

REGISTERED COMPANY NUMBER: 07820865 (England and Wales)
REGISTERED CHARITY NUMBER: 1146415
REGISTERED SOCIAL HOUSING NUMBER: 4875

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
YMCA FAIRTHORNE HOUSING**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

YMCA FAIRTHORNE HOUSING

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 5
Report of the Independent Auditors	6 to 7
Statement of Financial Activities	8
Balance Sheet	9
Statement of Changes in Reserves	10
Notes to the Financial Statements	11 to 20

YMCA FAIRTHORNE HOUSING

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 DECEMBER 2019

TRUSTEES	Ms C A Gould Mr R Rogers Mr P J West (appointed 25.3.19) Mr Dr M H Cranston Ms S M Hannington (appointed 25.3.19) Ms S C Clarke (resigned 15.04.19)
COMPANY SECRETARY	Ms P J Spicer
REGISTERED OFFICE	Bugle House 53 Bugle Street Southampton Hampshire SO14 2LF
REGISTERED COMPANY NUMBER	07820865 (England and Wales)
REGISTERED CHARITY NUMBER	1146415
REGISTERED SOCIAL HOUSING NUMBER	4875
AUDITORS	Hopper Williams & Bell Limited Statutory Auditor Highland House Mayflower Close Chandler's Ford Eastleigh Hampshire SO53 4AR
BANKERS	Barclays Bank plc 1 Churchill Place London E14 5HP

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report and Strategic Report, together with the audited financial statements of YMCA Fairthorne Housing (the company) for the year ended 31 December 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice Accounting by Registered Social Landlords (SORP) "Accounting by Registered Social Housing Providers" 2014 as updated and the "Accounting Direction for private registered providers of social housing" issued in January 2019.

During 2019 the Board of Trustees met formally on two occasions and five times as a combined Board meeting with Fairthorne Group.

OBJECTIVES AND ACTIVITIES

Principal Activities

In the year under review, the charitable company has sought to deliver its charitable objectives through the running of housing programmes for young people aged 18 - 30 in Basingstoke, young people aged 16 - 22 in Southampton and the running of a mother and baby unit in Shanklin, Isle of Wight.

Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit as well as guidance given by Homes England.

The primary objective for the year was to consolidate following the purchase of properties from YMCA England the previous year. Trustees are mindful of the need to put in place long term strategies to maintain and where possible extend the offer of YMCA Fairthorne Housing.

Strategies and activities for achieving objectives

The principal strategy for achieving objectives is to provide quality and affordable options for young people. To work with other agencies, principally YMCA Fairthorne Group, to ensure that all tenants receive high quality housing support and training opportunities.

Achievements and performance

Going concern

The Trustees believe that the company is a going concern. The trading position is strong and balance sheet strengthened through another good year and is expected to continue to improve.

Review of activities

The Trustees are delighted that during 2019 young people were able to benefit from a high standard of accommodation, support from YMCA staff and from the involvement of agencies that have added value and purpose to the lives of the young people. The young people who live at the YMCA often have complex housing support needs and are encouraged to engage with the Y Pass programme. The management of the level of need within the resident profile is the key to the successful management of the project. The YMCA has provided personalised support and encouragement to all the young people in their accommodation. This has resulted in life changing achievements for many residents. Currently in excess of 50% of tenants are in employment and others are engaged in volunteering projects which add benefit to the residents.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Value for Money Statement

YMCA Fairthorne Housing is regulated by the Regulator of Social Housing which requires organisations to demonstrate how they achieve value for money in meeting strategic objectives. This value for money statement should be read alongside our Annual Report and Financial Accounts.

Value for Money (VFM) principles are integrated into all plans and activities. This is led by the Board who ensure that:

- Strategies and business plans are suitable and sustainable
- Customer needs are identified and met
- Finances are monitored and audited, with particular focus on costs
- Return on assets is understood
- Operations run as efficiently and effectively as possible
- Effective performance management and scrutiny functions are in place
- A risk framework ensures risks are identified, mitigated and managed
- Stakeholders are effectively engaged and hold us to account

The methodology for measuring value for money is still in development. Currently the organisation believes the measures listed in the performance summary are the most appropriate but these are under review.

Performance summary:

- 79% tenant satisfaction
- £449k surplus
- Rent arrears 16%
- Raised £31k of additional funding (grants)
- Supported 274 tenants towards employment or training

Financial Review

The Trustees are pleased to note that income rose during the year by £239k (excluding grants received for the purchase of George Williams House and YMCA Basingstoke in 2018). Alongside the income growth, a surplus of £449k was generated in the year.

Reserves policy

The nature of the principal source of income means that at this time there is no great need to build large reserves although the Trustees believe it would be prudent to build a reserve sufficient to cover a 20% void in rental income for a sustained period of 3 months or approximately £35k.

