

YMCA East Surrey
(A charitable company limited by guarantee)

Report and Financial Statements

for the year ended

31 March 2020



Charity Registration No: 1075028
Company Registration No: 03716594
Social Housing Provider Registration No: 4854

YMCA East Surrey

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YMCA East Surrey

Legal and administrative information

Directors and Trustees:	Phil Baker	
	Christopher Brewer (resigned 11 December 2019)	
	Dr Diane Bullock	
	Paul Byrne	Chairman
	Freda Clark	
	Nigel Clifford	
	Caroline Fisher	
	Penelope Horsfall	President
	Heather Loxley	
	Richard Mantle	
	Rev David Skitt	
	Ian Thomas	Treasurer
	Jeff Travis	
	Ann Woodford	

The above served as trustees during (and, unless otherwise indicated, throughout) the year ended 31 March 2020.

Chief Executive and
Company Secretary:

Ian Burks

Registered Office:

YMCA East Surrey
Princes Road
Redhill
Surrey
RH1 6JJ

Registered Charity Number:

1075028

Registered Company Number:

03716594 (England & Wales)

Social Housing Provider

Registration Number:

4854

Bankers:

Barclays Bank plc
Redhill Branch
Gatwick Group
90/92 High Street
Crawley
West Sussex RH10 1BP

Auditors:

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Solicitors:

Morrisons Solicitors
Prospero
73 London Road,
Redhill
RH1 1LQ

YMCA East Surrey supports local people to belong, contribute and thrive.

2020 was a notable year for us as it marked the 150th anniversary of our work in East Surrey. More than 14,000 people benefited from our diverse range of charitable services and activities. Our YMCA is there for everyone in the community, but our priority is to help those who are vulnerable or facing disadvantage. Although we cater for all ages the bulk of our work is with children and young people, helping them develop into happy, healthy and fulfilled adults. Services are delivered from six YMCA sites plus numerous other outreach locations and venues in different communities. Projects span a diverse range of areas including sports, physical activity, childcare, youth work, counselling and housing.

Despite the challenge of Coronavirus, which resulted in the temporary suspension of some of our services, the last year has seen many positive developments across our programmes.

The first 1,000 days of a child's life play a formative role in their development. YMCA East Surrey has expanded its early years work to help give local children the best possible start and to help them become school ready. In April we introduced a new Preschool at the Merstham Hub in Surrey's most deprived ward. Local families can now access high quality, free early years education and children can acquire the skills, knowledge and confidence they need to succeed at school. The new service has been welcomed by partner agencies working in the community and feedback from parents has been extremely positive. Numbers attending have been slow to build up however, and this, combined with high rental and service charge, has caused some initial financial challenges.

On the theme of Early Years expansion, last year we launched a new Family Centre offering support to parents with young children between 0 and 11. This exciting service is funded by Surrey County Council and operates on a lease from the Youth Centre building in Albert Rd, Horley. The centre provides a range of targeted support for families, such as parenting advice, guidance and outreach family support. Having a base in Horley will enable us to offer more youth work activity. This has become ever more important following reductions in local authority services. To complement this, we have secured a new contract with SCC to deliver Early Help for those aged 0 - 19 across the whole of Reigate and Banstead.

Another area of YMCA growth is our programme of play and youth schemes for children and young people with disabilities. In December 2017 we won new contracts from SCC to deliver 41,000 hours of provision per year to new families in East Surrey. After some early challenges with venues these new schemes have flourished, enabling children to benefit from a mix of creative, sporting and fun activity whilst their parents and siblings gain a vital break from caring. During the last twelve months we have secured new contracts to offer more provision for young people in West Sussex. Sadly the Coronavirus pandemic caused us to stop face-to-face delivery during lockdown, however our staff team were able to set up an innovative programme of telephone and virtual support.

The YMCA is well known nationally for its youth work and here at East Surrey we offer a mix of positive activities, targeted youth work and support for young people with disabilities and mental health needs. Regrettably, local authority funded services for young people have (according to research carried out by YMCA England and Wales) dropped by 69% since 2010. Although Surrey County Council (SCC) have done well to retain provision, they have stopped offering much of their open access youth work in order to target their resources on specialised services to those with the highest need. This is at a time when young people are facing increased pressures caused by social media, higher incidences of mental health difficulties, school exclusions and a greater threat of exploitation by those involved in criminal activity, such as 'county lines'.

To address the growing gap between need and provision, we are working with borough and district councils and charitable funders to deliver detached youth work to those at risk in hot spots around East Surrey. Support from Comic Relief has also enabled us to extend and establish WAVES projects in local youth centres for those experiencing difficulties with mental health. These new groups facilitated by qualified youth workers offer peer mentoring and guidance for individuals requiring support with their emotional health and wellbeing. For those with more pressing needs, we have continued to deliver free counselling in many youth-friendly venues around Surrey. We are also aiming to prevent problems before they arise by working in schools to offer positive emotional health workshops. This encourages young people to recognise triggers and learn skills to manage their wellbeing.

Pressure on young people can lead to homelessness. This is a growing problem which is predicted to be made worse by the economic impact of Coronavirus. To address this, we offer high quality accommodation with support for up to 44 young people aged 16 plus from Hillbrook House, our purpose-built supported housing scheme in Redhill. Demand for this vital provision has remained high during the past year with referrals coming from SCC Family Services and the Borough Council. The challenge is to help these young people build the skills, confidence and self-esteem needed to move on to independence. Y Focus has now become an established and successful programme to engage with young residents who are economically inactive. A group work approach to healthy living, money management and teamwork offers a fun way to help young people build their self-esteem and get back into further education or employment.

One key aim within our Housing Services is to create low rent Move On accommodation that can enable young residents at Hillbrook to gain employment and take a step towards full independence. One such scheme was developed in 2014 at Lynwood Road and further progress was made in March 2019 when, with help from the Borough Council, the Reigate Methodist Church and the Netherby Trust, we were able to purchase a six-bedroom Victorian property in Merstham. A grant was secured from Homes England and work is now underway to build a new extension and refurbish the property. This will offer high quality accommodation and support for six young people for many years to come. There is still a need for additional Move On accommodation and more housing development has been identified as a key strategic priority for the future.

Our overriding priority is to meet the needs of our communities, but we also recognise in the current economic climate that we need to do this in a professional, cost effective and sustainable way. Our financial performance over the past year has dipped slightly due in part to challenges within children's services where we have invested considerably in the new Merstham Preschool. Numbers of fee-paying families were lower than predicted, needs of children were higher than expected and winning the trust of parents in such a high need area has been a slower process than we anticipated. Figures for attendance prior to Coronavirus were on a healthy upward trajectory and with ongoing support from Surrey County Council we are confident that once this service reopens in September, it will soon become financially sustainable.

Numbers attending out of school childcare and universal fitness have taken longer to bounce back following disruption and closures caused by building work at Princes Road during 2018/19 and this has had a temporary adverse effect on financial performance. The last couple of months of the financial year also coincided with the early spread of Coronavirus across the UK and this led to an initial drop in attendance and then a full suspension of activities at Princes Rd and the Sovereign Centre. I am pleased to say that despite a period of inevitable closure both fitness activities and childcare provision has since been successfully reintroduced in line with relevant Covid Secure guidance.

