

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

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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	4783
Company Secretary and Chief Executive	Pauline Tomlinson

Board of Trustees

The Board of Trustees is composed of the following individuals:

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

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

Auditors: Cooper Parry Group Limited
Cubo Birmingham
Office 401
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Birmingham
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 2023.

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

OBJECTIVES AND PRINCIPAL ACTIVITIES

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

Consequently, the Association is part of the Worldwide YMCA, a Christian Movement which seeks to unite those who, regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in their faith and in their life, and to associate their efforts for the extension of His Kingdom. Any difference of opinion on any other matter shall not interfere with the harmonious relations of the YMCA Movement.

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

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

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

- To provide or assist in the provision in the interests of social welfare of facilities for recreation and other leisure time occupation for men and women with the object of improving their conditions of life;
- To provide or assist in the provision of education for people of all ages and young people, with the object of developing their physical, mental or spiritual capacities;
- To relieve or assist in the relief of people of all ages and young people, who are in conditions of need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances; and
- To provide residential accommodation, including Social Housing, for people of all ages and young people, who are in need, hardship or distress because of their social, physical, emotional, spiritual or economic circumstances.

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

STRATEGIC REPORT

Mission Statement

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

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

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

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

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

Chair's Statement

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

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

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

We have:

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

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

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

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

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

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

Statement of Public Benefit

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

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

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

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

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

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

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

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

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Statement of Financial Position

Growth in asset base

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

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

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

Liquidity

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

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

Total Reserves

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

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

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

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

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

Pension Costs

Heart of England YMCA participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. The last triennial valuation of the scheme was performed on 1 May 2020. This has shown that the pension recovery needs to be extended by two years.

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

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Bank

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

Immediate Operating Environment

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

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

Value for Money Statement

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

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

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

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

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

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

The purpose of the Value for Money approach is to:

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

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

Regulatory Metrics

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

1. Reinvestment %

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

2. New supply delivered %

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

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

3. Gearing %

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

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4. EBITDA MRI Interest Cover %

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

5. Headline social cost per unit

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

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

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

6B. Operating margin (overall) %

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

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

7. Return on capital employed %

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

Principal risks and uncertainties

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

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

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

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

	Risks	Risk responses	
	Risks	Examples of controls in place	Actions during the year to strengthen controls
1	Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.	<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

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

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

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

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

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

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

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

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

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

Reserves Policy

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

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

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

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

Our Reserve Policy is set to take into consideration:

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

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

Our Reserves measured as at 31 March 2023

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

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

CORPORATE GOVERNANCE

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

Delegation and control

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

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

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

Actively managing risks

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

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

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

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

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

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

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

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

Key Management and Remuneration

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

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

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

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

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Heart of England YMCA for the purposes of company law) are responsible for preparing the Report of the Trustees (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2018).
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

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

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

AUDITORS

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

By order of the Board



Dawn Ward
Chair and Trustee

Date: 11th September 2023

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023, and of the Association's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the Association or returns adequate for our audit have not been received from branches not visited by us; or
- the Association's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

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

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

Responsibilities of the Board

As explained more fully in the Statement of Trustees' responsibilities set out on page 15 and 16, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focussed on key laws and regulations the Association has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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

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

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

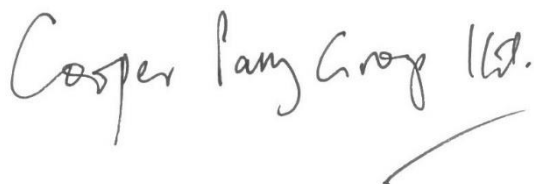
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed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

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

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

Use of our report

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

A handwritten signature in black ink, which appears to read 'Simon Atkins', followed by a horizontal line.

