order of the Board



Paul Harris
Chair and Trustee

Date: 22nd September 2022

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association

Opinion

We have audited the financial statements of Heart of England Young Men's Christian Association for the year ended 31 March 2021 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022, and of the Association'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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

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 Association 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 Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the strategic report).

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association'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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the Statement of Trustees' responsibilities set out on page 18, the trustees 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 board 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 board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Association 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 Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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

- obtaining an understanding of the legal and regulatory framework applicable to the Association and how the association is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Association's control environment and how the Association has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Association'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 based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

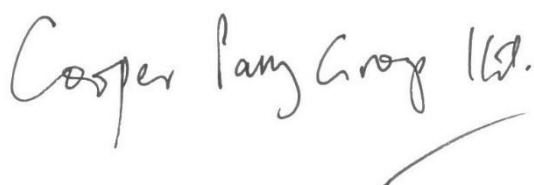
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA
Senior Statutory Auditor

For and on behalf of

Cooper Parry Group Limited
Statutory Auditors
Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
B3 3AX

30 September 2022

Statement of Total Comprehensive Income for the year ended 31 March 2022

	Note	Continuing Activities £	2022 Discontinued Activities £	Total £	Continuing Activities £	2021 Discontinued Activities	Total £
Turnover							
Underlying Operations	3	5,355,808	127,837	5,483,645	5,115,565	410,986	5,526,551
Other Income	13	21,075	-	21,075	1,180,643	-	1,180,643
		5,376,883	127,837	5,504,720	6,296,208	410,986	6,707,194
Operating costs		(5,085,202)	(335,483)	(5,420,685)	(4,816,154)	(391,259)	(5,207,412)
Operating Surplus	5	291,681	(207,646)	84,035	1,480,054	19,727	1,499,782
Profit on disposal of property, plant & equipment (FA)		8,695	-	8,695	-	-	-
Write Down of Goodwill		-	-	-	-	-	-
Interest receivable & other income	6	-	-	-	190	-	190
Interest & financing costs	7	(101,014)	-	(101,014)	(98,058)	-	(98,058)
Surplus/(deficit) for the year before tax		199,362	(207,646)	(8,284)	1,382,186	19,727	1,401,914
Taxation		-	-	-	-	-	-
Surplus/ (Deficit) for the year		199,362	(207,646)	(8,284)	1,382,186	19,727	1,401,914
Remeasurements - Actuarial gain/ (loss) in respect of pension schemes		-	-	-	-	-	-
Total comprehensive income for the year		199,362	(207,646)	(8,284)	1,382,186	19,727	1,401,914

The Financial Statements were approved by the Board on 22nd September 2022 and signed on their behalf by:



Paul Harris
Chair and Trustee



Dawn Ward CBE
Trustee

The accompanying notes on page 26 to 46 form part of these Financial Statements.

Statement of Changes in Reserves for the year ended 31 March 2022

	Income and expenditure reserve £	Restricted Reserve £	Revaluation reserve £	Total £
Balance as at 1 April 2020	3,045,824	36,752	408,218	3,490,794
Surplus / (deficit) from statement of comprehensive income	1,401,914	-	-	1,401,914
Transfer to Restricted Reserve Heart of England Community Foundation	(1,012,377)	1,012,377	-	-
Balance at 31 March 2021	3,435,361	1,049,129	408,218	4,892,708
Surplus / (deficit) from statement of comprehensive income	(8,285)	-	-	(8,285)
Movement in Restricted Reserve	66,366	(66,366)	-	-
Write Down of Investment in subsidiary	(200)	-	-	(200)
Balance at 31 March 2022	3,493,242	982,763	408,218	4,884,223

The accompanying notes on page 26 to 46 form part of these Financial Statements.

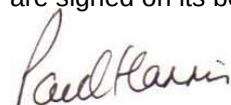
Statement of Financial Position

At 31 March 2022

Company No. 00170981

	Note	2022 £	2021 £
Fixed Assets			
Intangible assets and goodwill (Reclassified)	10	43,082	26,832
Tangible fixed assets - Housing Properties (Reclassified)	11	16,119,335	15,906,063
Tangible fixed assets - Other Fixed Assets (Reclassified)	12	<u>1,772,672</u>	<u>1,963,948</u>
		17,935,089	17,896,843
Current Assets			
Trade and other debtors	14	257,092	249,426
Stock		-	2,436
Cash and cash equivalents		<u>1,784,428</u>	<u>2,040,602</u>
		2,041,520	2,292,464
Creditors: Amounts falling due within one year	15	<u>(1,101,884)</u>	<u>(855,180)</u>
Net current assets		<u>939,636</u>	<u>1,437,284</u>
Total assets less current liabilities		18,874,725	19,334,127
Creditors: Amounts falling due after more than one year	16	(13,718,580)	(14,100,320)
Provisions for liabilities			
Other provisions	19	(271,921)	(341,100)
Total net assets		<u><u>4,884,224</u></u>	<u><u>4,892,708</u></u>
Reserves			
Income and expenditure reserve		3,493,242	3,435,361
Revaluation reserve		408,218	408,218
Restricted reserve		<u>982,763</u>	<u>1,049,129</u>
Total Reserves		<u><u>4,884,224</u></u>	<u><u>4,892,708</u></u>

The Financial Statements on pages 22 to 46 were approved by the Board on 22nd September 2022 and are signed on its behalf by:



Paul Harris
Chair and Trustee



Dawn Ward CBE
Trustee

The accompanying notes on page 26 to 46 form part of these Financial Statements.

Statement of Cash Flows

	Note	2022 £	2021 £
Net cash generated from operating activities	21	516,867	352,514
Cash flow from investing activities			
Net purchase of tangible fixed assets	11 & 12	(547,082)	(1,638,470)
Purchase of intangible fixed assets	10	(20,195)	1,509
Proceeds from sale of tangible fixed assets		30,261	-
Grants received		-	1,082,377
Interest received		-	190
		<u>(537,016)</u>	<u>(554,394)</u>
Cashflow from financing activities			
Interest paid	7	(98,314)	(95,358)
Repayments of borrowings		<u>(137,712)</u>	<u>(135,307)</u>
		(236,026)	(230,665)
Net change in cash and cash equivalents		(256,176)	(432,545)
Cash and cash equivalents at beginning of the year		<u>2,040,603</u>	<u>2,473,148</u>
Cash and cash equivalents at end of the year		<u>1,784,428</u>	<u>2,040,603</u>

The accompanying notes on page 26 to 46 form part of these Financial Statements.

Notes to the Financial Statements

1. Legal Status

Heart of England YMCA is a company limited by guarantee, registered under the Companies Act 2006, an English registered social housing provider and a registered charity.

The address of the registered office is given in the information on page 2 of these financial statements.

The principal activities of Heart of England YMCA are set out in the Report of the Trustees.

Heart of England YMCA is a public benefit entity as defined by FRS 102.

2. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice standards (UK GAAP) including adoption of Financial Reporting Standard 102, and the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for Registered Providers of Social Housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of Heart of England YMCA, and rounded to the nearest whole £1.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

Turnover

Turnover represents rental and service charges income receivable, net of void losses in the year, revenue grants receivable from local authorities and income from social enterprise activities.

Other Income

Interest receivable and investment income is accrued on a time apportioned basis by reference to the principal outstanding at the effective interest rate.

Notes to the Financial Statements (continued)

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that Heart of England YMCA will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England.

Other Grants

Grants received from non-Government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Taxation

Heart of England YMCA is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Value Added Tax (VAT)

The majority of the expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the income is exempt from VAT, the Association charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Association is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs.

The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HMRC. The balance of VAT payable or recoverable at the year-end is included as a current liability or a current asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to income and expenditure in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Heart of England YMCA runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Heart of England YMCA is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined Contribution Plan

Heart of England YMCA offers two pension schemes to all of its employees.

The People's Pension which is our default scheme on Auto-Enrolment offering contributions made on a salary sacrifice basis. This scheme auto-enrols employees on a 2% contribution rate which is matched by Heart of England YMCA.

The YMCA Personal pension scheme. This scheme allows contributions between 3% and 8% which is also matched by Heart of England YMCA on a salary sacrifice basis.

Defined Benefit Plan

Heart of England 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. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

As described in note 18, Heart of England YMCA has a contractual obligation to make pension deficit payments of £42,830 per annum over the period to April 2029, increasing at an annual uplift of 3%, accordingly this is shown as a liability in these accounts. The amount paid in the year was £49,000. In addition, Heart of England YMCA contributed £11,596 to the operating expenses of the Pension Plan and these costs are charged as paid.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Notes to the Financial Statements (continued)

Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Association recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Provision is made for any impairment.

Depreciation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is five years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Notes to the Financial Statements (continued)

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of 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 Association depreciates the major components of its housing properties based on the following:

Building Components	Years	Building Components	Years
Structure	50 / 100	Central Heating	30
Windows	30	Boilers	15-50
Kitchen	20	Roof	50-70
Bathroom	15-30	Environmental Works	30

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Office Buildings	50
IT Hardware	5
Furniture & Office Equipment	10
Motor Vehicles	4
Office Improvements	10

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Notes to the Financial Statements (continued)

Reserves

Income and Expenditure Reserve

Income and Expenditure Reserves are unrestricted reserves and represents surpluses generated from operating activities.

Designated Reserve

These funds are those unrestricted funds which have been set aside by trustees for an essential spend or future purpose. These funds form part of unrestricted Income and Expenditure reserve. Generally, these funds cover the replacing or improvement of the charity's assets.

Restricted Reserve

Restricted Reserves are tied to a particular purpose. These funds are specified by a third party and imposes terms and conditions stipulating the funding must be spent on a particular purpose.

Revaluation Reserve

A revaluation reserve is a non cash reserve and created to reflect the true value of the asset representing the deemed cost of housing properties on transition to FRS102.

Critical areas of judgement and accounting estimates

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Pension Liability**

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as rates of inflation, mortality, discount rate and salary increases. These assumptions have the ability to influence the value of the liability. These assumptions are based on the actuarial advice.

- **Bad Debt Provision**

Assumptions between budgetary and debt provisions are assumed. These assumptions include estimation of uncertainty against future recognition of certain accounts receivable as being uncollected.

- **Leases**

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Heart of England YMCA.

- **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.