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Report of the Chief Executive

Turnover did drop back from £5,080,391 in 2018/19 to a figure of £4,166,462 for the last year. Although this drop was exacerbated by the impact of Covid-19, the major factor was the exceptional capital fundraising programme of the previous year where £944,713 was raised to redevelop and improve the Princes Road site to create the new Inclusive Sports Facility.

Last year saw further positive developments in terms of governance. A new committee structure was approved by the Board of Trustees in December 2019 which resulted in the creation of a permanent Governance Group and the transformation of four Service Committees into three Advisory Groups with new Chairs and terms of reference. As part of this change the work of Children's Services and Youth Services were combined within one new Children and Young People (CYP) Advisory Group, chaired by Heather Loxley. This merger was subsequently mirrored within the management structure where all services are now headed up by Judith Brooks, the new CYP Head of Service. Bringing together these two key areas of YMCA work has simplified management and governance and allowed a more joined up and consistent approach across two closely related and overlapping areas of work.

Our new committee structure has given us a renewed focus on good governance and this combined with our Charity Code of Governance, risk management processes and quality management systems (Trusted Charity and ISO 9001) have helped us to follow best practice in the way the charity is operated. We are also looking at initiatives to improve diversity and trustee development and provide the right balance of challenge and support for senior management.

The YMCA recognises that the most effective way to deliver positive change is to work collaboratively with others and over the last year we have continued to work closely with some excellent partner organisations such as Surrey County Council Reigate and Banstead Borough Council, other districts and boroughs and the Clinical Commissioning Groups (CCGs). We have also worked in partnership with the Surrey Community Foundation and other Surrey charities and charitable trusts to achieve positive outcomes for those we serve.

Yet again we have been extremely fortunate to have the support of many local people who have either volunteered or taken part in our growing programme of challenge and community fundraising events. Last year our events generated gross income of £162,613. Highlights included the annual Sleepeasy, our annual cycle challenge to Paris and an off-road ride from Glasgow to Inverness along the Highland Way and Great Glen Way. We also staged the North Downs Trek and a 21-mile trek across ten Cumbrian peaks. These events were supported and led by our inspirational volunteers who helped people to achieve a personal goal and raise money to support our work.

The most vital and valuable resource a charity has is its people. Here at YMCA East Surrey we have been blessed with a team of skilled and caring volunteers, staff and managers who yet again have gone the extra mile to provide outstanding services that transform the lives of local people. I am immensely proud and grateful for what they have achieved for those in need over the last year.

At the AGM in October Chris Brewer announced his retirement from his role as Chair and on 11th December 2019 he stepped down from the Board to become our Patron. The Brewer family has been closely associated with the YMCA in Redhill since Chris's father's first involvement in 1914 and for the last hundred years their support has been instrumental in many of the key YMCA developments. We are extremely grateful to Chris for his wonderful leadership over the past thirteen years and for his support as a trustee for over twenty-

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Report of the Chief Executive

five years. We are delighted that he will continue to serve as patron and contribute to the strategic decision making of the charity.

We are also extremely fortunate to have a superb group of skilled and committed trustees (led by our new Chair Paul Byrne) who give their time freely to steer the work of the charity. I would like to record my thanks to them all for their ongoing hard work and commitment to the YMCA.

The last year has been extra challenging due to Coronavirus and although the YMCA has responded extremely positively to the pandemic, it is anticipated that the impact on those we support will be long term and far reaching. As a result, there will be much greater demands placed on charities to address issues such as emotional wellbeing, unemployment and homelessness. We are confident that with our excellent team of volunteers, trustees and staff and with the help of our supporters and partners we will be able to rise to the challenge and continue to change lives for the better for many years to come in East Surrey.

Ian Burks

Chief Executive

23rd September 2020

YMCA East Surrey

Report of the Trustees (incorporating the strategic report)

The trustees present their report and the financial statements for the YMCA East Surrey for the year ended 31 March 2020.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, Housing Statement of Recommended Practice 2014, the Accounting Direction for Private Registered Providers of Social Housing (issued by the Homes and Community agency in September 2015), the Housing Regeneration Act 2008 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Objects and activities

The objects of the YMCA East Surrey (the Charitable Company) are:

- ▶ To provide or assist in the provision in the interest of social welfare of facilities for recreation and other leisure time occupations for men and women with the object of improving their conditions of life
- ▶ To provide or assist in the provision of education for persons of all ages with the object of developing their physical, mental or spiritual capacities
- ▶ To relieve or assist in the relief of persons of all ages who are in conditions of need hardship or distress by reason of their social, physical or economic circumstances
- ▶ To provide residential accommodation for persons of all ages who are in need, hardship or distress by reason of their social, physical or economic circumstances
- ▶ To provide Social Housing, houses or hostels and any associated amenities including a counselling service and services for persons in necessitous circumstances upon terms appropriate to their means. In this part “social housing” means—
 - a) low cost rental accommodation (defined by section 69 of the Housing and Regeneration Act 2008), and
 - b) low cost home ownership accommodation (defined by section 70 of the Housing and Regeneration Act 2008).

As can be seen in the Report of the Chief Executive, these objects are at the heart all of the services and activities we provide. The Charitable Company is divided into four distinct service areas in order to meet these objects, and these are Health and Wellbeing, Children’s Services, Youth Services and Housing. These are all supported by Central Services.

When implementing these objects the Trustees have due regard to the guidance on “public benefit” of the Charity Commission. Throughout these reports will be found numerous examples of the ways in which the Charitable Company seeks to broaden both the range of its activities and the groups within the community that are able to access them.

At the Sports & Community Centre in Princes Road, Redhill, YMCA East Surrey provides a wide range of services for local people of all ages and abilities, including out of school childcare, work with young people and extensive programmes in sports and physical activity.

The Charitable Company also offers a variety of activities for children and young people including a Family Centre that operates out of the Young People’s Centre in Horley. At the YMCA Sovereign Centre and in the surrounding boroughs and districts, YMCA East Surrey provides a range of short break activities for children and young people with disabilities as well as recreational activities and a preschool. Coordination of the provision of youth work in East Surrey is also undertaken from this centre.

At Hillbrook House, Redhill, YMCA East Surrey runs a supported housing scheme for young people aged 16 to 30. The scheme was purchased from YMCA England on 15 November 2017 following YMCA East Surrey becoming a non-profit private registered provider of social housing on 1 August 2017. Prior to this, YMCA East Surrey managed the scheme on behalf of YMCA England. Hillbrook House is also the base for the YMCA’s Next Step Rent Deposit Scheme and Heads Together counselling Service.

At Lynwood Road, Redhill, YMCA East Surrey’s supported Move-on project, there are an additional seven units available for young people aged 18 to 30 providing less intensive housing support options for those in housing need.

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Report of the Trustees (incorporating the strategic report)

In the Report of the Chief Executive, we set out main achievements during the year. Within this report you can see that the Charitable Company continues to make a great difference to the lives of the people it helps and the reach of the Charitable Company's work is continuing to expand within the county.