Simon Atkins
Senior Statutory Auditor

For and on behalf of

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

11th September 2023

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

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

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



Dawn Ward CBE
Chair and Trustee



Everton Burke Esq., OBE
Vica Chair and Trustee

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

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

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

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

Statement of Financial Position

At 31 March 2023

Company No. 00170981

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

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



Dawn Ward CBE
Chair and Trustee



Everton Burke Esq., OBE
Vica Chair and Trustee

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

Statement of Cash Flows

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

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

Notes to the Financial Statements

1. Legal Status

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

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

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

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

2. Accounting policies

Basis of Accounting

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

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

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

Going Concern

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

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Turnover

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

Other Income

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

Notes to the Financial Statements (continued)

Government Grants

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

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

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

Other Grants

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

Taxation

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

Value Added Tax (VAT)

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

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

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

Interest Payable

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

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

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

Leases

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

Notes to the Financial Statements (continued)

Employee benefits

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

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

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

Retirement Benefits

Defined Contribution Plan

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

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

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

Defined Benefit Plan

Heart of England YMCA participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Heart of England YMCA.

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

Financial Assets

Debtors

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

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

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

Notes to the Financial Statements (continued)

Financial Liabilities

Trade creditors

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

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

Borrowings

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

Provisions

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

Intangible Fixed Assets

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

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

Tangible Fixed Assets – Housing Properties

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

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

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

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

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

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

Notes to the Financial Statements (continued)

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

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

Impairments of Fixed Assets

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

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

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

Other Tangible Fixed Assets

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

Freehold Premises	50
ICT Hardware	4
Fixtures & Fittings	10

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

Notes to the Financial Statements (continued)

Reserves

Income and Expenditure Reserve

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

Designated Reserve

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

Restricted Reserve

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

Revaluation Reserve

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

Critical areas of judgement and accounting estimates

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

- **Pension Liability**

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

- **Bad Debt Provision**

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

- **Leases**

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

- **Useful lives of depreciable assets**

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

Notes to the Financial Statements (continued)

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

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

	2022					
	Turnover		Operating expenditure		Operating Surplus /(Deficit)	
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued
	£		£		£	
Social housing lettings	4,491,438	-	(4,475,728)	-	15,710	-
Other social housing activities						
Charges for support services	240,071	-	14,896	-	254,967	-
Other social housing	57,423	-	(19,639)	-	37,784	-
	297,494	-	(4,743)	-	292,751	-
Activities other than Social Housing						
Amortised government grants	31,088	-	-	-	31,088	-
Childrens services	267,032	33,636	(296,766)	(142,237)	(29,734)	(108,601)
Training and conferencing services and café	214,787	94,201	(307,966)	(193,246)	(93,179)	(99,045)
Other non social housing	53,969	-	-	-	53,969	-
	566,876	127,837	(604,732)	(335,483)	(37,856)	(207,646)
	5,355,808	127,837	(5,085,203)	(335,483)	270,605	(207,646)

Notes to the Financial Statements (continued)

	2023		2022
	General needs housing	Total	Total
	£	£	£
Rent receivable net of identifiable service charges	4,838,738	4,838,738	4,273,854
Amortised government grants	218,984	218,984	217,584
Turnover from social housing lettings	5,057,722	5,057,722	4,491,438
Management	828,698	828,698	936,672
Service charge costs	2,382,701	2,382,701	2,517,748
Routine maintenance	854,171	854,171	602,785
Major repairs expenditure	-	-	-
Bad debts	(5,041)	(5,041)	83,935
Depreciation of housing properties	333,049	333,049	334,588
Operating expenditure on social housing lettings	4,393,578	4,393,578	4,475,728
Operating surplus on social housing lettings	664,144	664,144	15,710
Void losses	(162,656)	(162,656)	(162,454)

4. Accommodation in management and development

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

	2023	2022
	Number	Number
Social Housing		
General Housing		
Social Rent	220	214
Total Owned	220	214
Units managed on behalf of other organisations		
General needs	116	116
Total Managed	336	330
Accommodation in development at year end	27	33

Notes to the Financial Statements (continued)