Notes to the Financial Statements (continued)

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

2022						
Turnover		Operating expenditure		Operating surplus(Deficit)		
Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued	
£		£		£		
Social housing lettings						
4,491,438	-	(4,475,728)	-	15,710	-	
Other social housing activities						
Charges for support services	240,071	-	14,896	-	254,966	-
Other social housing	57,423	-	(19,639)	-	37,784	-
	297,494	-	(4,743)	-	292,751	-
Activities other than Social Housing						
Amortised government grants	31,088	-	-	-	31,088	-
Childrens services	267,032	33,636	(296,766)	(142,237)	(29,734)	(108,601)
Training and conferencing services and café	214,787	94,201	(307,966)	(193,246)	(93,179)	(99,045)
Other non social housing	53,969	-	-	-	53,969	-
	566,876	127,837	(604,732)	(335,483)	(37,856)	(207,646)
	5,355,808	127,837	(5,085,203)	(335,483)	270,605	(207,646)
2021						
Turnover		Operating expenditure		Operating surplus(Deficit)		
Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued	
£		£		£		
Social housing lettings						
4,263,565	-	(4,130,419)	-	133,146	-	
Other social housing activities						
Charges for support services	230,930	-	1,888	-	232,818	-
Other social housing	84,415	-	(34,767)	-	49,648	-
	315,345	-	(32,879)	-	282,467	-
Activities other than Social Housing						
Amortised government grants	31,088	-	-	-	31,088	-
Childrens services	224,847	155,582	(305,352)	(145,951)	(80,505)	9,631
Training and conferencing services and café	154,698	255,404	(347,504)	(245,308)	(192,806)	10,096
Other non social housing	126,023	-	-	-	126,023	-
	536,656	410,986	(652,856)	(391,259)	(116,201)	19,727
	5,115,565	410,986	(4,816,154)	(391,259)	299,411	19,727

Notes to the Financial Statements (continued)

3b. Particulars of income and expenditure from social housing lettings

	2022		2021
	General needs housing	Total	Total
	£	£	£
Rent receivable net of identifiable service charges	4,273,854	4,273,854	4,045,981
Amortised government grants	217,584	217,584	217,584
Turnover from social housing lettings	4,491,438	4,491,438	4,263,565
Management	936,672	936,672	922,661
Service charge costs	2,517,748	2,517,748	2,295,679
Routine maintenance	602,785	602,785	489,704
Major repairs expenditure	-	-	25,599
Bad debts	83,935	83,935	72,921
Depreciation of housing properties	334,588	334,588	323,855
Operating expenditure on social housing lettings	4,475,728	4,475,728	4,130,419
Operating surplus on social housing lettings	15,710	15,710	133,146
Void losses	(162,454)	(162,454)	(112,822)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2022 Number	2021 Number
Social Housing		
General Housing		
Social Rent	214	212
Total Owned	214	212
Units managed on behalf of other organisations		
General needs	116	116
Total Managed	330	328
Accommodation in development at year end	33	27

Notes to the Financial Statements (continued)

5. Operating Surplus

	2022	2021
	£	£
Release of deferred capital grant	(248,672)	(248,673)
Provision of Bad Debts	(41,403)	74,858
Amortisation of intangible fixed assets (per note 11)	21,402	16,757
Depreciation of housing properties	334,588	323,855
Depreciation of other tangible fixed assets	169,725	127,063
Operating lease rentals:		
land and buildings	459,976	461,857
vehicles and equipment	<u>33,734</u>	<u>34,135</u>
 Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements	<u>16,560</u>	<u>20,520</u>
Total audit services	<u>16,560</u>	<u>20,520</u>
 Tax compliance services	<u>2,220</u>	<u>960</u>
Total non-audit services	<u>2,220</u>	<u>960</u>

6. Interest receivable and similar income

	2022	2021
	£	£
Interest receivable and similar income	<u>-</u>	<u>190</u>
	<u>-</u>	<u>190</u>

Notes to the Financial Statements (continued)

7. Interest and financing costs

	2022	2021
	£	£
Net interest payable YMCA Pension Fund	8,565	10,764
Bank interest	89,749	84,594
Amortisation of issue costs	2,700	2,700
	101,014	98,058
Interest payable capitalised on housing properties under construction	-	-
	101,014	98,058
Capitalisation rate used to determine the finance costs capitalised during the period	-	-

8. Employees

Average monthly number of employees employed in the year were:

	2022	2021
	No.	No.
Housing and support activities	56	45
Nurseries	15	21
Maintenance	6	7
Learning & Communities	18	25
Management and administration	15	27
	110	125

The average monthly number of employees expressed as full-time equivalents (calculated based on standard working week of 35 hours were:

	2022	2021
	No.	No.
Housing and support activities	53	49
Nurseries	10	19
Maintenance	4	8
Learning & Communities	10	13
Management and administration	10	19
	87	108

Notes to the Financial Statements (continued)

8. Employees (continued)

The full-time equivalent number of staff who received remuneration (including Executive Directors) were:

	2022	2021
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1

Employee costs during the year were as follows:

	2022	2021
	£	£
Employee Costs:		
Wages and salaries	2,377,599	2,486,598
Social security costs	191,209	193,800
Pension costs	67,833	80,659
Life assurance costs	432	3,231
	<u>2,637,073</u>	<u>2,764,288</u>

Included in wages and salaries are redundancy costs paid in the year of £95,595 (2021 - £14,531).

9. Key management personnel

The Directors are defined for the purpose of this note as the Members of the Board and Executive Directors of the Association, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2019.

The aggregate remuneration for key management personnel charged in the year is:

	2022	2021
	£	£
Wages & Salaries	351,895	369,288
Benefits in kind	5,633	9,000
Employers NIC	36,597	43,389
Pension contributions	13,552	19,888
	<u>407,678</u>	<u>441,565</u>

Wages and Salaries includes redundancy settlement of £37,580

Notes to the Financial Statements (continued)

9. Key management personnel (continued)

The Chief Executive is an ordinary member of the Association's pension scheme. No enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2021: 1)

None of the Board Members received emoluments. The emoluments of the highest paid Executive Director, the Chief Executive, are shown below:

	2022 £	2021 £
Highest Paid Director		
Remuneration	69,400	69,516
Benefits in kind	4,500	4,500
Pension contributions	2,217	5,569
	<u>76,117</u>	<u>79,585</u>

10. Intangible Fixed Assets

	IT Software £	Total £
Cost		
At 1 April 2021	116,360	116,360
Additions	20,195	20,195
Reclassification of Assets	21,822	21,822
At 31 March 2022	<u>158,377</u>	<u>158,377</u>

Amortisation

At 1 April 2021	89,528	89,528
Charged in the year	21,402	21,402
Reclassification of Assets	4,365	4,365
At 31 March 2022	<u>115,295</u>	<u>115,295</u>

Net book value

At 31 March 2022	<u>43,082</u>	<u>43,082</u>
At 31 March 2021	<u>26,832</u>	<u>26,832</u>

Notes to the Financial Statements (continued)

11. Fixed Assets – housing properties

	Social housing properties held for letting	Social housing properties held for letting	Housing properties for letting under construction	Total housing properties
	Freehold	Long Leasehold		
	£	£	£	£
Cost				
At 1 April 2021	15,508,442	630,406	1,935,807	18,074,655
Additions	67,691	-	494,480	562,170
Reclassification of Assets	(55,870)	-	-	(55,870)
At 31 March 2022	15,520,263	630,406	2,430,287	18,580,955
Depreciation and impairment				
At 1 April 2021	1,981,302	187,289	-	2,168,591
Depreciation charged in year	320,798	13,790	-	334,588
Reclassification of Assets	(41,559)	-	-	(41,559)
At 31 March 2022	2,260,542	201,079	-	2,461,621
Net book value				
At 31 March 2022	13,259,721	429,327	2,430,287	16,119,335
At 31 March 2021	13,527,140	443,117	1,935,807	15,906,064

The existing charges held with Charity Bank are on freehold properties, 301 Reservoir Road, 200 Bunbury Road, 109 Grosvenor Road and 43 Henrietta Street. 200 Bunbury Road is also held with Heart of England Community Fund.

Housing properties book value net of depreciation comprises

Housing properties book value net of depreciation comprises

	2022	2021
	£	£
Freehold land and buildings	15,690,007	15,462,947
Long Leasehold land and buildings	429,327	443,117
	16,119,335	15,906,064

Expenditure on works to existing properties

Expenditure on works to existing properties

	2022	2021
	£	£
Amounts charged to income and expenditure	115,738	105,569
	115,738	105,569

Notes to the Financial Statements (continued)

Note 11. Fixed Assets – housing properties (continued)

Social housing assistance

	2022 £	2021 £
Total accumulated social housing grant received or receivable at 31 March:	7,094,570	7,094,570
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,709,761
Recognised in the Statement of Comprehensive Income	(819,859)	(571,188)
Held as deferred Income	7,984,472	8,233,143

Finance costs

	2022 £	2021 £
Aggregate amount of finance costs included in the cost of housing properties	49,454	49,454
	49,454	49,454

Impairment

The Association considers individual schemes to be separate Cash Generating Units (CGU) when assessed for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. Where this is not possible, individual homes are considered as separate CGUs for the assessment of impairment.

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets – Other

	Freehold Premises £	Fixtures and Fittings £	ICT Hardware £	Motor Vehicles £	Total £
Cost					
At 1 April 2021	1,598,919	1,283,706	347,502	64,316	3,294,443
Reclassification of Assets	-	116,126	(82,077)	-	34,049
Additions	-	13,677	8,095	-	21,772
Disposal	-	(16,412)	(2,201)	(39,814)	(58,427)
At 31 March 2022	1,598,919	1,397,097	271,319	24,502	3,291,837
Depreciation					
At 1 April 2021	141,992	937,123	226,377	25,002	1,330,494
Reclassification of Assets	-	101,814	(64,620)	-	37,194
Disposal	-	-	-	(18,248)	(18,248)
Charged in the year	37,465	69,696	44,817	17,748	169,725
At 31 March 2022	179,456	1,108,633	206,574	24,502	1,519,165
Net book value					
At 31 March 2022	1,419,463	288,464	64,746	-	1,772,672
At 31 March 2021	1,456,926	346,583	121,125	39,314	1,963,948

13. Other Income

	2022 £	2021 £
Coronavirus job retention scheme	21,075	168,266
Heart of England Community Foundation restricted grant	-	1,012,377
Total Other Income	21,075	1,180,643

Government JRS Income is the amount received through the Furlough scheme during the year

Notes to the Financial Statements (continued)

14. Debtors

	2022 £	2021 £
Due within one year		
Rent and service charges receivable	328,637	296,806
Prepayments and accrued income	114,084	72,590
	<u>442,721</u>	<u>369,396</u>
Other debtors	17,030	98,091
Less: provision for bad and doubtful debts	(202,658)	(218,061)
	<u>(185,628)</u>	<u>(119,970)</u>
	<u>257,093</u>	<u>249,426</u>

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans (note 17)	136,369	138,112
Trade creditors	60,584	57,119
Rent and service charges received in advance	35,306	44,801
Other grants received in advance	-	-
Deferred grant income	235,070	235,070
Corporation Tax	-	-
Other taxation and social security	4,636	39,566
Unpaid contributions for retirement benefits	10,716	14,570
Other creditors	90,285	87,214
Credit balances on Arrears less Bad Debt Provision	14,967	83,425
Accruals and deferred income	513,951	155,303
	<u>1,101,884</u>	<u>855,180</u>

Notes to the Financial Statements (continued)

16. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans (note 17)	3,449,030	3,582,099
Deferred grant income	10,269,549	10,518,221
	13,718,579	14,100,320

17. Debt Analysis

Borrowings

Due within one year	2022	2021
	£	£
Bank loans	136,369	138,112
	136,369	138,112
Due after more than one year		
Bank loans	3,499,104	3,634,872
Less: issue costs	(50,073)	(52,773)
	3,449,031	3,582,099
Total loans	3,585,400	3,720,212

The Association has a loan facility of £4,000,000 with the Charity Bank.