Financial review

The Charitable Company's activities for the General Fund produced a deficit of £23,457 (2019: surplus £68,348), which includes a loss on revaluation of investments of £584 (2019: Gain £58,143). Turnover in 2019 included funding for the ISF of £944,713 and £300,000 for the purchase of move-on housing at London Road, Merstham, after taking this into account, income from normal operational activities increased in the current financial year. As set out in the Report of the Chief Executive, take up of places at Merstham Pre-school was slow and this is a contributing factor in the resulting deficit for the year. Income levels for both the gym and Children's Services were impacted at the start of the financial year following the building work, however improvement plans to raise income levels over the year were successful up until the enforced closures due to the Covid-19 pandemic. Increased capital investment has resulted in increased depreciation charges during the year, which whilst it has an impact on the result in the Statement of comprehensive income has no impact on the cash flow of the Charitable Company.

The Charitable Company has total reserves of £5,583,669 at 31 March 2020 (2019: £5,652,894) as set out in the Statement of financial position on page 16. Much of this is attributable to the net book value of the freehold premises in Princes Road (including the new Inclusive Sports Facility), Lynwood Road and London Road, the leasehold of the Sovereign Centre in Woodhatch, together with other restricted funds. There are also designated funds totalling £501,153 (2019: £483,918) as mentioned above, leaving unrestricted general funds at 31 March 2020 of £749,846 (2019: £773,303) and efforts will continue to restore this fund to previous year's levels and further increase this.

While continuing to seek new sources of finance for the key activities of the restricted funds the trustees will also maintain careful financial control. By so doing, the unrestricted general funds can be augmented to provide the necessary resources for the enhancement and extension of the facilities with which the Charitable Company will continue to serve the changing needs of the public as it has done for nearly one hundred and fifty years.

Principal funding sources

The trustees gratefully acknowledge the support of all our donors and funders. Almost half of the Charity's income is in the form of grants from local authorities and other bodies. Such grants enable the Charitable Company to carry on the work in all four lines of service, in turn supporting the objects of the Charitable Company.

Reserves policy

The long-term policy is to hold sufficient current asset unrestricted reserves to cover up to three months expenditure, so as to ensure as far as possible the continuation of the Charitable Company's activities in the event of significant fluctuations or shortfalls in anticipated income.

The Charitable Company has unrestricted reserves of £1,250,999 as at March 2020 (2019: £1,257,221). This represents just over 3.5 months expenditure which is a decrease on the previous year. Whilst the designated funds will be matched against the depreciation on the ISF in the coming years, it is anticipated that in subsequent years we will return to a net unrestricted surplus position.

Apart from the Unrestricted Reserves, the Charitable Company held £4,322,670 (2019: £4,395,673) in Restricted Funds, of which £4,016,817 (2019: £4,044,087) is represented by the freehold properties at Princes Road Lynwood Road, London Road and the leasehold property at the Sovereign Centre.

The Reserves Policy is continuously monitored and reviewed by the Finance and Resources Committee of the Board of Management (the Board) which makes recommendations to the trustees if and when action is needed to maintain the policy or consideration needs to be given to its modification.

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Report of the Trustees (incorporating the strategic report)

Value for money

On 1 August 2017, the Charitable Company became a non-profit private registered provider of social housing (registered provider) and as such the 2018 Value for Money standard issued by the Regulator of Social Housing (RSH) was not applicable for the entire period.

The Board is committed to achieving value for money (VFM) in YMCA East Surrey's service planning and delivery in accordance with its five year strategy, the Value for money policy and RSH's Value for Money standard.

YMCA East Surrey aims to:

- ▶ Integrate VFM principles within all management, planning and review processes
- ▶ Adopt appropriate, recognised good practice
- ▶ Promote a culture of continuous improvement
- ▶ Demonstrate to both internal and external stakeholders that the achievement of VFM is sought in all activities undertaken
- ▶ Embed VFM principles within the culture of YMCA East Surrey so that all trustees, staff and volunteers recognise their continuing responsibility to seek VFM for the Charity as part of their routine activities

VFM is about achieving the right balance between the three 'E's'- Economy, Efficiency and Effectiveness. Essentially this requires YMCA East Surrey to assess the impact of all its costs, to best meet its stakeholder's needs. This means spending efficiently.

- ▶ Economy - the price paid for what goes into providing a service
- ▶ Efficiency - a measure of productivity or how much is gained from what is put in
- ▶ Effectiveness - a measure of the impact achieved and can be both qualitative and quantitative

VFM is high when there is an optimum balance between all three 'E's': relatively low costs, high productivity and successful outcomes.

Since registration in August 2017 and the purchase of Hillbrook House in November 2017, we have ensured VFM in a number of ways:

- ▶ Occupancy levels at Hillbrook House and Lynwood Road have been 96% and 91% respectively. This is just above the combined target of 95% for income less voids and bad debts. For Hillbrook House, the speed of resident turnover and referrals has a great impact upon the percentage. For Lynwood road, as this is a 7 bed scheme, a small void period has a proportionally bigger impact on the occupancy levels. We are working with local authorities to ensure that referrals are congruent to the location and population of this scheme which would increase occupancy levels and ensure the maximum use of our accommodation. Occupancy levels at London Road are not included in these calculations as it was temporarily opened as a four bed scheme before being vacated to allow for planned building work.
- ▶ Continued use of Outcome Stars as a method of evaluating residents' progress whilst at YMCA East Surrey housing schemes in areas such as people and support, choices and behaviour.
- ▶ Participation in the Charity Finance Group 'Finance Count' as a way of benchmarking ourselves against a relevant peer group. The outcomes for key measures can then be used to drive VFM further, for example by improving processes or procedures
- ▶ Health and Wellbeing monitor attendance levels in the gym and at exercise classes. This enables them to determine what, if any, changes need to be made to ensure that their facilities and staff members are being used to their maximum potential
- ▶ Children's Services monitor attendance levels on their various schemes, classes, sessions and courses. This enables them to ensure that any levels set by funders are being met and to ensure that their facilities and staff members are being used to their maximum potential
- ▶ Youth Services monitor attendance levels on their sessions. Again, this enables them to be able to ensure that their facilities and staff members are being used to their maximum potential

The VFM measures that YMCA East Surrey assesses itself against are evolving and more detailed reporting will be provided in future as comparative information will be available.

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Report of the Trustees (incorporating the strategic report)

Financial review (continued)

Value for money (continued)

Alongside compliance with the 2018 Value for Money Standard and associated Code of Practice, as a non-profit private registered provider of social housing, the Charitable Company is expected to report on certain value for money metrics to enable effective comparison across the sector. The metrics are included below:

- ▶ **Metric 1 – Reinvestment %:** This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. The investment in properties was 6.3% (2019: 29.2%) representing the continued investment in a new Move on property at London Road, Merstham which will lead to a 6 bed scheme available for occupancy in September 2020.
- ▶ **Metric 2 – New supply delivered %:** This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. Whilst the Charitable Company purchased the property at London Road, Merstham further investment is needed to convert this into Social Housing and as such there was not a supply of new units of social housing in the year.
- ▶ **Metric 3 – Gearing %:** This metric assesses how much of the adjusted assets (housing properties) are made up of debt and the degree of dependence on debt finance. The ratio is 6% (2019: -21%) which indicates the Charitable Company has a low reliance on debt finance and is in the lower quartile based on the Regulator of Social Housing's "Value for Money metrics – Summary report published in September 2018.
- ▶ **Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %:** The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge. The ratio is 534% (2019: 4,716%) which again confirms the Charitable Company's low reliance on finance alongside metric 3 and is in the upper quartile of the above mentioned report.
- ▶ **Metric 5 – Headline social housing cost per unit:** The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost per unit is £10,582 (2019: £10,658). The level of expenditure is indicative of the small size of the Charitable Company.
- ▶ **Metric 6 – Operating margin %:** The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. The operating margin (social housing lettings only) was 17% (2019: 14%) and the operating margin (overall) was -1% (2019: 25%). The difference between the two measures is a result of the varied services provided by the Charitable Company achieving different margins.
- ▶ **Metric 7 – Return on capital employed (ROCE) %:** This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ratio is -1% (2019: 18%).

