



# Annual report

2021/2022





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# Foreword

Welcome to YHA's annual report for 2021/22. In it, we include our financial statements for the year ended 28 February 2022; outline our recovery following the third national lockdown from spring 2021; demonstrate how we pursued our strategic priorities to meet our KPIs; and expand on the major projects through which we delivered impact for our guests and beneficiaries.

I am immensely proud of YHA's achievements over the last 12 months as our people worked through what has arguably been YHA's most challenging year in its history as a consequence both of the pandemic and new and emerging issues facing the sector and society.

It has now been almost two years since the launch of our 10-year strategy: *Adventure. For the first time and a lifetime.* Whilst we never imagined that the first years of its implementation would have been undertaken in this context, the strategy has remained at the forefront of our decision-making throughout.

It is very inspiring to see the difference YHA has made in the past year, in reconnecting so many people with much loved places and spaces, and introducing others to the wonder of the countryside for the first time. We know through our research and evaluation, that these brilliant hostel stays have a positive impact on improving health and wellbeing – and we are rightly proud of this.

Our impact on young people remains at the very core of our work and I am delighted to share with you the innovative projects at the forefront of our efforts to connect young people with nature and heritage, provide educational enrichment, improve life skills and ready young people for their careers through residential, volunteering opportunities, traineeships, work experience and jobs.

I would also like to draw special attention to the significant steps we have made in increasing access and broadening participation over the last year, not least through the landmark Generation Green project, the establishment of our Youth Advisory Team, and a brand-new community of practice: Outdoor Citizens.

YHA was founded in 1930 on a principle of inclusion. We have a 92-year history of encouraging travel and adventure. For many of us, the pandemic brought into even sharper focus the unique value of access to the outdoors, nature, culture and heritage – and what it is to be denied it. We should not forget that two million children faced lockdown without a garden or local green space.

As a society, we are all coping with additional challenges – not least energy prices, squeezed resources and labour shortages. Through this tough period, we are having to make some difficult decisions. These include making changes to our hostel network to ensure it is fit for the future and sustainable in a new context. We have lost much-loved hostels like YHA Cardiff Central, YHA Oxford and YHA Milton Keynes. But last year saw the opening of YHA Chester Trafford Hall and this year we have relaunched YHA Eden Project with a fresh glamping offer.

Our annual report shows how, with careful management, we are stepping out on the road to recovery. And as we recover, we will continue to work hard to enable more people of all ages and from all backgrounds to access the benefits of adventure – for the first time and a lifetime.

Thank you to all who have supported our endeavours including our customers, members, donors, volunteers, staff and partners.



**Margaret Hart**

Chair

# Charitable objects

To help all, especially young people of limited means, to a greater knowledge, love and care of the countryside, and appreciation of the cultural values of towns and cities, particularly by providing youth hostels or other accommodation for them in their travels, and thus to promote health, recreation and education.



## Vision

**Everyone has access to the benefits of adventure, for the first time and a lifetime.**

By 2030, every child is able to stay away from home, travel, experience adventure and access the outdoors, nature, culture and heritage. YHA will work with others to end the inequity that means some children have never been to a beach, visited a museum or rolled down a hill.



## Mission

To enrich the lives of all, especially young people, by providing brilliant hostel stays and experiences that improve physical health, mental wellbeing and life skills.

# Our five-year targets

-  For 5 million people of all ages to stay with YHA.
-  To be certain that access for all means all – that those who stay with us, benefit from our provision and support, our employees and volunteers, reflect the demographics of England and Wales.
-  To ensure at least 2.5 million children and young people have an overnight stay with YHA.
-  To ensure at least 250,000 of these children and young people are those that have the most challenging lives.

Taken from *Adventure. For the first time and a lifetime.* – YHA's 10-year strategy, published March 2020

# Public benefit statement

Our Trustees give careful consideration to the Charity Commission's general guidance on public benefit during our planning processes and delivery of our work.

# We are YHA.

We believe in the power of travel and adventure. To connect people to each other, to nature and the outdoors, to culture and to heritage.

Hostelling makes travel and adventure accessible to everyone, everywhere. With c.150 sites throughout England and Wales, YHA offers a unique range of accommodation, including hostels, camping and glamping in rural, coastal and city locations. Our community of shared spaces is open to all and for the benefit of everybody.