The Loan is for 25 years from the date of the final drawdown and carries an interest rate of 2.25 percent above the Bank of England base rate.

The loan is secured on specific charges on freehold properties, 301 Reservoir Road, 200 Bunbury Road, 109 Grosvenor Road and 43 Henrietta Street.

Loan issue costs and fees to date are £58,788 and the loan is repayable as below:

	2022	2021
	£	£
Within one year or on demand	136,369	138,112
One year or more but less than two years	139,887	142,118
Two years or more but less than five years	443,413	446,170
Five years or more	2,915,802	3,046,584
	3,635,471	3,772,984
Less: amortised issue costs	(50,073)	(52,773)
	3,585,399	3,720,211

Notes to the Financial Statements (continued)

18. Pension obligations

Heart of England 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 Heart of England YMCA and at the year end these were invested in the Mercer Dynamic De-risking Solution, 63% matching portfolio and 37% in the growth portfolio and Schroder (property units only).

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. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,367 from 1 May 2022. 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. Agreed future deficit contributions have been discounted using rate of 3% (2021: 3%) The current recovery period is 7 years commencing 1 May 2022.

	Within one year	Repayable one to two years	Two to five years	After five years	After more than one year	Total	Total
						2022	2021
	£	£	£	£	£	£	£
As at 31st March 2022	43,129	45,937	155,983	-	201,920	245,048	285,493
As at 31st March 2021	40,445	43,129	146,759	55,161	245,048	285,493	323,375

In addition, Heart of England 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 Heart of England YMCA may be called upon to pay in the future.

19. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2021	285,493	55,607	341,100
Utilised	(40,445)	(28,734)	(69,179)
At 31 March 2022	245,048	26,873	271,921

The YMCA Pension obligation is referred to in note 18. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

Notes to the Financial Statements (continued)

19. Provisions for liabilities and charges (continued)

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

20. Share Capital

Heart of England YMCA Limited is a Company Limited by Guarantee. No shares have been issued.

21. Cash flow from operating activities

	2022	2021
	£	£
Surplus/ Deficit for the year (net of transfer to restricted reserves)	(8,285)	389,537
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	486,065	451,172
Amortisation of intangible assets	21,402	16,757
Decrease/ (Increase) in stock	2,436	-
Decrease/ (Increase) in trade and other debtors	(7,667)	121,974
(Decrease)/ Increase in trade and other creditors	248,447	(467,261)
Decrease in provisions	(69,179)	(8,862)
Gain on disposal of property, plant & equipment	(8,695)	-
Government grants amortised in the year	(248,672)	(248,672)
Interest payable	101,014	98,058
Interest received	-	(190)
Net cash generated from operating activities	516,867	352,513

22. Capital Commitments

	2022	2021
	£	£
Expenditure contracted for but not provided for	3,846,617	2,467,609
Expenditure authorised by the board, but not contracted	751,500	405,501
	4,598,117	2,873,110

The above commitments will be financed primarily through borrowings (£2.4M) and Grants (£1.4M) with the balance funded by reserves.

Notes to the Financial Statements (continued)

23. Contingent assets/liabilities

The Association had no contingent assets at 31 March 2022 (2021: nil).

The Association receives capital grant from the Homes and Communities Agency which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Association is required to recycle this grant by crediting a Recycled Capital Grant Fund.

As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

24. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2022	2021
	£	£
Within one year	36,000	45,013
Between two and five years	6,000	42,000
	42,000	87,013

25. Analysis of Debt

	2021	Cash Flows	2022
	£ 000s	£ 000s	£ 000s
Long-term borrowings	3,582	(133)	3,449
Short-term borrowings	138	(2)	136
Lease Liabilities	68	(45)	22
Total Liabilities	3,786	(180)	3,606
Cash and Cash Equivalents	(2,040)	256	(1,784)
Total Net Debt	1,746	76	1,823

26. Related parties

Disclosures in relation to key management personnel are included in note 9.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part. The cost to Heart of England YMCA for the year was £2,744 (2021: £1,960).

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £113 (2021: £25).

There were £995 other related party transactions with the Chair of Trustees. The transaction related to services received for training, recruitment and advertising costs.

Notes to the Financial Statements (continued)

27. Post Balance Sheet Event

During the year to 2022/23 YMCA Heart of England have secured a bank loan with Unity Trust Bank for £3.4M to fund the completion of Northfield Development and assist with refurbishment of existing housing stock.

Accounts

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

**Company No: 00170981
Charity No: 218808
RSL No: LH478**

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Contents	Pages
Reference and administration information	2
Objectives and principle activities	3
Strategic Report	4 - 16
Corporate Governance	16-17
Statement of Trustee's responsibilities	18
Independent Auditor's Report to the Members	19 - 22
Statement of Total Comprehensive Income	23
Statement of Changes in Reserves	24
Statement of Financial Position	25
Statement of Cash Flows	26
Notes to the Financial Statements	27 - 49

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

The Board is pleased to present its report and audited financial statements for the year ended 31 March 2021.

The Trustees and Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

Reference and administration information

Charity Name	Heart of England Young Men's Christian Association
Charity Registration Number	218808
Company Registration Number	00170981
Registered Social Landlord Number	LH4783
Company Secretary and Chief Executive	Alan Fraser resigned 1 st June 2021 Pauline Tomlinson Appointed 1 st June 2021

Board

The Board is composed of the following individuals:

Paul Harris -Chair	
Dawn Ward- Vice Chair	
Oenca Rona Fontaine	
Michael Hew	
Graham Cadd	
Arkle Leslie Bell	
Gabriel Imevbore	
Owen Everton Burke	
Mark Bruckshaw	Appointed 1 st April 2020
Gareth Clive Bunn	Appointed 1 st April 2020
Anne Linsey	Appointed 1 st April 2020
Louise Winterton	Appointed 1 st April 2020
Rebecca Fahy	Appointed 1 st April 2020
	Resigned 22 nd March 2021
	Resigned 21 st September 2020

Registered Office: Heart of England YMCA
Will Steel House
109 Grosvenor Road
Aston
Birmingham
B6 7LZ

Auditors: Cooper Parry Group Limited
Park View
One Central Boulevard
Blythe Valley Park
Solihull
B90 8BG

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

OBJECTIVES AND PRINCIPLE ACTIVITIES

The Objects of the Association arise from its acceptance of its founding Christian principle, the Paris Basis of 1855, incorporated into the National Statement of the Aims and Purposes of the YMCA in England & Wales as it may be amended from time to time.

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to 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. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

(a) promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and

(b) enabling people of all ages and young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ;

- 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;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

The Association welcomes, serves and works with persons of all religious faiths and of none.

The Association managed 328 Bed spaces in the year under review. These units provide much needed accommodation for formerly homeless people, many of whom are young. This is augmented by the provision of housing related support which we provide directly at our supported housing schemes. In addition, we operate two children's day nurseries across the City of Birmingham and in the Borough of Solihull and provide a range of holiday play schemes and out of school clubs. We also offer meeting/training rooms for hire to community and corporate groups at the Chris Bryant Centre and now at our newly-refurbished community rooms in Magdalene Court. We also operate a training department which delivers professional training to business groups, especially YMCAs and housing Associations/local councils, and housing apprenticeships. The merger with YMCA Coventry & Warwickshire on 1 April 2020 now means we also operate a youth services team, delivering open access and bespoke youth work programmes, predominantly in Coventry. We are aware of the challenges faced by the Association as it responds in particular to some financial challenges created through loss of income and the impact from Covid-19, Whilst there has been some scope for reducing this impact there are still many costs that are to be met for which there is no income now being earned. As a result the Board made a decision to cease offering nursery provision and the delivery of training apprenticeship in the next financial year.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

STRATEGIC REPORT

Mission Statement

To reflect the vision for the YMCA federation nationally to be 'an inclusive Christian movement, transforming communities so that all young people can truly belong, contribute and thrive', trustees have agreed that the mission of YMCA Heart of England is:

To inspire young people to discover their potential so that they can live life in all its fullness.

Achievements, performance and future developments

The principal activities in furtherance of the Association's charitable objectives are:

- The provision of supported accommodation with associated support services
- The provision of social housing at below-market rents
- The provision of childcare, including nursery provision and holiday play schemes
- The provision of training and other support for to enable them to secure or progress within employment
- The provision of facilities for hire by the local community and other groups
- The provision of a chaplaincy to service users, the local communities that we serve, and our staff and volunteers.
- The provision of youth clubs and assorted in formal education activities for young people, including those identified as being vulnerable and/or at risk

Chair's Statement

The year under review has been an extraordinarily challenging one for staff, the executive leadership team, and for trustees. As we noted in last year's annual report the merger between YMCA Birmingham and YMCA Coventry & Warwickshire happened just as we were entering the first national lockdown. This meant that many of our plans to try and build a single, unified team and corporate culture had to be put on hold whilst we remodelled our services in response to the global pandemic. And yet, as is so often the way with YMCA, the staff team responded magnificently both to the challenges posed by Covid-19 and to the opportunities afforded by the merger. They immediately understood and bought into what we were trying to achieve with the merger and enthusiastically contributed to the development of a shared set of organisational values. Addressing our first ever combined staff conference in January (via Zoom!) I was struck by the obvious enthusiasm that staff showed for the new organisation and their absolute commitment to making it work as a single, combined entity, albeit one which retains some distinct local flavours to reflect the differing needs of different communities. And to watch our staff members talk so passionately about the organisation's new shared values and what they meant to them humbled and inspired me.

But their willingness to go the extra mile in order to maintain services to our beneficiaries wherever possible throughout the pandemic has been truly awe-inspiring. It is all the more remarkable when I consider that many have continued to come into work throughout the various lockdowns in order to keep beneficiaries safe and ensure that, despite all the challenges, we continue to deliver on our mission to inspire young people to discover their potential so that they can live life in all its fullness. But staff have also shown remarkable adaptability to migrate services online where necessary, and the move to home working for others was achieved quickly and effectively thanks to our in-house team supported by Oosha, our external ICT contractors.