Structure, governance and management

Legal status

The YMCA East Surrey is an incorporated Association and is affiliated to the National Council of YMCAs in England (charity number 212810).

YMCA East Surrey is a company limited by guarantee, incorporated on 19 February 1999 and registered as a charity on 9 April 1999. The company and charity registration numbers are shown on page 1. The governing documents are the Memorandum and Articles of Association. On the 21 October 2014, the Charitable Company changed its name from Reigate and Redhill YMCA to YMCA East Surrey to reflect its expanding services across the local area. On 1 August 2017, the Charitable Company became a non-profit private registered provider of social housing (registered provider).

Code of governance

The Board is committed to delivering best practice in all aspects of governance. The Trustees have adopted the Charity Governance Code for Larger Charities as part of the process of becoming a registered provider. During the year, the Governance Committee has reviewed the code of governance. As an evolving organisation, YMCA East Surrey will continue to review and develop its governance in order to best serve its beneficiaries.

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Report of the Trustees (incorporating the strategic report)

Structure, governance and management (continued)

Annual review of governance and financial viability standard

As demonstrated by successfully gaining registered provider status in August 2017, YMCA East Surrey was able to demonstrate compliance with all RSH standards, including the governance and financial viability standard. The Finance and Resources Committee will review the standard on an annual basis and ensure all necessary measure required to ensure compliance are put in place.

Organisation

The trustees are directors for the purpose of company law as well as trustees for the purpose of charity law. They are responsible for the governance of the Charitable Company and delegate the day to day management to the Board of Management, the Chief Executive and his management team. The Board of Management meet on a quarterly basis, or more often if activity shall so require. There are a number of subcommittees that comprise of trustees and others which report back to the Board of Management for ratification. The Finance and Resources Committees meets 9 times a year whilst other committees meet quarterly.

Trustees guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Appointment, induction and training of trustees

Trustees are appointed at the AGM to serve a period of 3 years. One third of the Trustees retire each year by rotation and are eligible for re-appointment at each AGM. If it is agreed that a Trustee will serve for more than nine years, then it is subject to a particularly rigorous review and takes into account the need for progressive refreshing of the Board, and is explained in that years Report of the Trustees. The Board of Management has power to co-opt additional members and fill casual vacancies.

It is the aim of the Board of Management to attract new trustees with suitable skills who themselves are drawn from the various user groups. All trustees undertake inductions and on-going training to ensure that they quickly become effective and are aware of developments in corporate and charity governance. Every new trustee is issued with a personal copy of a comprehensive Trustees Handbook together with certain key documents listed within the Handbook, the Charitable Company's Memorandum and Articles and the latest audited Financial Statements among others. They are also offered induction opportunities with staff and other trustees and are briefed about the various services provided by YMCA East Surrey. Further, there is an annual Away Day where the trustees, the Chief Executive and senior members of his management team meet to discuss the future direction of the Charitable Company and to deliver any necessary training and updates. The long term aim is to have a well-balanced and appropriately qualified trustees.

Pay policy for senior staff

Key management personnel in charge of directing and controlling, running and operating the Charity are deemed to be the Board of Management and the Senior Management Team. The Senior Management Team comprises the Chief Executive and the four Heads of Service.

The trustees give their time and expertise freely and receive no reimbursement for expenses. The pay of the Senior Management Team is reviewed annually and salaries and wages increases will be recommended by the Chief Executive and approved by the Finance and Resources Committee. Pay for the Chief Executive is also set annually by the Finance and Resources Committee.

Details of related party transactions are set out in Note 20.

Investment policy

Aside from retaining a prudent amount in reserves each year most of the Charitable Company's funds are to be spent in the short term so there are few funds for long term investment. The Finance and Resources Committee continue to monitor the amounts invested with CCLA on a regular basis taking into account the expected unrestricted surplus funds. The level of funds invested with CCLA takes into account the level of expected future pension contributions of the Charitable Company together with a proportion of the unrestricted funds to be invested for the long term. The decision to continue to hold the funds in the CCLA is to ensure that we maximise the expected long term return on our assets within an acceptable degree of risk. This is deemed a low risk strategy.

YMCA East Surrey

Report of the Trustees (incorporating the strategic report)

Structure, governance and management (continued)

Risk management

The Charitable Company has a risk management strategy which comprises:

- ▶ An annual review of the principal risks and uncertainties that the Charitable Company faces, and this is summarised in the annual Risk Management Report
- ▶ The establishment of policies, systems and procedures to mitigate those risks identified in the annual Risk Management Report, and
- ▶ The implementation of procedures designed to minimise or manage any potential impact on the Charitable Company should those risks materialise

COVID-19 is not expected to have a significant impact on the Charitable Company. Management has determined that there is no material uncertainty that casts doubt on the Charitable Company's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, in relation to the short term future performance on some areas of operation.

This review has identified that dependency on income sources is a principal risk for the Charitable Company. The Charitable Company works closely with our local authorities to understand their budgets, and ensure services continue to meet the needs of their priority client groups. We also actively seek new sources of funding in order to dilute this risk and the diversity of our activities has enabled the Charitable Company to continue to operate during the COVID-19 pandemic.

The YMCA Pension Plan liability is also deemed to be a principal risk. As a participating employer in this scheme, the Charitable Company is not involved in the day to day decision making that impacts upon the liability recognised on our Statement of financial position. We do, however, ensure that we maintain regular contact with the YMCA England regarding this plan.

As is the case for many charities, Government policy is a principal risk for the Charitable Company. Combined lobbying with YMCA England of both government departments and local authorities ensures that we have our voice heard and are at the forefront of developments.

There is also a focus on non-financial risks for the Charitable Company such as compliance with legislation such as the Safeguarding Vulnerable Groups Act 2006. These risks are managed by ensuring that relevant training and checks are up to date, having robust policies and procedures in place and detailed records are maintained.

Fundraising

The Charitable Company raises funds in a number of ways as set out below:

- ▶ Challenge events
- ▶ Corporate and individual donations via one-off or regular payments, Give As You Earn and legacies
- ▶ Provision of paid services
- ▶ Grant funding

The Charitable Company does not use any commercial participators/professional fundraisers and all monitoring of fundraising is carried out internally. Whilst the Charitable Company has currently not signed up to any recognised fundraising standards, it does have a full and detailed Fundraising Policy that can be found on the Charitable Company's website. This policy helps to ensure that the Charitable Company is protecting the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate and it specifically references:

- ▶ Personal information provided to the Charitable Company will be kept confidential and will not be sold, rented, or given to anyone without consent
- ▶ No cold calling or door to door solicitation of the public is allowed

YMCA East Surrey

Report of the Trustees (incorporating the strategic report)

Plans for the future

Once again, financial sustainability remains a major challenge facing all charities. Although the funding climate remains challenging there are exciting opportunities to expand our activities across East Surrey within Children's Services and in other key areas.

