

# **HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2024**

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

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

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**HEART OF ENGLAND YOUNG MEN’S CHRISTIAN ASSOCIATION**  
**REPORT OF THE TRUSTEES**  
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**REFERENCE AND ADMINISTRATION INFORMATION**

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

**Board of Trustees**

The Board of Trustees is composed of the following individuals:

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

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

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

**HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION**  
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The Board of Trustees is pleased to present its report and audited financial statements for the year ended 31 March 2024.

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

**OBJECTIVES AND PRINCIPAL ACTIVITIES**

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

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

Accordingly, the Objects of the Association are:

To advance the Christian faith, including by:

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

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

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

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

**STRATEGIC REPORT**

**Mission Statement**

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

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



# HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### (incorporating the Strategic Report)

#### Achievements, performance and future developments

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

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

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

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

#### Chair's Statement

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

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

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

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

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

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

#### **This year we have seen**

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

#### **We have:**

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

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

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

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

# HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

## REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

### Statement of Public Benefit

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

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

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

### Financial Review

#### Statement of Comprehensive Income

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

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

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

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

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

### Statement of Financial Position

#### Growth in asset base

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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#### (incorporating the Strategic Report)

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

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

#### **Liquidity**

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

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

#### **Total Reserves**

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

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

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

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

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

#### **Pension Costs**

Heart of England YMCA participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. The last triennial valuation of the scheme was performed on 1 May 2023. This has shown that the pension recovery could be reduced by 2 years.

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

#### **Bank**

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

# HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Immediate Operating Environment

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

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

### Value for Money Statement

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

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

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

The purpose of the Value for Money approach is to:

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

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

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**Regulatory Metrics**

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

**1. Reinvestment %**

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

**2. New supply delivered %**

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

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

**3. Gearing %**

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

**4. EBITDA MRI Interest Cover %**

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

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#### 5. Headline social cost per unit

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

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

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

#### 6B. Operating margin (overall) %

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

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

#### 7. Return on capital employed %

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

#### Principal risks and uncertainties

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

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

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

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

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### (incorporating the Strategic Report)