We provide inclusive adventures, in extraordinary buildings, in amazing places. We're proud to rank first globally for guest satisfaction. Yet we are much more than accommodation.

We are a leading social enterprise and a 90-year-old movement. A charity on a mission to enrich the lives of all, but especially young people, and improve physical health, mental wellbeing and life skills through the experiences we create.

We bring the adventure, for the first time and a lifetime.

**We are YHA.  
Because where you go changes who you become.**



# Strategic report

## Our strategic priorities

### Impact priorities

1

Our top priority is to ensure that all means all, increasing the scale and breadth of our reach and ensuring that YHA is for everyone; **we will promote social inclusion and equity of access** with a particular focus on young people under 26 and by proactively targeting our efforts on those with challenging lives.

2

**We will increase access to stays away from home and improve connections to nature, outdoors, heritage and culture** – recognising that our hostel network provides unique opportunities for the many not just the few.

3

**We will improve physical and mental wellbeing** by providing activities and programmes and by supporting people to take their own action using our hostels as a base – both through overnight stays and as part of day visits.

4

**We will develop life skills and employability** through the development of the YHA Campus and YHA Curriculum; for our staff, volunteers, and the young people that we work with.

5

**We will contribute to social cohesion.** We will encourage different sectors of the community who visit us – both overnight and for day visits – to learn from and with each other. We are part of the sharing economy. We will make best use of our places and spaces, and our activities programme, to make stronger links to local communities.

### Enabling priorities

6

**Maintain a viable network of quality hostels** – places and spaces – that matches our strategic ambitions.

7

**Deliver against a framework of industry standard benchmarks** that draws on the best quality models across charity, social enterprise, hospitality and work with young people. Work with transparency and with a focus on the experiences of our users – excelling in both digital and offline services.

8

Support growth by continuing to **generate an annual cash surplus** that supports our strategic intent, based on social enterprise principles.

9

Recognise that the risks to the environment and to the world and its population are a real and immediate threat by connecting people to nature. We will set a strong example – in how we use our assets and through our work with partners **we will help to improve the environment.**

10

Build support for the hostelling cause – drawing on our 90-year history to establish the importance of hostelling for all today; growing both the numbers of members but also how many members are active with YHA and leading the movement for those who support hostelling as a route to affordable travel and adventure.

## Operating Plan

To enable us to deliver our mission and vision, in May 2021, the Board agreed a one-year Operating Plan. This plan for 2021/2022 focused on five key areas:

1

Support growth by continuing to generate an annual cash surplus that supports our strategic intent, based on social enterprise principles.

2

Delivering growth and impact – particularly the delivery of the Generation Green programme.

3

Quality hostels and digital infrastructure – including sales, network strategy, and the opening of YHA Chester Trafford Hall.

4

Creating an efficient, effective organisation – including retaining Investors in People Gold, and developing Associate Directors.

5

Foundations and impact enablers – including youth engagement, programmes to improve employability skills, and a greater focus on equity, diversity and inclusion.

As we responded to the changing COVID-19 situation, our Operating Plan continued to evolve during the year – with some projects gaining more emphasis and others less. For example, we placed less emphasis on growth in the schools market as a consequence of ongoing restrictions on residentials, and placed greater emphasis on delivering impact through Generation Green. The following narrative describes the key projects delivered against the evolving Operating Plan.

# Operating Plan

## Recovery and returning to surplus

- Trading post COVID (reboot)
- Long term cash flow and loan refinancing

## Delivering growth and impact

- Generation Green
- Groups strategy – education
- Groups strategy – informal/ small groups
- Product/ market development

## Quality hostels and digital infrastructure

- Capital and network strategy
- Enterprise framework
- IT and Digital strategy

## Creating an efficient organisation

- Organisation restructure
- Data and reporting
- Compliance framework and policies
- Cost savings and efficiencies
- People strategy – including culture and ways of working



# Recovery and returning to surplus

YHA's priority focus in spring/summer 2021 was the safe reopening of hostels after the longest period of closure in YHA's history.

The Government confirmed self-catering accommodation with private facilities was possible for single households from 12 April 2021.