5. Operating Surplus

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

	2023	2022
	£	£
Release of deferred capital grant	(250,072)	(248,672)
Provision of Bad Debts	(40,564)	(41,403)
Amortisation of intangible fixed assets (per note 9)	55,279	21,402
Depreciation of housing properties	333,473	334,588
Depreciation of other tangible fixed assets	151,239	169,725
Operating lease rentals:		
external management charges	460,463	459,976
vehicles and equipment	<u>8,654</u>	<u>33,734</u>
 Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Financial Statements	<u>21,000</u>	<u>16,560</u>
Total audit services	<u>21,000</u>	<u>16,560</u>
 Tax compliance services	<u>-</u>	<u>2,220</u>
Total non-audit services	<u>-</u>	<u>2,220</u>

Notes to the Financial Statements (continued)

6. Interest and financing costs

	2023	2022
	£	£
Net interest payable YMCA Pension Fund	7,350	8,565
Bank interest	155,904	89,749
Amortisation of issue costs	2,700	2,700
	<u>165,954</u>	<u>101,014</u>

7. Employees

Average monthly number of employees employed in the year were:

	2023	2022
	No.	No.
Housing and support activities	57	56
Nurseries	10	15
Maintenance	4	6
Learning & Communities	13	18
Management and administration	12	15
	<u>96</u>	<u>110</u>

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

	2023	2022
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	<u>1</u>	<u>1</u>

Employee costs during the year were as follows:

	2023	2022
	£	£
Employee Costs:		
Wages and salaries	2,205,256	2,377,599
Social security costs	187,599	191,209
Pension costs	40,035	67,833
Life assurance costs	12,238	432
	<u>2,445,128</u>	<u>2,637,073</u>

Included in wages and salaries are redundancy costs in the year of £10,352 (2022 - £95,595).

Notes to the Financial Statements (continued)

8. Key management personnel

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

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

	2023	2022
	£	£
Wages & Salaries	292,309	351,895
Benefits in kind	9,000	5,633
Employers NIC	35,189	36,597
Pension contributions	12,134	13,552
	<u>348,632</u>	<u>407,677</u>

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

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 1 (2022: 1).

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

	2023	2022
	£	£
Highest Paid Director		
Remuneration	73,840	69,400
Benefits in kind	4,500	4,500
Pension contributions	2,350	2,217
	<u>80,690</u>	<u>76,117</u>

Notes to the Financial Statements (continued)

9. Intangible Fixed Assets

	IT Software £	Total £
Cost		
At 1 April 2022	158,377	158,377
Additions	180,155	180,155
At 31 March 2023	338,532	338,532
Amortisation		
At 1 April 2022	115,295	115,295
Charged in the year	55,279	55,279
At 31 March 2023	170,574	170,574
Net book value		
At 31 March 2023	167,958	167,958
At 31 March 2022	43,082	43,082

HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

10. Fixed Assets – housing properties

	Social housing properties held for letting	Social housing properties held for letting	Housing properties for letting under construction	Total housing properties
	Freehold	Long Leasehold		
Cost	£	£	£	£
At 1 April 2022	15,520,263	630,406	2,430,287	18,580,956
Additions	-	-	1,895,972	1,895,971
Transfers	176,645	-	(176,645)	-
Disposals	(55,920)	-	-	(55,920)
At 31 March 2023	15,640,988	630,406	4,149,613	20,421,007
Depreciation and impairment				
At 1 April 2022	2,260,542	201,079	-	2,461,621
Depreciation charged in year	319,807	13,666	-	333,473
At 31 March 2023	2,580,349	214,745	-	2,795,094
Net book value				
At 31 March 2023	13,060,639	415,661	4,149,613	17,625,913
At 31 March 2022	13,259,721	429,327	2,430,287	16,119,335

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

During the year the association secured a loan with Unity Trust Bank for a loan value of £3.4M, £650k drawdown occurred in this period. The loan with Unity Trust Bank is secured against 200 Bunbury Road, Endeavour Ct St Margaret's, Bishopsgate.