|    | Risks   | Risk responses  |  |
|----|---|---|--|
|    | Risks   | Examples of controls in place   | Actions during the year to strengthen controls   |
| 1  | Financial capacity and income collection performance limits the delivery of growth and business transformation. Increase bank interest rates and liquidity risk.                    | <ul style="list-style-type: none"> <li>Treasury management strategy monitoring</li> <li>Monitoring liquidity risk</li> <li>Regular stress testing</li> <li>Monitoring the metrics that are used for financial risk.</li> <li>Income collection and arrears performance monitoring</li> </ul>  | <ul style="list-style-type: none"> <li>Implementation of income maximisation strategy</li> <li>Establishment of sustainable finance framework</li> <li>Key Performance indicators reported to the Executive Team monthly and Board bi monthly.</li> <li>Business Plan and stress-testing which demonstrate ability to withstand various economic stresses together with an increased development programme.</li> </ul> |
| 2  | Reputational damage due to bad publicity  | <ul style="list-style-type: none"> <li>Independent internal review of all incidents</li> </ul>  | <ul style="list-style-type: none"> <li>Monitor and seek professional advice. Regular internal review.</li> </ul>   |
| 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"> <li>Monitoring roll-over time. Build good relations with commissioners. Be proactive but maintain pricing structure</li> <li>Better information management and tracking</li> </ul>   | <ul style="list-style-type: none"> <li>Keep up to date with current affairs, feedback on local, regional, and national guidance around Housing key priorities.</li> </ul>  |
| 4  | Responsibilities on becoming an Environmental and sustainably Employer and meet the Government Environmental Policy   | <ul style="list-style-type: none"> <li>Promote responsibility for the environment and communicate and implement policy to workforce</li> <li>Minimise waste by reduction, re-use and recycling methods</li> <li>Identify and provide appropriate training , advice and information for staff and encourage them to develop new ideas and initiatives.</li> </ul>                    | <ul style="list-style-type: none"> <li>Implementation of training programme to all staff.</li> <li>Comply with all relevant environmental legislation/regulation.</li> </ul>   |
| 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"> <li>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</li> </ul>   | <ul style="list-style-type: none"> <li>Develop of employer brand, Develop of resource strategy, Development of hybrid working model, management development and coaching,</li> </ul>   |
| 6  | Development Risk / length of time to develop schemes  | <ul style="list-style-type: none"> <li>Review current and future development projects with a view to only spend time on developments that are most likely to crystallise.</li> </ul>  | <ul style="list-style-type: none"> <li>Focus on Northfield and sweating the assets</li> </ul>  |
| 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"> <li>Specialist team in place with subject experts embedded across the business</li> <li>KPI monitored by the Board and committees</li> <li>Compliance issues monitored by the Board</li> <li>Oversight of activity by Director of Asset and Development</li> <li>Management Plans in place for key risk areas e.g fire, asbestos etc.</li> </ul> | <ul style="list-style-type: none"> <li>Implementation of compliance modules across all asset compliance activities.</li> <li>Further development of the suite of KPIs</li> <li>Rollout digitalisation of compliance process, sourcing a new CRM software to capture the data for improved and rapid decision making and improve productivity.</li> </ul>   |
| 8  | Increase in housing arrears due to cost of living and increase in energy prices   | <ul style="list-style-type: none"> <li>Treasury management strategy monitoring</li> <li>Monitor on weekly basis; work with tenants and the local authority.</li> </ul>  | <ul style="list-style-type: none"> <li>Improve relationship with Housing Benefits team, reduce cash payments and encourage standing orders or re-occurring payments by credit cards.</li> </ul>  |
| 9  | Investment decisions do not give appropriate weight to competing strategic agendas, e.g. environment, safety, growth digitalisation.  | <ul style="list-style-type: none"> <li>Strategic plan monitoring, Growth Strategy monitoring, Regular Stress Testing, Environmental Strategy, Value for Money Strategy</li> </ul>   | <ul style="list-style-type: none"> <li>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</li> </ul>   |
| 10 | Resilience of IT Systems to cyber attacks   | <ul style="list-style-type: none"> <li>Operational and governance oversight of IT Strategy . Cyber essentials accreditation to be gained, Modern security appliances and systems to protect against cyber-attack.</li> </ul>  | <ul style="list-style-type: none"> <li>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.</li> </ul>  |
| 11 | Customer insight is not embedded in business design and service review process  | <ul style="list-style-type: none"> <li>Voice of the Customer Strategy being worked on, Independent methodology for customer satisfaction</li> </ul>   | <ul style="list-style-type: none"> <li>Service re-structure around customer journey, New complaints process and increased focus on early resolution and learning. Customer satisfaction board level KPI</li> </ul>   |



# HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

## REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

### Going Concern and Viability Statements

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

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

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

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

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

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

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

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

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

### Reserves Policy

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

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

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

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

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

Our Reserve Policy is set to take into consideration:

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

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

Our Cash Reserves measured as at 31 March 2024

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

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

# HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

## REPORT OF THE TRUSTEES

(incorporating the Strategic Report)

### CORPORATE GOVERNANCE

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

#### Delegation and control

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

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

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

#### Actively managing risks

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

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

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

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

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

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

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

## **HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION**

### **REPORT OF THE TRUSTEES**

**(incorporating the Strategic Report)**

#### **Key Management and Remuneration**

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

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

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

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

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

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

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

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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

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

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

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

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

**DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the trustees are aware:

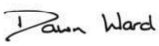
- there is no relevant audit information of which the Association's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

**AUDITORS**

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

By order of the Board

DocuSigned by:  
  
3D6133A0D504495...  
**Dawn Ward**  
**Chair and Trustee**

2<sup>nd</sup> September 2024

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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

#### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024, and of the Association's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

## **HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

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

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

#### **Responsibilities of the Board**

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focussed on key laws and regulations the Association has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022, Charities (Protection and Social Investment) Act 2016, Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

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

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

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

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

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



## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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

#### Use of our report

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



Simon Atkins  
Senior Statutory Auditor

For and on behalf of

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

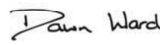
03 September 2024

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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

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

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

DocuSigned by:  
  
 3D6133A0D504495...  
 Dawn Ward CBE  
 Chair and Trustee

Signed by:  
  