We stuck to our original planned date of 29 April to reopen selected properties for YHA Exclusive Hire, to support families who wished to go away for the May bank holiday weekend. Four café sites also opened on this date.

Our main reopening date moved to 17 May 2021, in line with the Government's roadmap. The Prime Minister specifically mentioned hostels in his statement – a good sign that our lobbying was being heard in Government. Approximately half of YHA's hostels opened on a room only basis, with the remainder available for YHA Exclusive Hire in England.

The year-long ban on school residentials was lifted on 17 May in England, though the advice in Wales remained against school trips. While we were delighted to see the lifting of the ban, Government guidance meant residentials had to run at significantly reduced capacity – with a particular need to prevent mixing between school 'bubbles' and between schools and other guests. We began to welcome back school groups in England from 21 June 2021.

Since its inception, we have been one of the main providers of residentials for National Citizen Service. With the guidance governing youth group residentials being even more restrictive than school residentials, NCS concluded they would not offer residentials over summer 2021. While disappointing, we opened this space up for bookings by families and individuals.



YHA Keswick (22 May 2021)

5 / 5 100%

### A Lakes treat

A few days staying at Keswick Youth Hostel after the months of lockdown were a wonderful treat. The en-suite room with an amazing view across the river into the tree-filled park was stunning. Can't praise the staff enough. Despite the added inconveniences of Covid related issues, all the staff we encountered were most helpful and cheerful. Nothing was too much trouble.

Location	5 / 5	● ● ● ● ●
Room	5 / 5	● ● ● ● ●
Cleanliness	5 / 5	● ● ● ● ●
Service	5 / 5	● ● ● ● ●
Value	5 / 5	● ● ● ● ●



YHA Brecon Beacons (21 May 2021)

5 / 5 100%

### A great quality stay on a budget

We stayed at YHA Brecon as it was close to all of the wonderful days walking that the area has to offer. On arrival we were first impressed by the welcome and helpfulness of the staff. We had an en-suite room that was comfortable with a high standard of cleanliness. It was well organised to accommodate current Covid restrictions without affecting our stay in any way. Will definitely book again.

Location	5 / 5	● ● ● ● ●
Room	5 / 5	● ● ● ● ●
Cleanliness	5 / 5	● ● ● ● ●
Service	5 / 5	● ● ● ● ●
Value	5 / 5	● ● ● ● ●



YHA Cambridge (20 May 2021)

### Excellent stay at this perfectly positioned hostel

The hostel was bright, clean and quirky, which is what we have come to expect in these great, affordable places. Fresh water for topping up your bottles, comfortable rooms and soya milk for vegans. I love the way each place is tailored to the location.

5 / 5 100%

Location	5 / 5	● ● ● ● ●
Room	5 / 5	● ● ● ● ●
Cleanliness	5 / 5	● ● ● ● ●
Service	5 / 5	● ● ● ● ●
Value	5 / 5	● ● ● ● ●

### Return to trading

In light of the Government’s announcement of the roadmap out of travel restrictions, we prioritised updates to our website and customer communications. In the first few days, we were pleased to see an immediate uplift in bookings – with levels in the first few days returning to near pre-COVID levels for the first time since the pandemic began.

The countryside proved particularly popular, with key rural sites – in the Lake District, Peak District, Snowdonia, Pembrokeshire and Cornwall – reaching 100% of pre-pandemic level trading. Urban centres proved less popular with customers seeking to escape crowded places. Our city sites continued to struggle as the situation was compounded by very little international demand. City sites reached 41% of pre-pandemic occupancy levels by the end of the year.

Despite five months of closure at the start of 2021, YHA’s overall position improved by c.£3m against budget. This was because the additional loss of income from lockdowns and travel restrictions was not as significant, given the winter is always the quietest period of YHA’s trading, plus, when we did reopen, the impact of the Omicron variant was not as severe as we had feared. Loss of trading income was outweighed by additional income from extending hostel repurposing, from fundraising, from reducing costs and from Government grants and schemes – including the extension of the furlough scheme until the end of September, along with specific grants for hospitality businesses forced to close. Reduced VAT rates for tourism businesses also continued until March 2022. Taken together, these measures provided substantial help to YHA over the year and mitigated loss of income caused by our inability to trade.