In the face of many challenges, and the significant additional costs that we have incurred keeping our staff team and beneficiaries safe, it is all the more striking that we are reporting such positive financial performance for the year. We recognise the huge part that our staff team have played in this success and trustees know that this is something that must be acknowledged.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

As I noted last year, this is a key commitment of mine as Chair. We want every staff member and volunteer, not just our beneficiaries, to really feel the values in the way that we treat them and operate as an Association. In that regard it is especially pleasing to report that the Association has once again retained its Investors in People accreditation. The inspection report notes that 90% of staff were positive about our plan for the future and 87% agreed that the Association was 'a great place to work'. These are very encouraging figures, but I want to see them raised even more. One area where the report noted improvements in the three years since our last inspection, but also noted that we still have some work to do, is the area of reward and recognition. Trustees have agreed to conduct a review in the current year to ensure that our pay and reward structure allows us to recognise the staff team in a way that is prudent, but also meaningful to, and appreciated by, them.

Of course, it would be remiss of me to end this report without acknowledging the enormous contribution of our outgoing Chief Executive, Alan Fraser. Alan was with the Association for nearly sixteen years and steered us through many challenges in that time. He joined the Association at a time when we had just lost £250,000 in a single financial year and leaves us with some of the best financial figures we have ever reported, this is also due to the support and commitment of dedicated staff and the leadership team, and all this despite the challenges of Covid-19. Under Alan's leadership we have managed to create a range of inspirational buildings and services that are helping transform the lives of more and more young people each year. Yet his real contribution has been to the culture of the organisation, which is now something that I know many other YMCAs look at with envy.

I would therefore like to place on record my thanks to Alan for his contribution to the Association and wish him all the very best for the future. But we remain confident that the Association will build on his legacy and achieve even greater things in future. Under the leadership of Pauline Tomlinson who was appointed in July 2021 as CEO, we are already moving forward with further transformations and the introduction of a range of new services to help and support our many beneficiaries – and to identify new beneficiaries who might not have found what they needed at YMCA before. In Pauline, we have found a truly exceptional chief executive, with extensive experience as a senior leader in YMCA and a strong commitment to the ethos and values that we espouse. I know that she is highly regarded, not just by our own staff team, but across the YMCA federation and with our partners and stakeholders. I trust that you will all join me in welcoming her into her new role. Trustees are excited by the possibilities that this new leadership will unlock and look forward to an even more positive annual report next year!

Paul Harris, Chair

Our response to Covid -19

Throughout the financial year under review the Association has to manage the impact of the coronavirus pandemic on our operations. We were adaptable (our youth work and training programmes were paused or migrated online) and resilient (all of housing schemes remained open and continued to offer a secure home with access to remote support to all of our residents). Our community facilities remained closed for most of the year in response to government guidance, whilst the operation of our nurseries has been disrupted by the various lockdowns. Our response demonstrated how robust our planning had been: We continued to deliver online support to the most vulnerable young people on our bespoke youth work programmes, and we were able to continue to validate apprenticeships for all those apprentices who remained in work.

We have made good use of the government's furlough scheme throughout the year to protect affected staff but a small number of employees were sadly made redundant. Because of our actions, our underlying financial position remains secure, as highlighted in the report.

Covid-19 has obviously impacted significantly on this reporting period, with income in our learning and communities department in particular significantly below our initial (pre-Covid) expectations. Our learning and communities department lost revenue from room bookings as our centres were closed. We also lost some training income as clients delayed or cancelled training programmes. We also lost some income from our apprenticeship programme as some apprentices were furloughed, some made redundant by their employer, and others decided to pause their apprenticeship in light of the challenging circumstances around the pandemic. But funders have

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

been flexible and allowed us to carry over grant intended to fund face-to-face youth work, or to utilise it for online youth work. The government's decision to allow nurseries to continue to claim funding based on the number of children on the nursery's roll, rather than the number who actually attend the nursery has meant that losses have not been at the level that was initially feared. Of course, our main income streams (approximately 82% of our total income) relate to housing services and these have been largely unaffected by government restrictions. We maintain a good waiting list and high occupancy on all our schemes. Rent payments continue to be received at roughly the level anticipated before the pandemic hit. Overall therefore, our financial performance was actually better than we initially budgeted for, and significantly better than our revised budget forecasts

Inevitably, repair and maintenance activity has also been disrupted with only urgent and priority works being carried out in the lockdown periods in order to minimise the risk of spreading infection within and between schemes.

We have invested considerably in measures to protect the health and safety of our service users and employees. Where possible our employees are working from home, using enabling technology solutions and working flexibly around their domestic circumstances. For those employees unable to work from home, we have implemented both social distancing and elevated health measures in our work places, including temperature checking and additional cleaning regimes to ensure the safety of our people. We are acting compassionately and quickly where we identify that people are struggling, protecting resident income, employees' welfare, and keeping vital services running. These measures obviously have had some costs, but have enabled us to remain operating in most areas. There were no significant outbreaks of coronavirus infections and sickness absences were no higher than normal. It remains difficult to make precise judgements about how consumers will react as we emerge from lockdown. However, we are endeavouring to be well-placed for a recovery of demand by being creative in our delivery of services and flexible in our response to changing patterns of need. We recognise that not everyone will be comfortable with face-to-face meetings and events and so we have invested in technology that will allow 'hybrid' events with both physical and virtual attendees. And we are applying to various grant-giving bodies to secure funding for community outreach projects so that we can continue to support vulnerable young people.

In all these ways YMCA Heart of England responded well to the challenges the pandemic has posed, and we believe that the future of the Association remains secure.

Statement of Public Benefit

The Trustees consider they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

In the year under review the Association worked across three main service areas which provided benefit not only to our service users but also to the wider community. We work with people from all social and ethnic backgrounds and provide services in the cities of Birmingham and Coventry and the boroughs of Solihull and Rugby, focussing on inspiring people to reach their potential.

During the year, we provided 264 bed spaces of supported accommodation each night. These properties provide supported housing to vulnerable and disadvantaged groups. We work with people to provide skills and confidence to move towards independent living and to begin contributing to the wider community. In addition, we provided 66 bed spaces of move-on general needs for people who no longer require support. These are let at below market rents.

Our children's services team provided nursery day care for up to 170 children (2020: 200) including in some areas where there is little or no alternative provision of similar services. We provide these places at affordable prices and with flexible hours to suit the differing needs of parents. We also provide holiday play schemes for 5 to 11 year olds, again at affordable prices to ensure accessibility to all parents in Birmingham and Solihull.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

In the year under review our training team also delivered training to 30 vulnerable young adults helping them to develop new skills to support them in their career. And they also supported 43 housing apprentices across 10 organisations with whom we partner.

Financial Review

Statement of Comprehensive Income

Overall income increased this year by 13% . Social Housing lettings is the core of our business. A number of factors contributed to this; a 2.7% rent increase, a £245K increase at the Orchard, we reported last year the supporting people contract ended in November 2020 and was replaced with Housing Benefit, a £90K reduction in voids at Magdalene Court, Vineyard, and Harry Watton House and an increase of £696K from the merger of YMCA Coventry and Warwickshire which includes 60 units. Amortisation of Government Grants increased by 63% of which £15K related to Henrietta and £71K due to the merger of Coventry and Warwickshire.

Other Income includes the recognition of Grant for the Development of Northfield from Heart of England, the value of this is £1m. We also received £168K of Government JRS income during this reporting period.

Operating costs remained broadly in line with 2019/20. We have seen a reduction in concierge costs at the Orchard due to change in Procurement. Procurement has continued to be an area of focus for us, to improve the overall delivery of the service we recruited staff as opposed to using agency. Improving data through a Contract Register remains a Priority, along with enhancing governance for all our suppliers and contractors who are appointed to provide a service to YMCA HoE. The effect of Covid-19 pandemic is still being felt throughout the various supply chain, however, through close communication majority of the risks have been managed.

Maintenance costs increased by £180K due to the merger of YMCA Coventry and Warwickshire of which £51K relates to YMCA Birmingham, this is offset by savings in travel and other overhead costs due to new ways of working during the ongoing pandemic.

Bad Debts increased by £17K and relates to YMCA Birmingham.

Children services represents 7% of our turnover and we saw a decrease of 49% compared to the previous year, several factors contributed to this; in the previous year we reported the Board made a decision to close Sunshine Nursery as it was not financially viable and 18% of the decrease (£195k) relates to Sunshine Nursery.

Covid-19 has materially impacted the performance of both Nurseries, an operating decrease of £172K occurred (excluding Sunshine Nursery) compared to the previous year. We are aware of the financial challenges coupled with the impact from Covid-19 and the Board made a difficult decision this year to close both nurseries. We recognise the operating environment is becoming more challenging for small providers diversifying their portfolio in this area; and recognise that economy of scale is required to scale up. Such changes mean that we are able to focus our attention and investment on being an excellent landlord.

Training and Conferencing services and Cafe operating performance decreased this year by 17%. We have been affected by Covid-19 in particular in delivering apprenticeships. As a result the Board made a decision to cease delivering apprenticeships in the year 2021/22. We recognise training and development is important to our clientele and we will continue to provide training courses. During this year we made an immediate pivot to remote live online training and we expect to adopt blended learning and self-placed eLearning, as the Association continues to transition. Conferencing services is another area we will continue to provide and we will move to online using teleconferencing tools. We understand no charity will survive or succeed without adapting and evolving to new environments as they emerge.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Other non-social housing increased by 33% this year which relates to securing grants. Much of the impact made by YMCA HoE this reporting year would not have been possible without the generosity of our funding partners who have supported us to make positive impacts in the lives of so many people. Our Youth work department, operating across Warwickshire, has been enabled to deliver youth clubs and targeted intervention programmes to many vulnerable young people across the county. We are grateful for the contributions made by Children in Need, Big Lottery, Shroder, CAP, Co-op, Newfield Trust and Orbit Housing for helping our teams to deliver fantastic impact within our community and for their continued support and flexibility throughout the pandemic. We thank All Churches Trust for their donation which enabled enhanced chaplaincy support to young people in Coventry, and to SIB Group for their enterprise development grant which helped us develop our Apprenticeships offer. We look forward to continuing our long-standing funding partnerships in the years ahead.

The surplus generated for the year will continue to be re-invested into our development programme, enhancing our systems and providing excellent service all round.

Statement of Financial Position

Growth in asset base

The total value of housing assets increased by 8% compared to the previous year.

During the year the refurbishment of Magdalene Court at our Northfield site is in development. This is funded by a grant of £1.5 million from Homes England and £1 million from Heart of England. We continue to deliver an ambitious development programme while maintaining a resilient balance sheet.

Housing properties increased by a net of £1.28m which comprises of £1.61m additions, £324K Depreciation.

We could not have grown our assets if it were not for the support of Homes England, Heart of England and Charity Bank. We would like to record our appreciation for the ongoing support.

Liquidity

Our debt held has decreased by 3.4% (2020: 61%) compared to the previous year to fund this growth. The increase is higher than the increase in net book value of housing. The loan debt at year end stood £3.7m.

Total Reserves

Total Reserves increased by 40% due to an increase income and expenditure, mainly due to a large one off amount of £1,012M of Grant funding restricted to the re-development of the Northfield.