The company has reserves totalling £3,732k of which £31k is held in restricted reserves and £3,701k in unrestricted reserves. The latter comprises an investment in fixed assets net of long term borrowing of £2,762k which leaves free reserves of £939k.

Principal funding

The principal funding source is income from Housing Benefit and Universal credit which is supplemented by other income related to the hostels. The charitable company has also succeeded in obtaining some voluntary income to support work with residents and a major grant from Land Aid of £31k.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Plans for the future

The trustees are keen to develop a comprehensive maintenance and refurbishment programme for the new properties purchased in 2018 and are delighted that during 2020 new windows will be installed at the Basingstoke property with the support of a major grant from Land Aid.

A re-vitalised Y Pass programme will be delivered in Southampton by YMCA Fairthorne Group, utilising the community facilities in Newtown which is very close to George Williams House.

The young women and babies living in the Mother and Baby Unit on the Isle of Wight will be afforded more opportunities to engage with the local community, learn key life skills and enter into formal training or employment through a new modified Y Pass programme and supported by the adjacent early years childcare facility run by YMCA Fairthorne Group.

Future developments

Following a year of consolidation on achieving the Registered Provider Status the Trustees wish to develop a comprehensive long term strategy for YMCA Housing across Hampshire and the Isle of Wight. This will be produced during 2020.

Trustees' responsibilities statement

The Trustees (who are also directors of YMCA Fairthorne Housing for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditors

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees are appointed to the Board by the Board of YMCA Fairthorne Group following a recruitment and induction process which takes place over several months. Role specifications inform potential trustees of the requirements of the role and all Trustees are bound by a Code of Conduct which outlines their responsibilities.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of YMCA Fairthorne Housing for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Approved by order of the board of trustees on 29/05/2020..... and signed on its behalf by:

richard rogers

richard rogers (May 29, 2020 09:25 GMT+1)

.....
R Rogers - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YMCA FAIRTHORNE HOUSING

Opinion

We have audited the financial statements of YMCA Fairthorne Housing (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of changes in reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YMCA FAIRTHORNE HOUSING

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

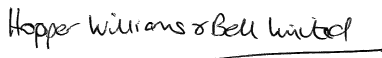
Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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.

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

Use of our report

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



Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Date: 29/05/2020

YMCA FAIRTHORNE HOUSING**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	£'000	£'000
TURNOVER			
Donations and legacies	4	85	2,452
Social housing income	4	1,247	1,053
Other income	4	<u>22</u>	<u>60</u>
Total		1,354	3,565
 EXPENDITURE ON			
Operating expenditure	4	830	748
		<hr/>	<hr/>
OPERATING SURPLUS		524	2,817
Interest payable	9	75	48
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		<u>449</u>	<u><u>2,769</u></u>

The notes form part of these financial statements

YMCA FAIRTHORNE HOUSING

**BALANCE SHEET
31 DECEMBER 2019**

REGISTERED COMPANY NUMBER - 07820865		2019 Total funds £'000	2018 Total funds £'000
	Notes		
FIXED ASSETS			
Housing properties	10	5,330	5,357
Tangible fixed assets	11	1	4
CURRENT ASSETS			
Debtors	12	1,141	792
Cash at bank and in hand		16	18
		1,157	810
CREDITORS			
Amounts falling due within one year	13	(188)	(181)
NET CURRENT ASSETS		969	629
TOTAL ASSETS LESS CURRENT LIABILITIES		6,300	5,990
CREDITORS			
Amounts falling due after more than one year	14	(2,568)	(2,707)
NET ASSETS		3,732	3,283
FUNDS			
Unrestricted funds:			
General fund		3,701	3,283
Restricted funds:			
Restricted fund		31	-
TOTAL FUNDS		3,732	3,283

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 29/05/2020 and were signed on its behalf by:



M H Cranston - Trustee

The notes form part of these financial statements

YMCA FAIRTHORNE HOUSING**STATEMENT OF CHANGES IN RESERVES
AT 31 DECEMBER 2019**

	Unrestricted general funds £'000	Restricted Income funds £'000	Total £'000
Balance as at 1 January 2019	3,283	-	3,283
Surplus for the year	418	-	418
Grant funding	-	31	31
Other restricted income	-	-	-
Expenditure of restricted funds	-	-	-
Balance at 31 December 2019	3,701	31	3,732

**STATEMENT OF CHANGES IN RESERVES
AT 31 DECEMBER 2018**

	Unrestricted general funds £'000	Restricted Income funds £'000	Total £'000
Balance as at 1 January 2018	514	-	514
Surplus for the year	2,769	-	2,769
Balance at 31 December 2018	3,283	-	3,283

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. LEGAL STATUS

YMCA Fairthorne Housing is a company, limited by guarantee (company number 07820865) and a registered charity (number 1146415) and is registered with the Register of Social Housing as a social housing provider (number 4875).