Over the year, we continued to work closely with Government, sector bodies and as part of our own Hostelling Together coalition of UK national associations and independent hostels to gain greater clarity on the key issues affecting hostelling specifically, to raise our profile, and to lobby for support.

In December 2021, we gained £900,000 of support for the costs of reopening from the third round of the Government’s Culture Recovery Fund.

## Delivering growth and impact

YHA adventures improve health, wellbeing and life skills by connecting people to each other, nature, the outdoors, culture and heritage. We exist to help all and aim for every stay and visit to have a positive impact. Yet we know we make the greatest difference to young people and families, especially those with challenging lives.



### The unique value of residentials

“  
The outdoor experiences YHA gave our students provided adventure and challenges that will stay strong in their memory forever – long after the lessons I taught them in the classroom have faded.

Jeanette Bell, lecturer in inclusion at Sheffield College Peaks Campus

”  
“  
When children participate in a residential visit, they benefit in so many ways. Visits increase a child’s confidence, develop their independence, aid their social skills and give them an opportunity to experience an environment different to the one they are familiar with. These are all vital life skills, and it is so important that all children are offered access to visits not just those who have a family that can afford it.

Wayne Norrie, Chief Executive, Greenwood Academies Trust

”



## PROJECT 90

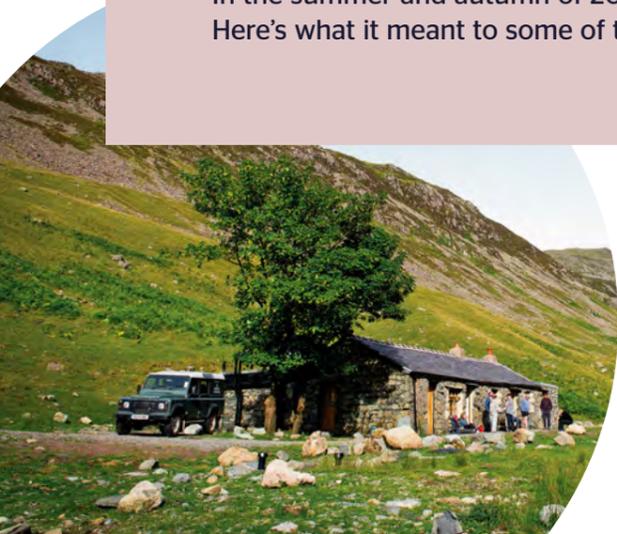
In 2019, in anticipation of our birthday celebrations to commemorate 90 years of life-changing YHA adventures, we launched a special appeal to fund unforgettable activity breaks for 900 young carers and other children with challenging lives.

Then the crisis hit, dealing a severe blow to our income and bringing sorrow and hardship to many more in our community. For young carers and children with challenging lives, bad situations were made worse. For NHS staff and key workers, the burden of stress was unimaginable.

So we extended our Project90 appeal to fund adventures for young carers, respite breaks for NHS staff and key workers, and low-income families.

Thanks to the generosity of our members and supporters, we exceeded our target, raising over £550,000.

In the summer and autumn of 2021, our Project90 beneficiaries took their breaks. Here's what it meant to some of the families.



“

As a family, the free break away meant so much. We truly enjoyed the experience and look forward to booking again in the not so distant future. Thank you.

”



“

Never stayed in a YHA before, but now it's my first choice of accommodation. Brilliant locations, clean, good value for money. Meals great, drying room, activity board with local hikes etc. great idea.

”

“

It was the most wonderful break. I can't even explain how wonderful it was to see my children enjoying themselves so much. Thank you – SO SO much for this wonderful opportunity. I am so grateful.

”



“

This free break meant a lot to us as a family as I took my three grandchildren and we cannot even begin to express the experience we had at South Downs. We had never been. The mental de-stressing away from London as everything from accommodation to location and whole ease of experience was excellent.

”



“

Mum was diagnosed with cancer two weeks after lockdown, it was a very stressful time for us all. This break gave me, mum, sister and niece quality time away together, it is a brilliant project and we are all very grateful to be lucky enough to be chosen. Thank you.

”

## YHA programmes supporting young people

Over winter 2020/21 we planned and developed new programmes to support young people. This included a successful pilot programme for transition residentials and the landmark Generation Green project – a programme delivered in partnership and recognised as good practice on access in the Government’s 2022 response to the 2019 independent Landscapes Review.