Surrey County Council awarded YMCA East Surrey to run the new Family Centre at Horley which will provide support to families with children aged 0-11 that are the most vulnerable.

Plans to commence the second phase of the redevelopment of Princes Road, Redhill, are currently underway which will continue to enable YMCA East Surrey to expand both the universal and targeted health and wellbeing provision being offered to the local community.

The Charitable Company purchased a new move-on property at London Road, Merstham at the end of March 2019 and funding has been secured from Homes England to renovate the property to provide 6 new Social Housing units.

Trustees' responsibilities

The trustees (who are also directors of YMCA East Surrey 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 and registered social housing legislation 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 these financial statements, the trustees are required to:

- ▶ Select suitable accounting policies and then apply them consistently
- ▶ Observe the methods and principles in the Housing SORP
- ▶ Make judgements and estimates that are reasonable and prudent
- ▶ State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- ▶ 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 that 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, The Housing Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. 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 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

Auditors

A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board on

Ian Burks

Secretary

23rd September 2020

Independent Auditor's report to the members of YMCA East Surrey (Company No. 03716594)

We have audited the financial statements of YMCA East Surrey (the Charitable Company) for the year ended 31 March 2020 which comprise the Statement of comprehensive income, Statement of change in reserves, Statement of financial position, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 Charitable Company's affairs as at 31 March 2020 and of the income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ▶ have been properly 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 2015.

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 group 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 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. 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 Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

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 Trustees' Annual 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 Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the Charitable Company 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
- ▶ the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Respective responsibilities of Trustees

As explained more fully in the statement of Trustees' Responsibilities set out on page 12, 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

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

Use of our report

This report is made solely to the 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 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 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.

Dominic Blythe

Senior Statutory Auditor

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor and Chartered Accountants
Portland, 25 High Street, Crawley, West Sussex, RH10 1BG

YMCA East Surrey

Statement of comprehensive income
for the year ended 31 March 2020

	Notes	2020 £	2019 £
Turnover	1	4,166,462	5,080,391
Operating expenditure	1	(4,210,480)	(3,824,517)
Operating (deficit)/surplus	2	(44,018)	1,255,874
Interest and dividends receivable	3	2,920	3,239
Interest and financing costs	4	(27,543)	(30,118)
Movement in fair value of financial instruments	10	(584)	58,143
(Deficit)/surplus for the year		(69,225)	1,287,138
Actuarial gains in respect of pension schemes		-	-
Total comprehensive (deficit)/income for the year		(69,225)	1,287,138

All income arises from continuing activities of the charitable company. The charitable company had no recognised gains or losses other than those dealt with in the Statement of comprehensive income.

The notes on pages 23 to 31 form an integral part of these accounts.

YMCA East Surrey

Statement of changes in reserves
for the year ended 31 March 2020

	Notes	Restricted reserves £	Unrestricted reserves £	Total £
Balance at 1 April 2019	18	4,395,673	1,257,221	5,652,894
Deficit from statement of comprehensive income		(63,003)	(6,222)	(69,225)
Balance at 31 March 2020	18	4,332,670	1,250,999	5,583,669
Balance at 1 April 2018	18	3,168,704	1,197,052	4,365,756
Surplus from statement of comprehensive income		1,226,969	60,169	1,287,138
Balance at 31 March 2019	18	4,395,673	1,257,221	5,652,894

YMCA East Surrey
Statement of financial position
as at 31 March 2020

Company registration number: 03716594

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets – housing properties	8	2,130,131	2,017,721
Tangible fixed assets – other	9	4,106,768	4,156,959
Investments	10	442,853	443,437
Total fixed assets		<u>6,679,752</u>	<u>6,618,117</u>
Current assets			
Debtors	11	250,115	459,045
Cash and cash equivalents	12	1,015,505	765,420
Total current assets		<u>1,265,620</u>	<u>1,224,465</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(690,592)	(694,598)
Net current assets		<u>575,028</u>	<u>529,867</u>
Total assets less current liabilities		<u>7,254,780</u>	<u>7,147,984</u>
Creditors: amounts falling due after more than one year	14	(1,671,111)	(1,495,090)
Total net assets		<u>5,583,669</u>	<u>5,652,894</u>
Reserves			
Restricted reserve	18	4,332,670	4,395,673
Unrestricted reserve	18	1,250,999	1,257,221
Total reserves		<u>5,583,669</u>	<u>5,652,894</u>

The financial statements on pages 15 to 31 were approved by the Board of Management and authorised for issue on 23rd September 2020 and are signed on its behalf by:

I Thomas
Treasurer

The notes on pages 23 to 31 form an integral part of these account

YMCA East Surrey

Statement of cash flows
for the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
(Deficit)/surplus for the financial year		(69,225)	1,287,138
Movement in fair value of financial instrument		584	(58,143)
Depreciation charges		191,207	114,767
Carrying amount of fixed asset disposals		-	-
Dividends and interest received		(2,920)	(3,239)
Interest paid		27,543	30,118
Decrease/(increase) in debtors		208,930	(244,924)
Increase in creditors		(12,246)	53,951
Decrease in pension provision		(12,879)	(9,276)
Net cash generated from operating activities		<u>330,994</u>	<u>1,170,392</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(253,426)	(2,919,207)
Grants received		235,125	202,036
Proceeds from sale of investments		-	130,000
Interest and dividends received		2,920	3,239
Net cash used in investing activities		<u>(15,381)</u>	<u>(2,583,932)</u>
Cash flows from financing activities			
Interest paid		(27,543)	(30,118)
New secured loans		-	150,000
Repayment of borrowings		(37,985)	(61,967)
Net cash used in/(provided by) financing activities		<u>(65,528)</u>	<u>57,915</u>
Net change in cash and cash equivalents		250,085	(1,355,625)
Cash and cash equivalents at beginning of the year	12	<u>765,420</u>	<u>2,121,045</u>
Cash and cash equivalents at end of the year	12	<u><u>1,015,505</u></u>	<u><u>765,420</u></u>

Legal status

YMCA East Surrey is a company limited by guarantee and is an English registered social housing provider, charity and public benefit entity. The liability of its members is limited to £1 each in the event of a deficiency arising on the winding up of the Charity.

It is also registered as a charity and has received dispensation to omit the word "Limited" from its title.

The principal address is YMCA Sports and Community Centre, Princes Road, Redhill, Surrey, RH1 6JJ.

The Charitable Company's principal activities and nature of the Charitable Company's operations are included in the Report of the Trustees.

Basis of preparation

The financial statements have been prepared in accordance with the Housing Statement of Recommended Practice 2014, the Accounting Direction for Private Registered Providers of Social Housing (issued by the Homes and Community agency in September 2015), the Housing Regeneration Act 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of Companies Act 2006.

The financial statements have been prepared on the historical cost basis of accounting and on the going concern basis.