The address of the registered office is Bugle House, 53 Bugle Street, Southampton, England, SO14 2LF.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the SORP for Registered Social Housing Providers 2014, 'Accounting by registered social housing providers' 2014 as updated, the Accounting Direction for Private Registered Providers of Social Housing from January 2019, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The charity constitutes a public benefit charity as defined by FRS102.

Going concern

The charity forms part of the treasury management of YMCA Fairthorne Group, which is supported by a long-term loan facility. The trustees have produced cash flow forecasts that demonstrate that operations will generate cash in the forthcoming year to enable the group to operate within its current bank facilities and meet its liabilities as they fall due. Accordingly, the Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees have considered the impact and risk on the company from COVID-19 and the company's prospects, and have concluded that with the right management actions the company is a going concern for at least 12 months following the signature of the financial statements. Accordingly the trustees have prepared the financial statements on this basis.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 4 Statement of Financial Position paragraph 9.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of YMCA Fairthorne Group as at 31 December 2019 and these financial statements may be obtained from Bugle House, 53 Bugle Street, Southampton, SO14 2LF.

Critical accounting judgements and key sources of estimation uncertainty

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

- Whether there are indicators of impairment of the Charity's housing properties and other tangible assets

2. ACCOUNTING POLICIES - continued

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Trustees have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.

- The principal uncertainty that the Charity faces is the unknown effect from COVID-19. The trustees believe that mitigating actions have been taken and this risk has been minimised, such that the Board are able to make a judgement on the going concern of the company.

Other key sources of estimation uncertainty:

Critical accounting judgements and key sources of estimation uncertainty

Tangible fixed assets (see note 10)

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the condition of the asset and its future income generating potential are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Rental and other trade receivables (see note 12)

- The estimate for receivables relates to the recoverability of the balances outstanding at the year end. An estimation of recoverability is used to consider whether debts are recoverable.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. The charity has the following material income streams:

- Rental income
- Service charge income
- Revenue grants

Rental income and service charge income is recognised in the period for which the service was provided to the resident.

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. Where a social landlord acquires land/or other assets at below market value from another entity, this is in substance considered to be a grant. Where grants are given by a non-government source without restriction or conditions, the whole amount can be recognised upon receipt.

A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Finance costs

Finance costs are charged to income or expense over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued
Tangible fixed assets

Tangible fixed assets costing more than £1k (2018 - £1k) are capitalised and included at cost including non-recoverable VAT. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Plant and machinery - over 3 - 25 years

Housing Properties and depreciation

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight line basis as follows:

Description	Useful economic life (years)
Structure	100
Roofs	70
Kitchens	20
Bathrooms	30
Boilers	10-15
Central heating	30
Windows	30
Lift	20

Land is not depreciated on account of its indefinite useful economic life.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the charity expects to consume an asset's future economic benefit.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Financial instruments

Financial assets and liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Financial instruments

Recoverable amount of rental and other trade receivables

The Charity estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

Loans

All loans held by the Charity, are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans that are payable or receivable within one year are not discounted.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

3. HOUSING UNITS UNDER MANAGEMENT

	2019	2018
	No	No
Supported housing	<u>146</u>	<u>149</u>

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating costs	Operating surplus/ (deficit)
	2019	2019	2019
	£'000	£'000	£'000
Social housing (note 5)	1,247	(806)	441
Activities other than social housing			
Grants and donations	85	-	85
Other income	22	(24)	(2)
	<u>1,354</u>	<u>(830)</u>	<u>524</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

	Turnover	Operating costs	Operating surplus
	2018	2018	2018
	£'000	£'000	£'000
Social housing (note 5)	1,053	(723)	330
Activities other than social housing			
Grants and donations	2,452	-	2,452
Other income	60	(25)	35
	3,565	(748)	2,817

5. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Social housing 2019 £'000	Social housing 2018 £'000
Income		
Rents net of identifiable service charges	639	572
Service charge income	608	481
	1,247	1,053
Expenditure		
Management	183	128
Service charge	96	92
Maintenance		
- Planned maintenance	126	77
- Routine maintenance	45	37
Bad debts	63	19
Depreciation on Housing properties:		
- Annual charge	30	18
Other costs	263	352
	806	723
Operating expenditure on Social Housing lettings		
	441	330
Operating surplus on Social Housing lettings		
	24	25
Void losses		

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. OPERATING SURPLUS

This is stated after charging:

	2019	2018
	£'000	£'000
Depreciation - owned assets	30	25
Auditors' remuneration	<u>5</u>	<u>5</u>

7. STAFF COSTS

	2019	2018
	£'000	£'000
Wages and salaries	219	167
Social security costs	17	14
Other pension costs	<u>7</u>	<u>4</u>
	<u>243</u>	<u>185</u>

Staff are employed by YMCA Fairthorne Group who recharge 20% of management time to the Charity, in the year this amounted to £85k (2018: £55k).