### Impact case study

#### Transition residential pilot

In September 2021, YHA piloted a new transition residential programme with the aim of supporting young people in their transition from primary to secondary school. It is widely acknowledged that this is a challenging time for young people as they navigate a new building, get used to new teaching staff, maintain old friendships and meet new peers – often in much bigger year groups – adapt to stricter rules and timetables, and embark on the next key stage.

In partnership with Greenwood Academies Trust, YHA devised a transition pilot to better understand how a residential trip can support children socially and emotionally once they have transferred to a secondary school.

Three schools from the trust participated, sending 75 pupils in total on a two-night, three-day residential at YHA Edale – one of YHA’s dedicated activity centres. All pupils had joined their secondary school at the beginning of that academic year – so, only weeks prior to the residential.



## How it worked

The structure of the residential stays mostly followed the standard format of activity residentials at YHA Edale, however, during the final session of the trip, instead of completing another activity run by the centre, the staff of each accompanying school led a session which focused on self-reflection that had been planned and resourced by YHA. Participating schools were asked to support children in completing pre and post-visit surveys.

### Key residential outcomes

1

Residentials improve relationships between peers and between pupils and staff.

2

Weaselling was the most fun and challenging activity, which children were most proud of completing.

3

56% of pupils said their confidence improved.

4

57% of pupils felt happier.

5

62% of pupils reported improved relationships with peers.

6

99% of pupils said their relationships with school staff had stayed the same or got better.



## Generation Green

In response to the 2019 Landscapes Review led by Julian Glover, YHA formed the Access Unlimited coalition, of leading not-for-profit organisations, to find new ways to ensure that every child could have a night under the stars in a national landscape. The coalition comprises YHA, The Outward Bound Trust, Scouts, Girlguiding, Field Studies Council and the 10 English National Parks.

In 2021/22, YHA led the Access Unlimited coalition in the delivery of the 16-month Generation Green programme. The programme created 100,000 opportunities for young people across the country to access nature and the outdoors, focussing on the most disadvantaged – many of whom hadn't had the chance to visit the countryside or coast before. This has included over 16,000 day visits or residentials and 783 pathways to work – including volunteering opportunities, work experience, Kickstart placements and apprenticeships.

Through residentials, outdoor learning, training and volunteering, we supported young people from a more diverse range of backgrounds to pursue employment in the outdoor sector. The project was funded by the government's Green Recovery Challenge Fund, which was delivered by The National Lottery Heritage Fund in partnership with Natural England and the Environment Agency.



## Impact case study

### Generation Green

From September 2021, YHA hosted activities for children and young people to support connections to nature. These were split into two types:

1. Caring for nature: practical and conservation work to help protect the natural world
2. Connecting to nature: immersive nature experiences such as art, mindfulness and walks

Teachers from participating schools explained that their pupils generally don't visit the countryside or coast, unless as part of trips organised by the school.

One teacher said, "In terms of actual countryside... they have never been."

Research on YHA's Generation Green activities identified seven clear benefits.

### Activities supported the following outcomes



**Research at hostels delivering Generation Green activity found that**

**91%**

of young people said they felt more connected to nature

**86%**

of young people said that they felt more confident being outdoors in nature

**54%**

of young people said that they felt more confident in themselves

**95%**

of young people said the activities had made them happy

**98%**

of young people said they would like to do the activities again

**100%**

of young people said that they had learned about jobs and volunteering opportunities in nature

**95%**

of young people said that they had learned more about nature and the environment

Time and time again, the researchers heard school staff describe how the children had been amazed by the countryside experience and particularly the size and scale of nature.

The activities often included a walk local to the hostel and during these walks young people often experienced landscapes that were bigger and more awe-inspiring than ever before. On one trip, a boy's:

“

**jaw dropped as we were driving along Windermere. He was awe inspired. He had seen something he had never seen before.**

Geography teacher

”

A popular activity for primary school pupils was making nature art, usually from materials they had found on a scavenger hunt.

The activity encouraged learners to focus on small aspects of nature, looking closely at individual leaves, twigs, berries etc.

