

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)

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REPORT OF THE TRUSTEES

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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

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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.

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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.

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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.

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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.

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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.

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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.

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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

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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.

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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.

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	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.	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Independent internal review of all incidents 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure Better information management and tracking 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Review current and future development projects with a view to only spend time on developments that are most likely to crystallise. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Treasury management strategy monitoring Monitor on weekly basis; work with tenants and the local authority. 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber attack. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction 	<ul style="list-style-type: none"> Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI

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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.

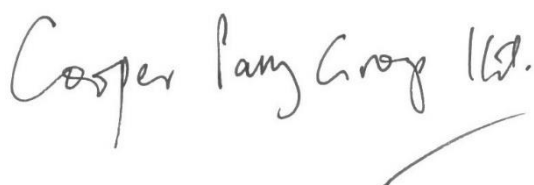
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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.

A handwritten signature in black ink, reading "Simon Atkins FCA". The signature is written in a cursive style with a long horizontal stroke at the end.

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.

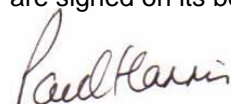
Statement of Financial Position

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
	<u>13,718,579</u>	<u>14,100,320</u>

17. Debt Analysis

Borrowings

Due within one year	2022	2021
	£	£
Bank loans	136,369	138,112
	<u>136,369</u>	<u>138,112</u>
Due after more than one year		
Bank loans	3,499,104	3,634,872
Less: issue costs	(50,073)	(52,773)
	<u>3,449,031</u>	<u>3,582,099</u>
Total loans	<u>3,585,400</u>	<u>3,720,212</u>

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
	<u>3,635,471</u>	<u>3,772,984</u>
Less: amortised issue costs	(50,073)	(52,773)
	<u>3,585,399</u>	<u>3,720,211</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 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	<u>3,786</u>	<u>(180)</u>	<u>3,606</u>
Cash and Cash Equivalents	<u>(2,040)</u>	<u>256</u>	<u>(1,784)</u>
Total Net Debt	<u>1,746</u>	<u>76</u>	<u>1,823</u>

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.