Pension Costs

Heart of England 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 last triennial valuation of the scheme was performed at 1 May 2020. This has shown that the pension recovery needs to be extended by two years.

YMCA Heart of England deficit decreased to £285,493 from £323,374 last year.

Bank

Bank balances at the year-end stood at £2.04m (2020 £2.45m) and the cash flow forecasts for 2021/22 are all positive. The bank balance at year end includes a net amount of £1.86m for the redevelopment of our Northfield site which is grant funded by Homes England and Heart of England. We anticipate the grant to be spent by the end of the current financial year.

Immediate Operating Environment

From April 2020, we continue to ensure that the Association has strong liquidity and that committed bank facilities will remain available and that the value of charged security continues to meet loan asset cover requirements.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

As part of our aspirations for a more sustainable future, YMCA HoE Corporate Plan will establish a Sustainable Finance Framework, which will set out the work being done on sustainability. It will allow YMCA HoE to attract new efficient funding that will enable the development of quality homes, the refinancing of our existing stock, and help meet the costs of renovation to enable YMCA HoE to ensure our homes are in excellent condition. We know that the impact COVID-19 will make the operating environment become more difficult. It is likely to lead to an increase in Universal Credit applications, the likelihood of the UK entering a period of recession which may increase the level of rent arrears affecting the ability to collect rent. Delays in the progression of new developments of which we have experienced with the Northfield Development. Backlog of repairs that will require additional resources to meet short term constraints. Our Boards focus has been on Liquidity during this reporting year and will continue to do so.

Value for Money Statement

YMCA Heart of England is at the forefront of homeless prevention and alleviation in Birmingham, Coventry and Rugby. These activities have come under increasing pressure through the combination of funding cuts, the social housing rent reduction policy and the inevitable rise in homelessness and rough sleeping. This means our resources need to be managed efficiently so we can support as many people as possible. Our annual budget planning process includes scrutiny of each service, staffing complement and associated costs to ensure that our resources are focused on delivering the highest quality of services to our residents that we can realistically afford.

The same level of scrutiny is applied for our other services: nursery provision, training, apprenticeships, conferencing and our youth work. Each area is monitored regularly at subcommittee level in respect of social and financial outcomes to ensure that we continue to deliver the highest quality can within the resources available. In addition, where funding is received from grant giving bodies (e.g. the Youth Investment Fund) our spending plans are subject to external scrutiny to ensure that they deliver value for money.

In the last few months the Board and Senior Management have been working on an impact framework which will measure the wider impact of our activities alongside financial outcomes, thereby ensuring we deliver fully on our mission and values and use our resources to best effect. The framework is now agreed as covering;

Finance: utilisation, sustainability and stewardship

Social: progression, community and influence

Kingdom: experience, ethos and empower

This framework is being developed into a series of measures and performance indicators in partnership with ARK Consultants and we are working towards implementation in the latter part of 2020/21.

We are reporting on the Regulator of Social Housing (RSH) Value for Money standard and accompanying code of practice. The standard requires us to publish performance against our own value for money targets and against a series of common metrics with which to measure economy, efficiency and effectiveness.

The purpose of the Value for Money approach is to:

- Continue to drive improvements in VFM within the social housing sector
- Ensure a strategic approach to delivering VFM is embedded within the business
- Encourage investing in existing homes and new housing supply
- Enhance the consistency, comparability and transparency of VFM reporting.

We set out below a comparison between this year and last on our performance. Additionally, we have compared our performance to the National Housing Federation Sector Scorecard using the

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Regulatory Metrics

RSH Metric	2020 /21	2019/20	Sector Scorecard National Federation
1. Reinvestment %	8.9	18.0	6.10
2. New supply delivered %	60	0	1.3
3. Gearing %	9	15	33.8
4. EBITDA MRI interest cover %	1,753	208	196.10
5. Social housing cost per unit £	11,383	10,607	4,023
6A. Operating margin (social housing) %	3.1	1.1	23.60
6B. Operating Margin (overall) %	25.4	-0.8	21.50
7. Return on Capital Employed %	7.8	1.1	2.8

1. Reinvestment %

In April 2019, we purchased Henrietta Street from the landlord through grant funding and a loan facility. By doing this we have ensured 24 units are retained in the social housing sector. We recognise there is a backlog of unmet housing need and our strategy is to increase our stock each year. This year due to the impact from Covid-19 we experienced delays in the progression of new developments of which we have experienced with the Northfield Development.

2. New supply delivered %

The focus for the future is reinvestment in existing housing stock to ensure it is fit for purpose for the coming decades as well as increasing our housing stock to support individuals and families. We continue to see unprecedented levels of external change and all political parties believe more homes need to be built in the coming years.

We have been building a development pipeline to provide additional new build accommodation. We now have 1 scheme on site (total 27 units), with additional schemes being actively pursued as we look to maximise use of our available resources for the benefit of the wider community we serve.

3. Gearing %

This represents our net debt to lenders as a percentage of the total cost of our housing properties. We have been successful in working with Homes England and other partners to keep borrowing as low as possible. Whilst this ratio remains low we understand to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our lenders and funders.

4. EBITDA MRI Interest Cover %

This represents the level of surplus compared to the interest payable. A one-off event reported in Other Income which materially increases the EBITDA is the reason why the percentage is extremely high. These events are the a release of Grant for the Development of Northfield from Heart of England, the value of this is £1m we also received £168K of Government JRS income during this reporting period of which is reported in Other Income.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

5. Headline social cost per unit

This represents social housing costs divided by total units owned and managed. Like other providers we have spent a lot of time analysing our cost per unit. Our strategic aim is for our headline social cost per unit to reduce each year. We recognise there is more to do and our aim is to avoid spending time and money on undertaking repairs where this could have been avoided. Our Asset Management team are improving their working models to ensure they analyse and look for properties with signs of neglect and linking this to the planned maintenance schedules.

6A. Operating margin (social housing lettings only) %

This represents operating surplus from social housing lettings divided by turnover from social housing lettings. The Operating margin for Social housing lettings increased from 1.1 to 3.1 compared to the previous year this is largely to do with the release of £1.8m grant for the Development of Northfield and £168K of Government JRS income.

6B. Operating margin (overall) %

Overall operating Margin increased from -0.8 to 25.4 largely to do with the release of £1.8m grant for the Development of Northfield and £168K of Government JRS income

Bad debts, void loss and current tenant arrears are key performance indicators in assessing efficiency and we monitor this monthly. Our aim is to reduce costs and deliver VFM efficiencies and using all our surplus to build more homes.

7. Return on capital employed %

This compare the overall operating surplus to total assets less current liabilities. The level of return is high due to the merger with YMCA Coventry and Warwickshire and the one-off Exceptional Income highlighted above.

Principal risks and uncertainties

New, emerging and high scoring risks are monitored through a Strategic and Operational Risk Register. The Executive Directors keep the register under review to ensure it fully reflects the risks to the delivery of YMCA Heart of England operations and Strategic Plan. Designated Managers are responsible for identified risk area and the Company Secretary oversees the progress against actions to mitigate risks.

The Board has also adopted a risk appetite which sets out the nature of levels of risk YMCA Heart of England are prepared to take to achieve our strategic objectives. Performance against this is being worked, facilitated through the use of metrics to enable the Board and committees to assess whether performance remains within the risk appetite parameters.

The Chief Executive reports to the Board on the effectiveness of the internal control environment.

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic post -pandemic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

		Risk responses	
		Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	- Treasury management strategy monitoring - Monitoring liquidity risk - Regular stress testing - Monitoring the metrics that are used for financial risk. - Income collection and arrears performance monitoring	- Implementation of income maximisation strategy - Establishment of sustainable finance framework - Key Performance indicators reported to the Executive Team monthly and Board bi monthly. - Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.
2	The governance structures and processes are not aligned to the evolving regulatory environment	- Board succession plan - Annual Board and committee appraisal process - Regular Board review and Stress testing the operating environment - Policy and strategy review framework.	- In-year review of the operating environment as part of monitoring and reporting progress on delivery of the Strategic Plan. - Implementation of new meeting timetable and arrangements to facilitate efficient and timely decision in a fast-moving environment. - Participation in national interest groups
3	Customer insight is not embedded in business design and service review processes	- Voice of the Customer Strategy being worked on - Independent methodology for customer satisfaction	- Service restructure around customer journey - New complaints process and increased focus on early resolution and learning - Customer satisfaction board level KPI
4	YMCA Heart of England does not meet its Health and Safety obligations as a landlord, employer, developer, and provider of social care.	- Specialist team in place with subject experts embedded across the business - KPI monitored by the Board and committees - Compliance issues monitored by the Board. - Oversight of activity by Director of Asset and Development - Management Plans in place for key risk areas e.g. fire, asbestos etc.	- Implementation of compliance modules across all asset compliance activities - Further development of the suite of KPIs - Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.
5	Uncertain about Government post -pandemic priorities inhibits strategic planning.	- Compliance with regulatory and Government guidance - Regular review of operating environment - Stress testing - Ensure future funding in place for forthcoming expenditure - Risk appetite review and monitoring	- Identification of opportunities for growth arising from the operating environment - Programme to implement new operating model - Continued implementation of digitalisation programme - Developing an intranet to support communication and changes in operating practice. - Learning and Development tools for new operating environment.
6	Investment decisions do not give appropriate weight to competing strategic agendas e.g. environment , safety , growth digitalisation.	- Strategic Plan monitoring - Growth Strategy monitoring - Regular Stress Testing - Environmental Strategy - Value for Money Strategy	- Mapping procurement methodology, timing of delivery and location of new homes in the period 2021-2025 - Maintaining and understanding of the market for Land and S106 (Legal agreements between local authorities and developers).
7	Information software's and communications system	- Recruitment of qualified and experienced IT Technician, specialist in digital transformation and IT infrastructure - Appraisal of all Software's - Appraisal cloud based options - Assess cyber fraud and crime risk - Understanding data of CRM system	- Source suitable software for the Association and review of IT cyber security. - Developing an intranet to support communication and changes in operating practices. - Learning and Development tools for new operating environment.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Going Concern and viability Statements

The Covid-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures has not impacted materially on our financial performance in 2020/21 however, measures have already been taken to minimise the impact on our ongoing viability.

In assessing viability, the board considered several key factors, including business models, our strategy, and risk appetite.

Our assessment of viability therefore continues to align with a 5-year outlook.

Given the global political and economic uncertainty resulting from the Covid-19 pandemic, coupled with the already fast-paced change taking place across the hospitality, conferencing, training and the nursery sectors we expect to see significant volatility and business disruption, which will reduce our expected performance in these areas in 2020/21.

We have already felt the impact of lockdown within our community activities (which includes nurseries, café, conferencing, youth work and training) in 2020/21. These business areas have been stress tested throughout the year and viewed from internal and external lenses. The Board made a decision to close our two remaining nurseries and cease providing training apprenticeship. Such changes mean that we are able to focus our attention and investment on being an excellent landlord.