“

**A pupil in my class had never seen a waterfall before. So, when we were on the walk and he could see the waterfall, and he was asking if he could touch it, he took his gloves off and felt the water, and he was saying it felt amazing. It was really calming for him.**

Teacher

”

One of the main benefits of engaging with YHA's Generation Green activity was that it helped learners to develop connections with others. Students made new friendships during the trips and had developed their ability to work in a team.

YHA's Generation Green activity, coming during a period of minimal COVID restrictions, facilitated the formation of new friendships.

“

**I think there's a massive gap in social skills [due to the pandemic]. Here, they're talking and playing cards with a group that they'd normally walk straight past.**

Teacher

”

Young people were helped to grow emotional strength through overcoming challenges and developing self-confidence.

“

**A highlight for them was achieving goals that they didn't think they could do. To achieve something was massive. Because they have been in lockdown and because they don't get the opportunity to do these things at home.**

Teacher

”

After a difficult period during the pandemic, many of the school leaders talked about the importance of learners having the opportunity to make memories and have fun.

“

**This will impact a child's life forever. The do not remember the science lesson they had last week, but they remember the trip they went on.**

Teacher

”

A teacher talked about the impact of a trip to the Lake District on one individual:

“

**He's from a very deprived background and has never left the city. For the opportunity that was awarded to him to leave the city for the day and experience the countryside was beyond amazing for him. He will have that memory for the rest of his life.**

Teacher

”



Many of the school staff told our researchers that their learners rarely leave their local area. The opportunity to travel to a different part of the country helped young people to think about future opportunities in different places.

Another significant concern was that school trips and residentials can widen the gap between children whose families can afford to pay the contribution and those that cannot.

One school's teachers explained that it's always the same children who go on trips and residentials, even though they are the ones who have already had the experiences. Other children never get those experiences and therefore the trips are not "opening doors for those that need it." Because the Generation Green activity was fully funded, they were able to bring all children, including those who would benefit most. Children were inspired to go into nature more often.

“

**They want to go back and they want to keep doing things [like this], which is great because so many children are now happy to just sit inside on their Xbox. I think that, now that they've gone out there and seen a place you can go, and the walks you can go on, that they will probably ask their families 'can we go for a walk?' and 'can we go and see a waterfall?'**

Class teacher

”

## No child left behind

As a consequence of the ban on school residential visits caused by COVID-19, two million children missed out.\* Though we were able to resume residentials in June 2021, with growing family poverty, rising debt and shrinking school budgets, more and more children are set to miss out on these transformative adventures.

With our Christmas appeal, December 2021, we aimed to raise £50,000 to support 20 schools from areas of greatest deprivation to each bring a class of 30 children away with YHA.

Thanks to the generosity of our members and our supporters, we raised over £70,000 – enough to support 875 pupils. This is our most successful individual giving campaign of recent years. The funds raised were used as bursaries and given to schools that would otherwise not have been able to afford a residential.

This summer, we will launch a national campaign to raise £1m to support schools and families so that no child is left behind.

\*<https://ahoec.org/recent-campaigns>

## Quality hostels and digital infrastructure

Our 2020 strategy, *Adventure. For the first time and a lifetime*, built on a decade of modernisation. Its ambitions aim to see us reaching more people and growing our impact, with a focus on those who could benefit the most.

To do this, we must make sure our network and operations are optimised to achieve our impact priorities. Priorities that have become even more compelling because of COVID-19.

Prior to the pandemic, YHA had planned to appraise the size, shape and character of the hostel network to ensure it met the aims of the 10-year strategy. The pandemic expedited some of this thinking and over 2021/22 we have taken opportunities to repurpose and release assets in the best interests of YHA.

We also gained a new site in YHA Chester Trafford Hall.

### Network/capital strategy

From spring 2020, we repurposed 47 of our hostels to support 650 vulnerable people and a similar number of key workers, who stayed for c.47,000 overnights.

YHA Cardiff Central was repurposed for the homeless, in partnership with the city council. Cardiff City Council approached YHA to ask if we would be willing to transfer the hostel permanently to the council to support their homelessness strategy. Agreeing that this would serve an important social purpose, the sale went ahead. The sale in April 2021 – at a significantly higher price than YHA paid for the site – gave us an immediate buffer of cash and helped us manage cashflow in 2021/2. Repurposing has continued at 10 of our sites this year.