 B238EFDC6CD34A8...  
 Everton Burke Esq., OBE  
 Vice Chair and Trustee

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Statement of Financial Position

At 31 March 2024

Company No. 00170981

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Statement of Cash Flows

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements

#### 1. Legal Status

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

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

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

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

#### 2. Accounting policies

##### Basis of Accounting

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

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

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

##### Going Concern

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

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

##### Turnover

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

##### Other Income

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements (continued)

#### Government Grants

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

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

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

#### Other Grants

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

#### Taxation

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

#### Value Added Tax (VAT)

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

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

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

#### Interest Payable

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

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

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

#### Leases

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements (continued)

#### Employee benefits

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

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

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

#### Retirement Benefits

##### Defined Contribution Plan

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

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

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

##### Defined Benefit Plan

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

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

#### Financial Assets

##### Debtors

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

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

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



## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements (continued)

#### Financial Liabilities

##### Trade creditors

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

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

##### Borrowings

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

##### Provisions

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

##### Intangible Fixed Assets

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

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

##### Tangible Fixed Assets – Housing Properties

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

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

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

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

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

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

#### Impairments of Fixed Assets

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

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

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

#### Other Tangible Fixed Assets

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

|                     |    |
|---------------------|----|
| Freehold Premises   | 50 |
| ICT Hardware        | 4  |
| Fixtures & Fittings | 10 |

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements (continued)

#### Reserves

##### Income and Expenditure Reserve

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

##### Designated Reserve

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

##### Restricted Reserve

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

##### Revaluation Reserve

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

#### Critical areas of judgement and accounting estimates

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

- **Pension Liability**

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

- **Bad Debt Provision**

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

- **Leases**

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

- **Useful lives of depreciable assets**

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

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

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

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

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

#### 4. Accommodation in management and development

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 5. Operating Surplus

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 6. Interest receivable and similar income

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

#### 7. Interest and financing costs

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

#### 8. Employees

Average monthly number of employees employed in the year were:

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

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

|                   | 2024<br>No. | 2023<br>No. |
|-------------------|-------------|-------------|
| £60,001 - £70,000 | 1           | 2           |
| £70,001 - £80,000 | 1           | 1           |
| £80,001 - £90,000 | 1           | -           |

Employee costs during the year were as follows:

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

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

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

### 9. Key management personnel

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

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

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

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

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

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

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

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



## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### Notes to the Financial Statements (continued)

#### 10. Intangible Fixed Assets

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### 11. Fixed Assets – housing properties

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

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

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

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

### Housing properties book value net of depreciation comprises

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

### Expenditure on works to existing properties

|   | 2024           | 2023           |
|---|----------------|----------------|
| Amounts charged to income and expenditure | 397,550        | 466,985        |
|   | <b>397,550</b> | <b>466,985</b> |

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### Note 11. Fixed Assets – housing properties (continued)

##### Social housing assistance

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

##### Finance costs

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

##### Impairment

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 12. Tangible Fixed Assets – Other

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

#### 13. Debtors

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 14. Creditors: amounts falling due within one year

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

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

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

#### 16. Debt Analysis

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 16. Debt Analysis (continued)

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

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

The Loan with Unity Trust is divided into three tranches.

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

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

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

The loans are repayable as below:

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

#### 17. Pension obligations

Heart of England YMCA participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA Pension Plan are held separately from those of Heart of England YMCA and at the year end these were invested in the Mercer Dynamic De-risking Solution, 65% matching portfolio and 35% in the growth portfolio and Schroder (property units only).

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 17. Pension obligations (continued)

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

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

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

#### 18. Provisions for liabilities and charges

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

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

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

#### 19. Share Capital

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 20. Cash Flow from Operating Activities

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

#### 21. Capital Commitments

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

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

#### 22. Contingent assets / liabilities

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

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



## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

### Notes to the Financial Statements (continued)

#### 23. Leasing commitments

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

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

#### 24. Analysis of Debt

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

#### 25. Related parties

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

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

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

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

#### 26. Other Income

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

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

## HEART OF ENGLAND YOUNG MEN'S CHRISTIAN ASSOCIATION

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### **27. Post Balance Sheet Events**

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