Judgements and keys sources of estimation uncertainty are set out within note n) of the Accounting Policies.

The Charitable Company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Preparation of the accounts on a going concern basis

The Charitable Company's financial activities, its current financial position and factors likely to affect its future development are set out within the Report of the Chief Executive and the Report of the Trustees. On this basis, the Board of Management has a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Principal Accounting Policies

A summary of the principal accounting policies is set out below.

a) Turnover

Turnover, excluding VAT, is recognised in the Statement of comprehensive income as follows:

- ▶ Donations are accounted for when received
- ▶ Government grants are accounted for on an accruals basis, being credited to the Statement of comprehensive income in the same period as the expenditure to which they relate
- ▶ Grants from non-government sources are recognised using the performance model. Grants are recognised as and when the associated performance conditions are met.
- ▶ Fees and subscriptions are accounted for on an accruals basis
- ▶ Hillbrook House and Lynwood Road income is accounted for on an accruals basis
- ▶ Income from remaining trading activities is accounted for on an accruals basis
- ▶ Investment income is accounted for when receivable

b) Donated services and facilities

Volunteer time is not recognised, please refer to the Report of the Chief Executive for more information about their contribution.

c) Expenditure

Expenditure is included in the Statement of comprehensive income on an accruals basis, inclusive of any VAT if it cannot be recovered. Liabilities are included as provisions once the Charity has a legal or constructive obligation to make future payments.

Expenditure has been classified under the heading that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Support and other central costs have been apportioned to each activity on the basis of turnover.

Principal Accounting Policies (continued)

d) Freehold property and depreciation

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

The Charity depreciates the major components of its housing properties at the following annual rates:

<u>Component</u>	<u>Useful economic life</u>
Land	Infinite
Structure	100 years
Roof	70 years
Windows and doors	30 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Mechanical systems	30 years
Electrics	40 years
Lifts	20 years

e) Other tangible fixed assets and depreciation

Unless purchased from grant funding or specific donations, other tangible assets with a value greater than £1,000 are capitalised at cost, being their purchase cost, together with any incidental expenses at acquisition, in the Statement of financial position. Assets below this level are treated as expenditure and are included in the Statement of comprehensive income in the year the expenditure is incurred.

Depreciation is provided on all other tangible fixed assets, so as to write down the cost of each component to its residual value, on a straight line basis, over its estimated useful economic life at the following rates:

<u>Component</u>	<u>Useful economic life</u>
Leasehold buildings	Over the term of the lease
Sports equipment	4 years
Other equipment	3 to 4 years

f) Pension contributions

YMCA East Surrey 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 YMCA East Surrey.

As described in note 7, YMCA East Surrey has a contractual obligation to make pension deficit payments of £19,681 per annum (starting in May 2019, increasing 3% per annum) over the period to April 2027, accordingly this is shown as a liability in note 17 to these accounts. In addition, YMCA East Surrey is required to contribute £4,295 pa to the operating expenses of the Pension Plan and these costs are charged to the Statement of comprehensive income as made.

YMCA East Surrey also operates two defined contribution pension schemes, The Scottish Widows Scheme for Managers and The People's Pension Scheme which is available to all current staff. The amount charged to the Statement of comprehensive income represents contributions payable in the period.

YMCA East Surrey also contributes to the Local Government Scheme Pension Scheme for employees who were subject to a TUPE transfer from Surrey County Council. This is a defined benefit scheme, the employer's contribution rate is still to be assessed by the scheme's actuary. Provision has been made for estimated contribution levels during the year.

g) Operating leases

Rentals applicable to operating leases are charged to the Statement of comprehensive income over the period in which the cost is incurred on a straight line basis.

Principal Accounting Policies (continued)

h) Fund Accounting

Funds held by the Charity are either:

Unrestricted general funds - are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes

Unrestricted designated funds – have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements

Restricted funds - are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for specific purposes. The cost of raising and administering such funds are charged against the specific fund

i) Investments

All investments are carried at their fair value. Investments are all traded in quoted public markets. The basis of the fair value for quoted investments is equivalent to the market value, using their bid price. Asset purchases are recognised at the date of trade at cost (that is their transaction value).

j) Financial Instruments

The Charitable Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charitable Company becomes a party to the contractual provisions of the instrument, and are offset only when the Charitable Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

A provision for impairment of trade debtors is established when there is evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of comprehensive income.

l) Cash at bank

Cash at bank includes cash and short term highly liquid investments with short maturity of three months or less.

m) Creditors, provisions and borrowings

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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.

Public benefit concessionary loans are recognised at the amount received by the Charity.

Deferred income represents Government grants at the value received which are then released to the Statement of comprehensive income in the same period as the expenditure to which they relate.

Principal Accounting Policies (continued)

n) Judgements and key sources of estimation uncertainty

In the application of the Charitable Company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are deemed to be the key judgements within the financial statements:

- ▶ Tangible fixed assets – depreciation is charged on tangible fixed asset components over their estimated useful economic lives, taking into account any residual value if appropriate. The actual lives of the assets and their residual values are assessed annually and may vary depending on a number of assumptions
- ▶ Pension benefits – the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty
- ▶ Impairment of fixed assets – the carrying amounts of property, plant and equipment are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. The recoverable amount of an asset is estimated as the higher of fair value less cost of disposal and the value in use, with an impairment charge being recognised whenever the carrying amount exceeds the recoverable amount.

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

1 Turnover, operating expenditure and operating surplus

The turnover, operating expenditure and operating surplus recognised can be analysed as follows:

Year ended 31 March 2020:

	Turnover £	Operating expenditure £	Operating surplus / (deficit) £
Social housing			
Rent	231,319	(192,125)	39,194
Service charges	469,440	(389,900)	79,540
Social housing grants	270,082	(278,349)	(8,267)
Total social housing	970,841	(860,374)	110,467
Non-social housing	222,978	(171,353)	51,625
Total housing	1,193,819	(1,031,727)	162,092
Non-housing			
Health and wellbeing	573,628	(628,198)	(54,570)
Children's services	1,407,122	(1,584,265)	(177,143)
Youth services	829,280	(853,676)	(24,396)
Other activities	162,613	(112,614)	49,999
Total non-housing	2,972,643	(3,178,753)	(206,110)
Total	4,166,462	(4,210,480)	(44,018)

Year ended 31 March 2019:

	Turnover £	Operating expenditure £	Operating surplus / (deficit) £
Social housing			
Rent	216,734	(177,741)	38,993
Service charges	418,914	(365,818)	53,096
Social housing grant	517,783	(232,558)	285,225
Total social housing	1,153,431	(776,117)	377,314
Non-social housing	214,091	(164,309)	49,782
Total housing	1,367,522	(940,426)	427,096
Non-housing			
Health and wellbeing	1,447,487	(568,861)	878,626
Children's services	1,355,880	(1,483,587)	(127,707)
Youth services	711,009	(715,773)	(4,764)
Other activities	198,493	(115,870)	82,623
Total non-housing	3,712,869	(2,884,091)	828,778
Total	5,080,391	(3,824,517)	1,255,874