We decided not to renew our lease at YHA Milton Keynes, which had been repurposed during the pandemic. It required significant investment which was not viable for us. We agreed arrangements with the council with no financial liability for YHA.

We agreed terms with Network Rail for the sale of YHA Oxford as part of the wider station redevelopment. This proceeded to completion early in the 2022/23 financial year.

### Enterprise

In 2021 work began to review our current Enterprise franchise hostel model and consider how this should evolve for the future.

To do this, we sought feedback from our existing Enterprise operators and engaged with other Hostelling Associations and organisations who run successful hotel franchise operations.

This provided valuable insight into how franchise operations in the hospitality sector are run, and in particular how compliance is managed by these organisations – which we will take on board as we develop our own Enterprise framework over the year ahead.

Last year, YHA Youlgreave joined the Enterprise network.

### Impact case study

#### Repurposing to house the vulnerable

The Outside Project is run by LGBTQI+ colleagues, friends and activists who work in the homeless sector and have lived experience of homelessness. In 2017, they launched the first LGBTQI+ homeless shelter and community centre.

YHA's partnership with The Outside Project began in September 2020 and supported 47 LGBTQI+ homeless people through the COVID-19 pandemic over winter 2020/21 with emergency accommodation at a repurposed YHA London Oxford Street.

In 2021/22 YHA became the Outside Project's only available service outside the COVID hotel programme.

The Outside Project felt this partnership with YHA was a vital part of the LGBTQI+, youth and winter shelter sectors' collaborative effort to prevent first night out homelessness by enabling LGBTQI+ people to access a safe, identity responsive service in an area of London that feels welcoming to the community, Soho.

YHA London Oxford Street supported 54 people, open 24 hours a day to service users, between 10 November 2021 and 7 March 2022.

“

**The service provided was amazing. Place was comfortable and nice. I felt safe and welcomed... I am beyond grateful for the help that was provided.**

A service user

”

The Outside Project staff observed that younger service users with no prior experience of homelessness benefited particularly from staying at YHA as they did not feel homeless whilst there. They believe that this reduced the stress caused by users' precarious housing situation and contributed to general wellbeing.

## YHA Chester Trafford Hall

In July, we opened a new hostel in partnership with The Regenda Group. YHA Chester Trafford Hall is a 194-bed hostel close to Chester, with 54 en-suite rooms, and excellent training and classroom facilities. In agreement with The Regenda Group, we operate the site at no capital cost.

The acquisition of YHA Chester Trafford Hall into the YHA network is the result of an innovative new partnership between YHA, the Regenda Group – a dynamic group of organisations operating across the housing and construction sector, in care and support, and in training and employment – and the National Communities Resource Centre.

As part of the partnership, Trafford Hall will continue to be the home of the National Communities Resource Centre as it continues to grow as a charity, helping social landlords across the country, residents and frontline staff to develop the skills needed to tackle serious social problems at a local level.



### Green credentials

Trafford Hall is an environmental haven, a model of conservation and green building. The Grade II-listed building boasts outstanding environmental credentials having recently received an EPC rating of B, only six points off an A rating, falling within the top 11% of EPCs. The rebuilt, timber frame Stables annexe is already carbon neutral. Additionally, the Hall uses 100% renewable energy for heating and hot water following the installation of a biomass district generator and solar panels.

## Innovative steps in sustainability

YHA's core purpose is connecting people to nature. We know that these connections foster greater appreciation of the environment and means that people are more likely to protect and advocate for green and blue spaces. Hostelling is the model for sustainable tourism. And, as a charity, we reinvest what we earn into our places and spaces for the benefit of current and future generations.

Our drive towards greater sustainability in our operating practices continues. We have significantly reduced our impact on the environment with important changes in housekeeping.

In 2020 we introduced a new product Tersano SAO to our cleaning regime. It became our main cleaning agent and was rolled out across the network. The Tersano SAO dispenser provides a simple, sustainable way to sanitise and deodorise surfaces using only cold tap water and oxygen from the air. It works by oxidation. Organic matter is broken down into smaller particles and suspended in a solution. Because the dispenser generates the Stabilised Aqueous Ozone (SAO) on-site, there is no need for transport, storage or mixing. Plus the agent reverts back to water and oxygen so there is no impact on the environment. As a result of the switch, YHA's housekeeping chemical consumption has reduced by 43% vs 2019 levels.