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

Housing properties book value net of depreciation comprises

	2023	2022
	£	£
Freehold land and buildings	17,210,252	15,690,008
Long Leasehold land and buildings	415,661	429,327
	17,625,913	16,119,335

Expenditure on works to existing properties

	2023	2022
Amounts charged to income and expenditure	466,985	115,738
	466,985	115,738

Notes to the Financial Statements (continued)

Note 10. Fixed Assets – housing properties (continued)

Social housing assistance

	2023	2022
	£	£
Total accumulated social housing grant received or receivable at 31 March:	7,094,570	7,094,570
Total accumulated other grant received or receivable at 31 March:	1,709,761	1,709,761
Recognised in the Statement of Comprehensive Income	<u>(1,069,931)</u>	<u>(819,859)</u>
Held as deferred Income	<u>7,734,400</u>	<u>7,984,472</u>

Finance costs

	2023	2022
	£	£
Aggregate amount of finance costs included in the cost of housing properties	49,454	49,454
	<u>49,454</u>	<u>49,454</u>

Impairment

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

Notes to the Financial Statements (continued)

11. Tangible Fixed Assets – Other

	Freehold Premises £	Fixtures and Fittings £	ICT Hardware £	Motor Vehicles £	Total £
Cost					
At 1 April 2022	1,598,919	1,397,097	271,319	24,502	3,291,837
Additions	20,772	41,018	33,296	-	95,086
At 31 March 2023	1,619,691	1,438,115	304,615	24,502	3,386,923
Depreciation					
At 1 April 2022	179,456	1,108,633	206,574	24,502	1,519,165
Charged in the year	39,140	65,837	46,262	-	151,239
At 31 March 2023	218,596	1,174,470	252,836	24,502	1,670,404
Net book value					
At 31 March 2023	1,401,095	263,645	51,779	-	1,716,519
At 31 March 2022	1,419,463	288,464	64,745	-	1,772,672

12. Other Income

Other Income

	2023 £	2022 £
Coronavirus job retention scheme	-	21,075
Total Other Income	-	21,075

13. Debtors

	2023 £	2022 £
Due within one year		
Rent and service charges receivable	283,111	328,637
Prepayments and accrued income	185,123	114,084
	<u>468,234</u>	<u>442,721</u>
Other debtors	31,779	17,030
Less: provision for bad and doubtful debts	(228,994)	(202,658)
	<u>(197,215)</u>	<u>(185,628)</u>
	271,019	257,093

Notes to the Financial Statements (continued)

14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans (note 17)	117,968	136,369
Trade creditors	191,643	60,584
Rent and service charges received in advance	-	35,306
Deferred grant income	290,390	235,070
Corporation Tax	-	-
Other taxation and social security	49,230	4,636
Unpaid contributions for retirement benefits	11,670	10,716
Other creditors	91,538	90,285
Credit balances on Arrears less Bad Debt Provision	37,107	14,967
Accruals and deferred income	617,160	513,951
	<u>1,406,705</u>	<u>1,101,884</u>

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

	2023	2022
	£	£
Bank loans (note 17)	3,747,735	3,449,030
Deferred grant income	10,019,478	10,269,549
	<u>13,767,213</u>	<u>13,718,578</u>

16. Debt Analysis

Due within one year	2023	2022
	£	£
Bank loans	117,968	136,369
	<u>117,968</u>	<u>136,369</u>
Due after more than one year		
Bank loans	3,795,107	3,499,104
Less: issue costs	(47,371)	(50,073)
	<u>3,747,736</u>	<u>3,449,031</u>
Total loans	<u>3,865,704</u>	<u>3,585,400</u>

Notes to the Financial Statements (continued)

16. Debt Analysis (continued)

The Association has a loan facility of £4,000,000 with the Charity Bank and also a £3,400,000 loan facility with Unity Bank, which had a £650,000 drawdown in the year.

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

The Loan with Unity Trust is divided into three tranches.