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

1	Turnover, operating expenditure and operating surplus (continued)	2020	2019
		£	£
	Void losses: notional calculation of income lost from vacant rooms	33,286	24,283
	Number of registered accommodation units – supported housing	55	51
2	Operating surplus	2020	2019
		£	£
	The operating surplus is arrived at after charging:		
	Depreciation of owned assets	144,190	67,750
	Depreciation of leasehold assets	47,017	47,017
	Auditor's Remuneration – Audit fees:	18,000	13,500
	Operating leases	29,770	4,080
3	Interest and dividends receivable	2020	2019
		£	£
	Dividends on listed investments	23	29
	Bank deposit interest	2,897	3,210
		2,920	3,239
4	Interest and financing costs	2020	2019
		£	£
	Loan interest payable	27,543	30,118
5	Staff costs	2020	2019
		£	£
	Wages and salaries	2,553,353	2,325,979
	Social security costs	168,168	153,537
	Pension costs	103,052	71,888
		2,824,573	2,551,404
	The trustees received no remuneration or reimbursement of expenses during the year.		
	The full time equivalent number of staff during the year was as follows:	2020	2019
		No.	No.
	Health and wellbeing	12	12
	Children's services	32	30
	Youth services	19	19
	Housing	18	15
	Support	15	15
	Total	96	91
	The average head count during the year was as follows:		
	Total	222	198
	The number of higher paid employees who received emoluments in the following bands was:		
	£70,000-£80,000	1	1

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

5 **Staff costs** (continued)

Key management personnel in charge of directing and controlling, running and operating the Charity are deemed to be the Board of Management and the Senior Management Team. The Senior Management Team comprises the Chief Executive and the four (2019: four) Heads of Service. The total employee benefits of the key management personnel of the Charitable Company were:

	2020 £	2019 £
Salaries and pension costs	278,406	250,132
Social security costs	28,748	25,552
	<u>307,154</u>	<u>275,684</u>

The salary received by the highest paid executive staff member (the Chief Executive) was:

	2020 £	2019 £
Salary	<u>77,871</u>	<u>76,625</u>

Contributions to the Scottish Widows defined contribution pension scheme on behalf of the Chief Executive were £5,451 (2019 £5,454).

6 **Taxation**

The Charitable Company is a registered charity and, as such, its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

7 **Pension costs**

YMCA East Surrey 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 YMCA East Surrey and at the year end these were invested in the Mercer Dynamic De-risking Solution, 40% matching portfolio and 60% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2017. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 3.75% and 2.25% respectively, the increase in pensions in payment of 3.35% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.2 years, female 24.1 years, and 24.0 years for a male pensioner, female 26.0 years, retiring in 20 years time. The result of the valuation showed that the actuarial value of the assets was £141.2m. This represented 81% of the benefits that had accrued to members.

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

The valuation prepared as at 1 May 2017 showed that the YMCA Pension Plan had a deficit of £33.6 million. YMCA East Surrey has been advised that it will need to make monthly contributions of £19,681 per annum from 1 May 2020, increasing by 3% per annum. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 9 years commencing 1st May 2017.

In addition, YMCA East Surrey may over time have 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 YMCA East Surrey may be called upon to pay in the future.

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

8 Tangible fixed assets – housing properties

	Social housing properties held for letting £	Total £
Cost:		
At 1 April 2019	2,062,329	2,062,239
Additions	138,771	138,771
At 31 March 2020	<u>2,201,100</u>	<u>2,201,100</u>
Depreciation:		
At 1 April 2019	44,608	44,608
Charge	26,361	26,361
At 31 March 2020	<u>70,969</u>	<u>70,969</u>
Net book value:		
At 31 March 2020	<u>2,130,131</u>	<u>2,130,131</u>
At 31 March 2019	<u>2,017,721</u>	<u>2,017,721</u>

All social housing properties are freehold.

Total cumulative amounts received or receivable at 31 March

	2020 £	2019 £
Capital grants	313,000	100,000
Revenue grants	50,000	300,000
	<u>363,000</u>	<u>400,000</u>

9 Tangible fixed assets - other

	Freehold land and buildings £	Leasehold land and buildings £	Sports equipment £	Other Equipment £	Total £
Cost:					
At 1 April 2019	3,668,436	904,777	287,818	654,565	5,515,596
Additions	-	-	2,734	111,921	114,655
At 31 March 2020	<u>3,668,436</u>	<u>904,777</u>	<u>290,552</u>	<u>766,486</u>	<u>5,630,251</u>
Depreciation:					
At 1 April 2019	215,793	352,329	237,353	553,162	1,358,637
Charge	53,852	47,017	19,687	44,290	164,846
At 31 March 2020	<u>269,645</u>	<u>399,346</u>	<u>257,040</u>	<u>597,452</u>	<u>1,523,483</u>
Net book value:					
At 31 March 2020	<u>3,398,791</u>	<u>505,431</u>	<u>33,512</u>	<u>169,034</u>	<u>4,106,768</u>
At 31 March 2019	<u>3,452,643</u>	<u>552,448</u>	<u>50,465</u>	<u>101,403</u>	<u>4,156,959</u>

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

10	Investments		
	Movement in fixed asset listed investments	2020	2019
		£	£
	Market value at 1 April 2019	443,437	515,294
	Additions to investments at cost	-	-
	Disposal of investments at cost	-	(130,000)
	Net gain on investment	(584)	58,143
	Market value at 31 March 2020	442,853	443,437
11	Debtors	2020	2019
		£	£
	Rent arrears	57,115	53,000
	Less: provision for doubtful debt	-	-
		57,115	53,000
	Prepayments	52,177	66,076
	Project funding debtors	137,752	330,068
	Other debtors	3,071	9,901
		250,115	459,045
12	Cash at bank and in hand	2020	2019
		£	£
	Deposit accounts	932,919	492,872
	Current account	72,618	262,588
	Cash	9,968	9,960
		1,015,505	765,420
13	Creditors: amounts falling due within one year	2020	2019
		£	£
	Bank loans (Note 15)	39,446	38,231
	Trade creditors	141,138	200,067
	Accruals	65,749	39,129
	Income received in advance	217,541	196,032
	Taxation and social security	61,161	63,418
	Other creditors	142,077	138,130
	Deferred capital grants (Note 16)	5,354	3,136
	Accrued pension deficit contributions (Note 17)	18,126	16,455
		690,592	694,598
14	Creditors: amounts falling due after more than one year	2020	2019
		£	£
	Bank and other loans (Note 15)	1,115,005	1,154,205
	Deferred capital grants (Note 16)	428,201	198,430
	Accrued pension deficit contributions (Note 17)	127,905	142,455
		1,671,111	1,495,090

YMCA East Surrey

Notes to the financial statements
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15 Bank and other loans

	2020	2019
	£	£
Secured:		
In one year or less	39,446	38,231
In more than one year, but not more than two years	40,704	39,442
In more than two years, but not more than five years	867,386	896,290
In more than five years	206,915	218,472
	<u>1,154,451</u>	<u>1,192,435</u>

£152,250 was borrowed from Barclays in 2014 at a fixed rate of 5.73% and is repayable over a 15 year term. This loan is secured by a legal charge over the property at 57 Lynwood Road, Redhill.

£989,340 was borrowed from Barclays in 2017 at a rate of 1.6% over the bank's base rate. The loan has a 25 year repayment profile with a break after 5 years at which point the loan will be renegotiated. This loan is secured by a legal charge over the property on Brighton Road, Redhill.