The average monthly number of staff members employed by YMCA Fairthorne Group who are recharged back during the year was as follows:

	2019	2018
Housing, support and care	<u>11</u>	<u>10</u>

No employees received emoluments in excess of £60k.

8. TRUSTEES AND KEY MANAGEMENT PERSONNEL

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

No trustees received any compensation for loss of office.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Key management personnel

Key management personnel are shown in YMCA Fairthorne Group accounts as they are recharged from this entity to YMCA Fairthorne Housing.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Interest on bank loan	75	48
	<u> </u>	<u> </u>

10. HOUSING PROPERTIES

	General needs housing completed £'000	Totals £'000
COST		
At 1 January 2019 and 31 December 2019	<u>5,375</u>	<u>5,375</u>
DEPRECIATION		
At 1 January 2019	18	18
Charge for year	<u>27</u>	<u>27</u>
At 31 December 2019	<u>45</u>	<u>45</u>
NET BOOK VALUE		
At 31 December 2019	<u><u>5,330</u></u>	<u><u>5,330</u></u>
At 31 December 2018	<u><u>5,357</u></u>	<u><u>5,357</u></u>

All housing properties held by the Charity are freehold.

No social housing grants were received in the year.

Impairment

The Charity considers £5,330k (2018: £5,357k) to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2019.

The Trustees took the reasonable assumption that as Housing properties were purchased at market value in 2018, £Nil (2018: £Nil) impairment would be expected.

Properties held for security

The charity had property with a net book value of £5,330k (2018: £5,357k) pledged as security at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. OTHER TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Total £'000
COST		
At 1 January 2019	14	14
Additions	-	-
	<hr/>	<hr/>
At 31 December 2019	14	14
	<hr/>	<hr/>
DEPRECIATION		
At 1 January 2019	10	10
Charge for the year	3	3
	<hr/>	<hr/>
At 31 December 2019	13	13
	<hr/>	<hr/>
NET BOOK VALUE		
At 31 December 2019	1	1
	<hr/>	<hr/>
At 31 December 2018	4	4
	<hr/>	<hr/>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade debtors	250	244
Amounts owed by group undertakings	882	529
Prepayments and accrued income	9	19
	<hr/>	<hr/>
	1,141	792
	<hr/>	<hr/>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Bank loans and overdrafts (see note 15)	135	105
Trade creditors	23	21
Other creditors	-	24
Accruals and deferred income	30	31
	<hr/>	<hr/>
	188	181
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Bank loans (see note 15)	<u>2,568</u>	<u>2,707</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£'000	£'000
Amounts falling due within one year on demand:		
Bank loans	<u>135</u>	<u>105</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>159</u>	<u>108</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>2,409</u>	<u>2,599</u>

During the prior year the charity took out a new long term loan. The full balance of £2,870k was drawn down from the loan facility.

The loan is due to be repaid 5 years after the date of the first draw down. Repayments are being made based on a 20 year repayment profile with the first repayment to be made directly after the first draw down interest accrues on the loan at a rate of 1.99% above the Bank of England base rate.

16. CAPITAL COMMITMENTS

As at 31 December 2019 the charity had contractual commitments totalling £103k (2018: £Nil) for installation of new windows at the Basingstoke property.

17. RELATED PARTY DISCLOSURES

During the year, management charges of £85k (2018: £93k) and other charges of £98k (2018: £42k) were raised by its parent company, YMCA Fairthorne Group.

The Charity also paid YMCA Fairthorne Group £243k (2018: £185k) for staff employed by YMCA Fairthorne Group. At the year end the Charity was owed £882k (2018: £529k) from YMCA Fairthorne Group. These transactions were carried out on an arm's length basis.

In addition to these transactions, the charity's bank accounts form part of YMCA Fairthorne Group treasury management function.

18. ULTIMATE CONTROLLING PARTY

The Charity is a subsidiary of YMCA Fairthorne Group, a Charitable Company limited by guarantee, Charity number: 1090981, Company number: 4336719.

Consolidated accounts can be obtained from the registered office, Bugle House, 53 Bugle Street, Southampton, SO14 2LF.

The parent exercises control through the appointment or removal of Trustees and through management of the Charity.

19. LEGAL STATUS OF THE CHARITY

The company is limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member during the year (2018: one).

20. POST BALANCE SHEET EVENTS

COVID-19 and its effects on the business represent a non-adjusting post balance sheet event.