Nevertheless, measures have already been taken to protect our liquidity and operating performance. Immediate cost reductions and mitigation measures were put in place. In light of the unpredictability of the impact of lockdown on our cash position, the Board has also decided that, in the short term, it is appropriate to delay some of our planned expenditure on new developments. The Board expects to resume the planned expenditure on development by September 2022, by which time we expect the future to be clearer. The Board believe minimising expenditure on new developments in the short term and restructuring the operations that have directly been impacted by Covid-19 is the right thing to do for the long-term future for YMCA Heart of England.

Restructures of our staff team have started which will contribute to our liquidity strength. This is mainly within conferencing, training and nurseries.

The Board's focus following Covid-19 is to place a stronger emphasis on liquidity and solvency and ensuring that the Association has adequate resources to continue in operation, meet its liabilities as they fall due, and retain sufficient available cash across all two years without breaching any loan covenant. Having reviewed revised financial forecasts prepared by officers, considering the likely impact of Covid-19 and the mitigating actions being taken, the Board has a reasonable expectation that the Association will remain financially viable.

The Board are satisfied the business model and strategy is adaptable with minimum risk on liquidity and solvency if a possible exit strategy is required from our community activities. Also, scenarios have been tested to scale up operations quickly to meet a return of consumer demand.

Regular stress testing is performed on the Association and different scenarios and sensitivities have been reviewed on the Association's projected cashflow position and financial covenant. Should these occur, mitigating actions would be required to ensure the Association remains liquid and financially viable.

These actions were identified as the Covid-19 pandemic emerged as part of the contingency planning that the Association has been undertaking which is considered both feasible and timely to execute.

We have taken a series of steps to strengthen the Association's liquidity and increase the resilience of the balance sheet. The UK government has also provided support by allowing companies to defer VAT payments as well as support through the CJRS.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

We are also looking to the future. The provision of social housing has vital part to play in the government's response to this crisis and they have already announced significant sums of money to help boost social housing supply and end rough sleeping for good. The delivery of more social housing is one of the key strategic objectives in YMCA Heart of England's new strategic plan and we are already in discussions with local councils in our area of benefit with a view to securing some of the recently-announced government money for investment in social housing.

Reserves Policy

The Finance Sub-Committee, on behalf of the Board of Trustees, conducts an ongoing review of the level of reserves consistent with ongoing activities of the Charity. The trustees are taking into consideration the economic environment and risks associated with the various sources of income, expenditure plans and what level of working capital is required to continue core activities. The reserve policy is considered every quarter in line with the quarterly accounts.

We use a rolling five-year forecast to model how we will fund the delivery of our strategy.

We monitor managed cash which includes all amounts available to finance the general activities net of any financing agreements. The trustees have agreed that managed operating cash outflows should exceed a minimum of three months but not expected to exceed five months annualised forecast cash outflow.

Financial performance and forecast information is monitored monthly to assess the cash requirements of the Charity. The reserve policy is considered and monitored every quarter.

Our Reserve Policy is set to take into consideration:

- Income risk reserve to protect the charity against a fall in income levels
- Working capital reserve to provide working capital if expenditure is needed ahead of income being received
- Designated reserves set aside to meet essential future spending and unplanned emergency repairs and other expenditure.
- Level of funding for unexpected opportunities

Covid-19 has affected both demand and funding for Heart of England YMCA. The Pandemic is, at the same time, reducing our income. As we are approaching the remainder of the year with caution as furloughing ceases and the uncertainty over the economy increases our Reserve Target was not achieved.

	2021
Total Unrestricted Reserve	£3,435M
Less Capital Grant restricted for Phase 5 on Magdalene Court at our Northfield Site	-£1,012M
Total Funds held for Designated Reserves	-£600K
Available Reserves	£1,823M

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Our Reserves measured as at 31 March 2021

	2021
Managed Cash outflow based on 12 months forecast to the period ending March 2022	£7,440M
Divide by 12	£620K
Months of annualised forecast of operating cash outflows (£1,823M available reserves divide by 620K)	2.9 months

Corporate governance

In January 2021 the Trustees adopted the Charity Governance Code for Large Charities. At the time of writing the charity is undergoing a thorough review of its governance arrangements to establish any areas of non-compliance with the code. Because of the new requirements of this code, there are a few areas where the charity does not currently comply:

4.5 Delegation and control

4.5.1 The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers.

The board has not recently reviewed its delegated powers, but intends to do so in the forthcoming year.

4.6.4 The board regularly considers information from other similar organisations to compare or benchmark the organisation's performance.

At the moment salaries are the only area where we benchmark. (We co-ordinate production of a biennial YMCA salary survey.) We are currently working with YMCA colleagues across the region to produce comparative data for operational performance.

4.7 Actively managing risks

4.7.1 The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks.

4.7.2 The board regularly reviews the charity's specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately.

5.7.3 The charity considers using a nominations committee to lead the board appointment process and to make recommendations to the board.

The trustees have not previously considered setting up a nominations committee, but will do so in the current financial year.

5.8.2 The board reviews its own performance and that of individual trustees, including the chair. This happens every year, with an external evaluation every three years. Such evaluation typically considers the board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

The board reviews its collective effectiveness at an annual board away day. This discipline has continued throughout the current pandemic. However, we have not previously reviewed the performance of trustees on an individual basis, nor have we had a triennial evaluation. This will be reviewed by trustees in the current financial year.

Notwithstanding this, the Association considers itself to have high standards of governance. The policies of the Charity are determined by the Board of Trustees, which meets bi-monthly. The Charity's operations are managed by the Chief Executive, who reports to the Board of Trustees. The Charity has a system of internal controls designed to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud or error. The system includes corporate controls over income and budget comparison, proper supervision and delegation including operational and financial review procedures, limitation on the spending power of individuals and control over the Charity's assets. The internal controls are subject to regular review and are updated to take account of organisational and operational changes. There are four sub-committees that meet bi-monthly on matters of housing, finance, development and social enterprise.

A review of governance structures was undertaken in the year under review. This has already resulted in improved performance reporting to trustees through the Association's operational committees. In the current year it will also lead to the overhauling of the Key Performance Indicators against which officers' performance is assessed.

Key management and remuneration

There were five executive directors and one chief executive of the Association during the year under review. They were:

- Revd Alan Fraser – Chief Executive
- Pauline Tomlinson – Assistant Chief Executive for Operations
- Peter Stephenson – Assistant Chief Executive for Development & HR
- Fawzia Radman – Director of Finance and ICT
- Hyacinth Blackburn – Director of Housing & Support
- Laurence Chilver – Director of Social Enterprise

The Association's policy is to review salaries annually as part of the budget setting process. This may result in a cost of living pay increase being awarded to all employees. The Association's policy is that any amendment to the salary level of an individual employee or group of employees beyond the annual cost of living increase must be recommended by the appropriate departmental director, and authorised by the HR Manager, Director of Finance & Business Performance and Assistant Chief Executive.

The remuneration of executive directors is set by the Chief Executive, bearing in mind salaries for similar roles at comparable organisations, including other YMCAs within the region. Any amendment to the salary of an executive director beyond the annual cost of living increase must be recommended by the Chief Executive and authorised by the Treasurer and the Chair.

The remuneration of the Chief Executive is set by the Board. In considering the appropriate remuneration level they will look at salaries for comparable organisations, especially other YMCAs within the region. This is considered alongside other factors, such as the size and complexity of the Association's operations, and the affordability of any remuneration package to the Association.

All staff and trustees are required to declare any conflict of interest that may exist (or be perceived to exist) before recommending or authorising any amendment to an employee's remuneration.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT OF THE TRUSTEES

(incorporating the strategic report)

Statement of trustees' responsibilities

The trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees 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 its income and expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

The trustees are 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. 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.

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

Under section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

By order of the Board



Paul Harris
Chair and Trustee

Date: 27/09/21

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association

Opinion

We have audited the financial statements of Heart of England Young Men's Christian Association for the year ended 31 March 2021 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021, and of the Association'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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

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 Association 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 Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (incorporating the strategic report).

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association'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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the Statement of Trustees' responsibilities set out on page 18, the trustees 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 board 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 board is responsible for assessing the Association'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 board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Association 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 Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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

- obtaining an understanding of the legal and regulatory framework applicable to the Association and how the Association is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Association's control environment and how the Association has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Association'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 based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

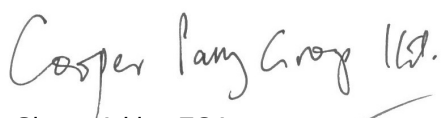
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

Independent Auditor's Report to the Members of Heart of England Young Men's Christian Association (continued)

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.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA
Senior Statutory Auditor

For and on behalf of

Cooper Parry Group Limited

Statutory Auditors
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

27th September 2021

Statement of Total Comprehensive Income for the year ended 31 March 2021

	Note	2021 £	Combined 2020 £
Turnover			
Underlying Operations	3	5,526,552	5,959,406
Other Income	13	<u>1,180,643</u>	<u>-</u>
		6,707,195	5,959,406
Operating costs		<u>(5,207,413)</u>	<u>(5,835,074)</u>
Operating Surplus	5	1,499,782	124,332
Profit on disposal of property, plant & equipment (FA)		-	449
Write Down of Goodwill		-	(74,279)
Interest receivable & other income	6	190	780
Interest & financing costs	7	<u>(98,058)</u>	<u>(133,955)</u>
Surplus/(deficit) for the year before tax		1,401,914	(82,673)
Taxation		-	-
Surplus/ (Deficit) for the year		1,401,914	(82,673)
Remeasurements - Actuarial gain/ (loss) in respect of pension schemes		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,401,914</u>	<u>(82,673)</u>

The Financial Statements were approved by the Board on 27th September 2021.



Paul Harris
Chair and Trustee



Dawn Ward CBE
Trustee

The results relate wholly to continuing activities.

The accompanying notes form part of these Financial Statements.

Statement of Changes in Reserves for the year ended 31 March 2021

	Income and expenditure reserve £	Restricted Reserve £	Revaluation reserve £	Total £
Balance as at 1 April 2019	3,165,249	-	408,218	3,573,467
Deficit from statement of comprehensive income	(119,425)	36,752	-	(82,673)
Balance at 31 March 2020	3,045,824	36,752	408,218	3,490,794
Surplus from statement of comprehensive income	1,401,914	-	-	1,401,914
Transfer to Restricted Reserve Heart of England Community Foundation	(1,012,377)	1,012,377	-	-
Balance at 31 March 2021	3,435,361	1,049,129	408,218	4,892,708

On 1 April 2020 Coventry and Warwickshire YMCA (company number 04644358, charity number 1100493), a charitable company limited by guarantee and incorporated in the England and Wales merged with Heart of England YMCA.