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

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

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

Loan issue costs and fees to date are £58,788 and the loan is repayable as below:

	2023	2022
	£	£
Within one year or on demand	117,968	136,369
One year or more but less than two years	130,176	139,887
Two years or more but less than five years	444,157	443,413
Five years or more	3,220,774	2,915,802
	3,913,074	3,635,471
Less: amortised issue costs	(47,372)	(50,073)
	3,865,702	3,585,398

17. Pension obligations

Heart of England YMCA participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA Pension Plan are held separately from those of Heart of England YMCA and at the year end these were invested in the Mercer Dynamic De-risking Solution, 63% matching portfolio and 37% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2020. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 2.59% and 1.09% respectively, the increase in pensions in payment of 2.99% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.0 years, female 24.4 years, and 23.7 years for a male pensioner, female 26.1 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £146.1m. This represented 79% of the benefits that had accrued to members.

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

Notes to the Financial Statements (continued)

17. Pension obligations (continued)

The valuation prepared as at 1 May 2020 showed that the YMCA Pension Plan had a deficit of £39 million. Heart of England YMCA has been advised that it will need to make monthly contributions of £4,547 from 1 May 2023. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. Agreed future deficit contributions have been discounted using rate of 3% (2022: 3%) The current recovery period is 6 years commencing 1 May 2023.

	Within one year	Repayable one to two years	Two to five years	After five years	After more than one year	Total	Total
	£	£	£	£	£	2023 £	2022 £
As at 31st March 2023	45,937	48,875	107,108		155,983	201,920	245,048
As at 31st March 2022	43,129	45,937	155,983	-	201,920	245,048	285,493

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

18. Provisions for liabilities and charges

	YMCA Pension Obligation	Leave Pay	Total
	£	£	£
At 1 April 2022	245,048	26,873	271,921
Utilised / Provided	(43,129)	14,718	(28,411)
At 31 March 2023	201,919	41,591	243,510

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

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

19. Share Capital

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

Notes to the Financial Statements (continued)

20. Cash Flow from Operating Activities

	2023 £	2022 £
Surplus/ Deficit for the year (net of transfer to restricted reserves)	660,239	(8,285)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	484,712	486,065
Amortisation of intangible assets	55,279	21,402
Decrease/ (Increase) in stock	-	2,436
Decrease/ (Increase) in trade and other debtors	(13,926)	(7,667)
(Decrease)/ Increase in trade and other creditors	323,222	248,447
Decrease in provisions	(28,411)	(69,179)
Gain on disposal of property, plant & equipment	-	(8,695)
Government grants amortised in the year	(250,072)	(248,672)
Interest payable	165,954	101,014
Net cash generated from operating activities	1,396,997	516,866

21. Capital Commitments

	2023 £	2022 £
Expenditure contracted for but not provided for	1,479,986	3,846,617
Expenditure authorised by the board, but not contracted	1,284,101	751,500
	2,764,087	4,598,117

The above commitments will be financed primarily through borrowings.

22. Contingent assets / liabilities

The Association had no contingent assets at 31 March 2023 (2022: nil).

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

23. Leasing commitments

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

	2023 £	2022 £
Within one year	6,000	36,000
Between two and five years	-	6,000
	6,000	42,000

Notes to the Financial Statements (continued)

24. Analysis of Debt

	2022	Cash Flows	2023
	£ 000s	£ 000s	£ 000s
Long-term borrowings	3,449	299	3,748
Short-term borrowings	136	(18)	118
Lease Liabilities	22	(16)	6
Total Liabilities	<u>3,607</u>	<u>265</u>	<u>3,872</u>
Cash and Cash Equivalents	<u>(1,784)</u>	<u>604</u>	<u>(1,180)</u>
Total Net Debt	<u>1,823</u>	<u>869</u>	<u>2,692</u>

25. Related parties

Disclosures in relation to key management personnel are included in note 8.

Insurance has been purchased to indemnify the trustees against any neglect or default on their part. The cost to Heart of England YMCA for the year was £2,765 (2022: £2,744).

Trustees received no remuneration. Trustees were however reimbursed for travel expenses during the year to a value of £986 (2022: £113).

There were £420 other related party transactions with Inner Dimensions Ltd. The transaction related to services received for training. Oenca Rona Fontaine, a Trustee, is the Director of Inner Dimensions Ltd.