£150,000 was borrowed from the Methodist Church in March 2019, this is a public benefit concessionary loan and is interest free and repayable at the end of the 15 year term. The loan is secured by a legal charge over the property at 200 London Road, Merstham

16 Deferred capital grants

	Grant at cost	Amortisation	Total net grant
	£	£	£
As at 1 April 2019	202,036	(470)	201,566
Grants received in year	235,125	-	235,125
Amortisation	-	(3,136)	(3,136)
As at 31 March 2020	<u>437,161</u>	<u>(3,606)</u>	<u>433,555</u>

17 Accrued pension deficit contributions

	Pension deficit
	£
As at 1 April 2019	158,911
Charged to statement of comprehensive income	6,181
Payments made	(19,061)
As at 31 March 2020	<u>146,031</u>
Payable by instalments:	£
Within one year	18,126
One to two years	18,901
Two to five years	61,619
After five years	47,385
Total	<u>146,031</u>

YMCA East Surrey has been notified by the YMCA Pension Plan of their allocation of the overall deficit on the YMCA Pension Plan (see Note 7). The initial allocation was provided for in full in the 31 March 2007 financial statements in accordance with FRS102. Subsequent notification following updated actuarial valuations of the Plan increased the amount and further provisions were made in the 31 March 2009, 31 March 2012 and 31 March 2015 financial statements. Monthly payments of £1,640, increasing by 3% per annum, in respect of the deficit allocation are being made for 8 years from May 2020. The monthly payment amount also includes a contribution towards scheme expenses.

YMCA East Surrey

Notes to the financial statements
for the year ended 31 March 2020

18 Analysis of reserves

	At 1 April 2019	Income	Expenditure	At 31 March 2020
	£	£	£	£
Development capital	1,032,309	-	(9,067)	1,023,242
Sovereign capital	552,447	-	(47,017)	505,430
Sovereign centre	123,295	-	-	123,295
Lynwood Road Move-on	298,910	-	(4,042)	294,868
Inclusive sports facility	1,860,421	1,879	(39,605)	1,822,695
London Road Move-on	300,000	1,257	(5,028)	296,229
Hillbrook capital	24,676	50,000	(323)	74,353
Health and wellbeing	30,684	80,009	(87,111)	23,582
Housing	117,694	441,671	(450,315)	109,050
Children's services	47,152	629,872	(617,098)	59,926
Youth services	8,085	603,364	(611,449)	-
Total restricted reserves	4,395,673	1,808,052	(1,871,055)	4,332,670
Unrestricted reserves:				
- General	773,303	2,272,911	(2,296,368)	749,846
- Designated	483,918	88,419	(71,184)	501,153
Total reserves	5,652,894	4,169,382	(4,238,607)	5,583,669

	At 1 April 2018	Income	Expenditure	At 31 March 2019
	£	£	£	£
Development capital	1,044,344	-	(12,035)	1,032,309
Sovereign capital	599,464	-	(47,017)	552,447
Sovereign centre	123,295	-	-	123,295
Move-on	302,910	-	(4,000)	298,910
Inclusive sports facility	927,463	944,713	(11,755)	1,860,421
Hillbrook capital	-	300,000	-	300,000
Health and wellbeing	-	25,000	(324)	24,676
Housing	33,780	69,730	(72,826)	30,684
Children's services	124,329	406,773	(413,408)	117,694
Youth services	2,514	722,655	(678,017)	47,152
Total restricted reserves	10,605	476,481	(479,001)	8,085
Unrestricted reserves:				
- General	3,168,704	2,945,352	(1,718,383)	4,395,673
- Designated	704,955	2,052,860	(1,984,512)	773,303
- Designated	492,097	143,561	(151,740)	483,918
Total reserves	4,365,756	5,141,773	(3,854,635)	5,652,894

General reserves are the 'free reserves' after allowing for all designated reserves.

The designated reserves have arisen from Challenge events and represents monies received in relation to the capital costs of the new facility completed in December 2018 at the Princes Road site.

YMCA East Surrey

Notes to the financial statements
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19 **Restricted reserves**

The Development capital reserve is held on trust to provide premises for the YMCA East Surrey. It is invested in the freehold land and buildings at Princes Road occupied by YMCA and it does not generate income.

The Sovereign capital reserve holds the leasehold premises at The Sovereign Centre and does not generate income.

The Sovereign centre reserve represents funds held to maintain and enhance the facilities at the Sovereign centre and to support the YMCA's work with children and young people with disabilities.

The Lynwood Move-on holds the freehold premises at Lynwood Road and does not generate income.

The London Road Move-on holds the freehold premises at London Road and does not generate income.

The Inclusive sport facility reserve represents monies received in relation to the capital costs of the new facility completed in December 2018 at the Princes Road site.

Housing reserves includes bond balances totalling £86,049 (2019: £87,862) and equipment funding totalling £17,465 (2019: £17,465), for use in replacement equipment for Hillbrook House as required. The remaining balance is represented by donations and other income in relation to housing projects, still to be matched against the appropriate costs.

Donations and other income received in respect Health and wellbeing, Children's services and Youth services are shown as other restricted reserves and matched with appropriate costs.

20 **Related party transactions**

The Trustees all give freely their time and expertise without any form of remuneration or other benefit in kind (2019: £nil). Further, the Trustees have received no reimbursement of expenses during the year (2019: £nil).

Fun run sponsorship totalling £4,500 (2019: £4,000) in aggregate was received from C. Brewer & Son Ltd. Christopher Brewer, was Chairman and a director of this company until his resignation on 11 December 2019

ISF funding totalling £nil (2019: £493,444) was received from The C P Charitable Trust. Christopher Brewer, was a trustee of this trust.

During the year purchase of goods totalling £1,117 (2019: £1,379) were made from C Brewer & Sons Limited of which one of the trustees was a director. There were also purchases of goods totalling £250 (2019: £670) from Furnistore of which one of the trustees is also a trustee. The purchases were made on normal commercial terms.

There was nil outstanding with related parties as at 31 March 2020 (2019: £nil).

21 **Operating lease commitments**

At 31 March, the Charitable Company had total commitments under non-cancellable operating leases for land and buildings as follows:

	2020	2019
	£	£
Within one year	22,748	23,280
Within two to five years	62,868	22,721
After five years	23,460	27,542
	<u>109,076</u>	<u>73,543</u>

22 **Capital commitments**

At the end of the year, the Charitable Company had capital commitments of £124,730(2019: £34,392)

YMCA East Surrey

Notes to the financial statements
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23	Net cash	Current debt £	Non-current debt £	Cash and cash equivalents £	Net cash £
	At 1 April 2019	(38,231)	(1,154,205)	765,420	(427,016)
	Cash flow	(1,215)	39,200	250,085	288,070
	Other movements	-	-	-	-
	At 31 March 2020	(39,446)	(1,115,005)	1,015,505	(138,946)
	At 1 April 2018	(38,779)	(1,065,623)	2,121,045	1,016,643
	Cash flow	548	(88,581)	(1,355,625)	(1,443,659)
	Other movements	-	-	-	-
	At 31 March 2019	(38,231)	(1,154,205)	765,420	(427,016)