In accordance with relevant accounting standards the activities, assets and liabilities were transferred over at carrying value and the comparative figures relating to 2020 have been restated by including the results of all the combining parties for the previous accounting period and their statement of financial position for the previous reporting date. The comparatives have been disclosed as 'combined' figures.

The opening reserves as at 1 April 2019 amounting to £3,573,476 include the following balances relating to Coventry and Warwickshire YMCA:

Tangible fixed assets – Housing properties	2,948,053
Tangible fixed assets – other fixed assets	57,101
Trade and other debtors	46,027
Cash and cash equivalents	519,160
Creditors: amounts falling due within one year	(233,326)
Creditors: amounts falling due after more than one year	(2,520,148)
Net assets transferred	816,867

Statement of Financial Position

At 31 March 2021

Company No. 00170981

	Note	2021 £	Combined 2020 £
Fixed Assets			
Intangible assets and goodwill	10	26,832	45,098
Tangible fixed assets - Housing Properties	11	15,906,063	14,618,247
Tangible fixed assets - Other Fixed Assets	12	<u>1,963,949</u>	<u>2,064,467</u>
		17,896,844	16,727,812
Current Assets			
Trade and other debtors	14	249,426	371,400
Stock		2,436	2,436
Cash and cash equivalents		<u>2,040,602</u>	<u>2,473,148</u>
		2,292,464	2,846,984
Creditors: Amounts falling due within one year	15	<u>(855,180)</u>	<u>(1,319,637)</u>
Net current assets / (liabilities)		<u>1,437,284</u>	<u>1,527,347</u>
Total assets less current liabilities		19,334,128	18,255,159
Creditors: Amounts falling due after more than one year	16	(14,100,320)	(14,414,403)
Provisions for liabilities			
Other provisions	19	(341,100)	(349,962)
Total net assets		<u><u>4,892,708</u></u>	<u><u>3,490,794</u></u>
Reserves			
Income and expenditure reserve		3,435,361	3,045,824
Revaluation reserve		408,218	408,218
Restricted reserve		<u>1,049,129</u>	<u>36,752</u>
Total Reserves		<u><u>4,892,708</u></u>	<u><u>3,490,794</u></u>

The accompanying notes form part of these Financial Statements.

The Financial Statements on pages 23 to 49 were approved by the Board on 27th September 2021 and are signed on its behalf by:



Paul Harris
Chair and Trustee



Dawn Ward CBE
Trustee

Statement of Cash Flows

	Note	2021 £	Combined 2020 £
Net cash generated from operating activities	21	352,513	241,247
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,638,470)	(2,473,191)
Purchase of intangible fixed assets		1,509	125,970
Proceeds from sale of tangible fixed assets		-	449
Grants received		1,082,377	2,193,749
Interest received		<u>190</u>	<u>780</u>
		(554,393)	(152,243)
Cashflow from financing activities			
Interest paid		(95,358)	(130,087)
Financing costs paid			(8,588)
New secured bonds and loans		-	1,824,636
Repayments of borrowings		<u>(135,307)</u>	<u>(337,127)</u>
		(230,665)	1,348,834
Net change in cash and cash equivalents		(432,546)	1,437,838
Cash and cash equivalents at beginning of the year		<u>2,473,148</u>	<u>1,035,310</u>
Cash and cash equivalents at end of the year		<u>2,040,602</u>	<u>2,473,148</u>

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

1. Legal Status

Heart of England YMCA is a company limited by guarantee, registered under the Companies Act 2006, an English registered social housing provider and Charity.

The address of the registered office is given in the information on page 3 of these financial statements.

The principal activities of Heart of England YMCA are set out in the Report of the Trustees.

Heart of England YMCA is a public benefit entity as defined by FRS 102.

2. Accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice standards (UK GAAP) including adoption of Financial Reporting Standard 102, and the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of Heart of England YMCA, and rounded to the nearest whole £1.

The Financial Statements incorporate the results of YMCA Coventry and Warwickshire which merged with Heart of England YMCA on 1 April 2021.

The comparatives for the year ended 31 March 2020 have been combined.

Going Concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Trustees. The Association has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

Notes to the Financial Statements (continued)

Turnover

Turnover represents rental and service charges income receivable, net of void losses in the year, revenue grants receivable from local authorities and income from social enterprise activities.

Other Income

Interest receivable and investment income is accrued on a time apportioned basis by reference to the principal outstanding at the effective interest rate.

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that Heart of England YMCA will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England.

Other Grants

Grants received from non-Government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Taxation

Heart of England YMCA is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Deferred Taxation

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Notes to the Financial Statements (continued)

Value Added Tax (VAT)

The majority of the expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the income is exempt from VAT, the Association charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Association is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs.

The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HMRC. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to income and expenditure in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Heart of England YMCA runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when Heart of England YMCA is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined Contribution Plan

Heart of England YMCA offers two pension schemes to all of its employees.

The People's Pension which is our default scheme on Auto-Enrolment offering contributions made on a salary sacrifice basis. This scheme auto-enrols employees on a 2% contribution rate which is matched by Heart of England YMCA.

The YMCA Personal pension scheme. This scheme allows contributions between 3% & 8% which is also matched by Heart of England YMCA on a salary sacrifice basis.

Defined Benefit Plan

Heart of England 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. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

Notes to the Financial Statements (continued)

Defined Benefit Plan (continued)

As described in note 20, Heart of England YMCA has a contractual obligation to make pension deficit payments of £49,000 per annum over the period to April 2029, increasing at an annual uplift of 3%, accordingly this is shown as a liability in these accounts. The amount paid in the year was £47,543. In addition, Heart of England YMCA contributed £10,383 to the operating expenses of the Pension Plan and these costs are charged as paid.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Association recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Notes to the Financial Statements (continued)

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Provision is made for any impairment.

Depreciation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is five years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of 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 Association depreciates the major components of its housing properties based on the following:

Building Components	Years	Building Components	Years
Structure	50 / 100	Central Heating	30
Windows	30	Boilers	15
Kitchen	20	Roof	50
Bathroom	20	Environmental Works	30

Notes to the Financial Statements (continued)

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in income and expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Office Buildings	50
IT Hardware	5
Furniture & Office Equipment	10
Motor Vehicles	4
Office Improvements	10

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Critical areas of judgement

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Heart of England YMCA.

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.

Notes to the Financial Statements (continued)

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

	2021		
	Turnover	Operating expenditure	Operating surplus
	£	£	£
Social housing lettings	4,263,565	(4,130,419)	133,146
Other social housing activities			
Charges for support services	230,930	1,888	232,818
Other social housing	84,415	(34,767)	49,648
	315,345	(32,879)	282,467
Activities other than Social Housing			
Amortised government grants	31,088	-	31,088
Childrens services	380,429	(451,303)	(70,874)
Training and conferencing services and café	410,102	(592,812)	(182,710)
Other non social housing	126,023	-	126,023
	947,642	(1,044,115)	(96,473)
	5,526,552	(5,207,413)	319,139

	Combined 2020		
	Turnover	Operating expenditure	Operating surplus
	£	£	£
Social housing lettings	3,895,563	(3,969,615)	(74,052)
Other social housing activities			
Charges for support services	247,559	(191,896)	55,663
Other social housing	9,850	(4,732)	5,118
	257,409	(196,628)	60,781
Activities other than Social Housing			
Amortised government grants	31,088	-	31,088
Childrens services	747,470	(752,902)	(5,432)
Training and conferencing services and café	499,741	(537,696)	(37,955)
Financial and executive services	110,021	(55,210)	54,811
Other non social housing	30,223	-	30,223
Youth Projects	358,598	(323,023)	35,575
Other Income	21,195		21,195
Donations	8,098		8,098
	1,806,434	(1,668,831)	137,603
	5,959,406	(5,835,074)	124,332

Notes to the Financial Statements (continued)

3b. Particulars of income and expenditure from social housing lettings

GROUP	2021		Combined 2020
	General needs housing	Total	Total
	£	£	£
Rent receivable net of identifiable service charges	4,045,981	4,045,981	3,691,580
Government grants taken to income	-	-	-
Amortised government grants	217,584	217,584	203,983
Turnover from social housing lettings	4,263,565	4,263,565	3,895,563
Management	922,661	922,661	902,511
Service charge costs	2,295,679	2,295,679	2,340,674
Routine maintenance	489,704	489,704	330,912
Major repairs expenditure	25,599	25,599	3,849
Bad debts	72,921	72,921	55,809
Depreciation of housing properties	323,855	323,855	335,860
Operating expenditure on social housing lettings	4,130,419	4,130,419	3,969,615
Operating surplus on social housing lettings	133,146	133,146	(74,052)
Void losses	(112,822)	(112,822)	(101,379)

Notes to the Financial Statements (continued)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2021 Number	Combined 2020 Number
Social Housing		
General Housing		
Social Rent	212	212
Total Owned	212	212
 Units managed on behalf of other organisations		
General needs	116	116
Total Managed	328	328
 Accommodation in development at year end	27	27

5. Operating Surplus

The operating surplus is arrived at after charging / (crediting):

	2021 £	Combined 2020 £
Release of deferred capital grant	(248,673)	(164,517)
Provision of Bad Debts	74,858	34,620
Amortisation of intangible fixed assets (per note 11)	16,757	9,774
Depreciation of housing properties	323,855	335,861
Depreciation of other tangible fixed assets	127,063	123,268
Operating lease rentals:		
land and buildings	461,857	461,703
vehicles and equipment	34,135	34,985
 Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements	20,520	19,092
Fees payable to the Company's auditors for other services:		
Audit of the Financial Statements of subsidiaries	-	4,080
Total audit services	20,520	23,172
 Tax compliance services	960	-
Total non-audit services	960	-

Notes to the Financial Statements (continued)

6. Interest receivable and similar income

	2021	Combined 2020
	£	£
Interest receivable and similar income	190	167
	190	167

7. Interest and financing costs

	2021	Combined 2020
	£	£
Net interest payable YMCA Pension Fund	10,764	10,764
Bank interest	84,594	119,323
Amortisation of issue costs	2,700	3,869
	98,058	133,956
Interest payable capitalised on housing properties under construction	-	-
	98,058	133,956
Capitalisation rate used to determine the finance costs capitalised during the period	-	-

8. Employees

Average monthly number of employees expressed as full-time equivalents (calculated based on a standard working week of 35 hours):

	2021	Combined 2020
	No.	No.
Housing and support activities	49	55
Nurseries	19	18
Maintenance	8	5
Learning & Communities	13	11
Management and administration	19	15
	108	104

Notes to the Financial Statements (continued)

8. Employees (continued)

The full-time equivalent number of staff who received remuneration (including Directors).

	2021	Combined 2020
	No.	No.
£60,000 - £70,000	<u>2</u>	<u>1</u>

	2021	Combined 2020
	£	£
Employee Costs:		
Wages and salaries	2,486,598	2,430,034
Social security costs	193,800	186,073
Pension costs	80,659	76,188
Life assurance costs	<u>3,231</u>	<u>14,269</u>
	<u>2,764,288</u>	<u>2,706,564</u>

Redundancy Costs paid in the year is £14,531.

9. Key management personnel

The Directors are defined for the purpose of this note as the Members of the Board and Executive Directors of the Association, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2019.

The aggregate remuneration for key management personnel charged in the year is:

	2021	Combined 2020
	£	£
Basic salary	369,288	292,280
Benefits in kind	9,000	4,500
Employers NIC	43,389	31,702
Pension contributions	<u>19,888</u>	<u>17,992</u>
	<u>441,565</u>	<u>346,474</u>

Notes to the Financial Statements (continued)

9. Key management personnel (continued)

The Chief Executive is an ordinary member of the Association's pension scheme. No enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2020: 1)

None of the Board Members received emoluments. The emoluments of the highest paid Director, the Chief Executive are shown below:

	2021	2020
	£	£
Highest Paid Director		
Remuneration	103,012	69,615
Benefits in kind	4,500	4,500
Pension contributions	5,569	5,569
	<u>113,081</u>	<u>79,684</u>

Notes to the Financial Statements (continued)

10. Intangible Fixed Assets

	IT Software	Total
	£	£
Cost		
At 1 April 2020 (Combined)	117,869	117,869
Additions	(1,509)	(1,509)
At 31 March 2021	116,360	116,360
Amortisation		
At 1 April 2020 (Combined)	72,771	72,771
Charged in the year	16,757	16,757
At 31 March 2021	89,528	89,528
Net book value		
At 31 March 2021	26,832	26,832
At 31 March 2020 (Combined)	45,098	45,098

Notes to the Financial Statements (continued)

11. Fixed Assets – housing properties

	Social housing properties held for letting £	Housing properties for letting under construction £	Total housing properties £
Cost			
At 1 April 2020 (Combined)	15,942,194	520,534	16,462,728
Additions	196,654	1,415,273	1,611,927
At 31 March 2021	16,138,848	1,935,807	18,074,655
Depreciation and impairment			
At 1 April 2020 (Combined)	1,844,481	-	1,844,481
Depreciation charged in year	324,110	-	324,110
At 31 March 2021	2,168,591	-	2,168,591
Net book value			
At 31 March 2021	13,970,257	1,935,807	15,906,063
At 31 March 2020 (Combined)	14,097,713	520,534	14,618,247

Housing properties book value net of depreciation comprises

Housing properties book value net of depreciation comprises

	2021 £	Combined 2020 £
Freehold land and buildings	15,906,063	14,618,247
	15,906,063	14,618,247

Expenditure on works to existing properties

	2021	Combined 2020
Components capitalised	-	-
Amounts charged to income and expenditure	105,569	39,109
	105,569	39,109

Notes to the Financial Statements (continued)

Social housing assistance

	2021 £	Combined 2020 £
Total accumulated social housing grant received or receivable at 31 March:	7,094,570	7,094,570
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,639,761
Recognised in the Statement of Comprehensive Income	(571,188)	(322,516)
Held as deferred Income	8,233,143	8,411,815

Finance costs

	2021 £	Combined 2020 £
Aggregate amount of finance costs included in the cost of housing properties	49,454	49,454
	49,454	49,454

Impairment

The Association considers individual schemes to be separate Cash Generating Units (CGU) when assessed for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. Where this is not possible, individual homes are considered as separate CGUs for the assessment of impairment.

Notes to the Financial Statements (continued)

12. Tangible Fixed Assets – Other

	Freehold Premises	Fixtures and Fittings	ICT Hardware	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2020 (Combined)	1,598,919	1,267,294	336,871	64,816	3,267,900
Additions	-	16,412	10,631		27,043
Disposal				(500)	(500)
At 31 March 2021	1,598,919	1,283,706	347,502	64,316	3,294,443
Depreciation					
At 1 April 2020 (Combined)	104,620	875,021	199,039	24,751	1,203,431
Charged in the year	37,372	62,102	27,338	251	127,063
At 31 March 2021	141,992	937,123	226,377	25,002	1,330,494
Net book value					
At 31 March 2021	1,456,927	346,583	121,125	39,314	1,963,949
At 31 March 2020 (Combined)	1,494,297	392,273	137,832	40,065	2,064,467

13. Other Income

Heart of England Community Foundation restricted grant	1,012,377
Coronavirus job retention scheme	168,266
Total Other Income	1,180,643

Notes to the Financial Statements (continued)

14. Debtors

	2021	Combined 2020
	£	£
Due within one year		
Rent and service charges receivable	296,806	216,764
Prepayments and accrued income	72,590	95,544
Amounts owed by Group undertakings	-	99,792
	<u>369,396</u>	<u>412,100</u>
Other debtors	98,091	99,465
Less: provision for bad and doubtful debts	<u>(218,061)</u>	<u>(140,165)</u>
	<u>(119,970)</u>	<u>(40,700)</u>
	<u>249,426</u>	<u>371,400</u>

15. Creditors: amounts falling due within one year

	2021	Combined 2020
	£	£
Bank loans (note 17)	138,112	135,307
Trade creditors	57,119	268,842
Rent and service charges received in advance	44,801	44,865
Other grants received in advance	-	23,592
Deferred grant income	235,070	235,070
Corporation Tax	-	-
Other taxation and social security	39,566	57,438
Unpaid contributions for retirement benefits	14,570	14,482
Other creditors	87,214	88,483
Credit balances on Arrears less Bad Debt Provision	83,425	72,879
Accruals and deferred income	<u>155,303</u>	<u>378,679</u>
	<u>855,180</u>	<u>1,319,637</u>

Notes to the Financial Statements (continued)

16. Creditors: amounts falling due after more than one year

	2021	Combined 2020
	£	£
Bank loans (note 17)	3,582,099	3,717,512
Deferred grant income	<u>10,518,221</u>	<u>10,696,891</u>
	<u>14,100,320</u>	<u>14,414,403</u>

17. Debt Analysis

Borrowings

	2021	Combined 2020
	£	£
Due within one year		
Bank loans	<u>138,112</u>	<u>135,307</u>
	<u>138,112</u>	<u>135,307</u>
Due after more than one year		
Bank loans	3,634,872	3,772,985
Less: issue costs	<u>(52,773)</u>	<u>(55,473)</u>
	<u>3,582,099</u>	<u>3,717,512</u>
Total loans	<u>3,720,211</u>	<u>3,852,819</u>

The Association has a loan facility of £4,000,000 with Charity Bank.

The Loan is for 25 years from the date of the final drawdown and carries an interest rate of 2.25 percent above the Bank of England base rate.

The loan is secured on specific charges on freehold properties, 301 Reservoir Road, 200 Bunbury Road, 109 Grosvenor Road and 43 Henrietta Street.

Loan issue costs and fees to date are £58,788 and the loan is repayable as below:

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

	2021	Combined 2020
	£	£
Within one year or on demand	138,112	135,307
One year or more but less than two years	142,118	138,112
Two years or more but less than five years	446,170	287,374
Five years or more	<u>3,046,584</u>	<u>3,347,499</u>
	3,772,984	3,908,292
Less: amortised issue costs	<u>(52,773)</u>	<u>(55,473)</u>
	<u>3,720,211</u>	<u>3,852,819</u>

Notes to the Financial Statements (continued)

18. Pension obligations

Heart of England 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 Heart of England YMCA and at the yearend 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 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 2017 showed that the YMCA Pension Plan had a deficit of £36 million. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,083 from 1 May 2021. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 8 years commencing 1 May 2021.

	Within one year	Repayable one to two years	Two to five years	After five years	After more than one year	Total	Total
	£	£	£	£	£	2021 £	2020 £
As at 31st March 2021	40,445	43,129	146,759	55,161	245,048	285,493	323,375
As at 31st March 2020	37,881	40,445	189,888	55,161	285,494	323,375	358,806

In addition, Heart of England 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 Heart of England YMCA may be called upon to pay in the future.

Notes to the Financial Statements (continued)

19. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2020 (Combined)	323,373	26,589	349,962
Additions	-	-	-
Utilised	(37,880)	29,018	(8,862)
At 31 March 2021	285,493	55,607	341,100

The YMCA Pension obligation is referred to in note 18. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

20. Share Capital

Heart of England YMCA Limited is a Company Limited by Guarantee. No shares have been issued.

Notes to the Financial Statements (continued)

21. Cash flow from operating activities

	2021	Combined 2020
	£	£
Surplus/ Deficit for the year	389,537	(82,673)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	451,172	392,276
Amortisation of intangible assets	16,757	(62,926)
Decrease/ (Increase) in stock	-	(2,436)
Decrease/ (Increase) in trade and other debtors	121,974	93,937
(Decrease)/ Increase in trade and other creditors	(467,263)	41,584
Decrease in provisions	(8,862)	(36,171)
Loss/ (Gain) on disposal of property, plant & equipment	-	(449)
Government grants amortised in the year	(248,672)	(235,070)
Interest payable	98,058	133,955
Interest received	(190)	(780)
Net cash generated from operating activities	352,513	241,247

22. Capital Commitments

	2021	Combined 2020
	£	£
Expenditure contracted for but not provided for	2,467,609	2,609,544
Expenditure authorised by the board, but not contracted	405,501	202,980
	2,873,110	2,812,524

23. Contingent assets/liabilities

The Association had no contingent assets at 31 March 2021 (2020: nil).

The Association receives capital grant from the Homes and Communities Agency, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

disposal of grant funded properties, the Association is required to recycle this grant by crediting a Recycled Capital Grant Fund.

As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

Notes to the Financial Statements (continued)

24. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, arials, vehicles and office equipment.

	2021	Combined 2020
	£	£
Within one year	45,013	100,552
Between two and five years	42,000	85,980
	87,013	186,532

25. Analysis of Debt

	Combined		
	2020	Cash Flows	2021
	£ 000s	£ 000s	£ 000s
Long-term borrowings	3,717	(135)	3,582
Short-term borrowings	135	3	138
Lease Liabilities	167	(101)	66
Total Liabilities	4,019	(233)	3,786
Cash and Cash Equivalents	(2,473)	433	(2,040)
Total Net Debt	1,546	200	1,746

26. Related parties

Disclosures in relation to key management personnel are included in note 9.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part. The cost to Heart of England YMCA for the year was £1,960 (2020: £1,035).

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £25 (2020: £2,370).

There were no other related party transactions with Trustees.

27. Post Balance Sheet Event

We are aware of the financial challenges coupled with the impact from Covid-19 and the Board made a difficult decision this year to close both nurseries. We recognise the operating environment is becoming more challenging for small providers diversifying their portfolio in this area; and recognise economy of scale is required to scale-up. Such changes mean that we are able to focus our attention and investment on being excellent landlord. We will also be ceasing the delivery of training apprenticeship and will focus on other training.