Other sustainability measures in the hostel network include a switch to reusable microfibre cloths instead of standard, single-use cloths. As a result, we've significantly reduced our contribution to landfill. And we are trialling a microfibre mop which will potentially reduce our water consumption for mopping by 90%.

Throughout our working practices we have taken steps to reduce our carbon footprint. Most notably through a vast reduction in travel mileage and costs. We look forward to bringing together our work in this area into a new plan in 2022-23.

## User experience and digital enhancements

Our focus for all of our digital platforms in 2021/2 was consolidation, security and stability, and incremental improvements to the user experience. Alongside the routine weekly code maintenance patches to improve website security and stability, a major version upgrade was deployed to the Drupal platform. This ensures the website has the latest code, feature-set, speed, and is aligned with the latest sector standards and recommendations.

A series of user experience improvements were also developed, including more efficient ways to manage bookings online, request changes or cancellations to bookings, improvement in the method of adding meals to bookings and many more.

The most significant digital user experience enhancement was the integration of the YHA Exclusive Hire booking process into the main yha.org.uk booking journey. Traditionally YHA's legacy processes, systems and policies dictated that the Exclusive Hire website was separate from the main yha.org.uk dorm and private room booking platform. In 2021 however, following one of the largest changes to YHA systems and processes in recent history, the Exclusive Hire website and booking-engine were decommissioned, allowing users to book all overnight products (beds, rooms, camping pitches, glamping products and whole-hostel hire) through a single, unified booking experience.

# Creating an efficient, effective organisation

## Cost savings and efficiencies

Over the year, we continued a programme of work to reduce costs and pursue efficiency. This included work to develop new finance and customer relationship management (CRM) systems which will be launched in 2022.

The 2021 transformation of our website, booking systems and administration processes for YHA Exclusive Hire created annual savings of £100,000 in commission alone – the former stand-alone system had carried a commission fee for every booking and was highly inefficient.

The Exclusive Hire project also improved efficiency for central and hostel teams who now use only one system for all types of accommodation bookings, and have the benefit of integrated card payments, automated customer communications and balance payment collection – all of which were completely manual in the past.

In addition, a new multi-channel communications system was also implemented in central sales, which initially enabled more efficient call handling and management of remote teams. It has the potential to deliver further efficiencies by managing the distribution and handling of emails, online chat and social media messaging in the future.

## Organisational restructure

During the year, following the departure of one of our executive directors, we completed a restructure which brought together income and impact, and people and operations. This led to a smaller executive team. We continued to develop the associate director team who led on the implementation of the Operating Plan and were critical to our recovery.

We developed a three-year people strategy. This multi-faceted plan is enabling YHA to drive a development culture while identifying potential efficiencies to be made through organisational change and restructuring. We have integrated our people processes and we're driving social inclusion by ensuring equity, diversity and inclusion is integrated and understood at every level of the organisation. We have a continued focus on wellbeing and have achieved exceptional levels of engagement.

In the light of these changes, we were particularly pleased to be re-accredited with the Investors in People Gold award.

## Ongoing challenges for the sector

Operationally, reopening went well and despite continuing COVID-related challenges, guest satisfaction remained high – running at c.90%. However, like many others in the hospitality industry, we have faced additional challenges. These include staffing shortages, disruption to our supply chain and wider inflationary pressures. These issues are continuing to affect us in 2022-23.

# Foundations and impact enablers

Underpinning our work over 2021/2 have been our foundations and impact enablers – most notably youth engagement; programmes to improve youth employability skills; and a greater focus on equity, diversity and inclusion – in the make up of both our teams and supporter base.

## Increased youth engagement

The Youth Advisory Team was formed in February 2021 to help shape YHA by bringing youth voice into the heart of decision making. The team advises and is working towards sharing the leadership of YHA with our Trustees, executive and staff. Aged 16 to 25, the team's 14 members come from a diverse range of backgrounds – bringing their varied experiences and personal insight to communicate the needs and opinions of young people to make YHA better equipped to support this generation of young people and the next.

Having spent the first six months devising a working methodology and forging links with YHA teams, departments and projects, the Youth Advisory Team is now a permanent asset to YHA's organisational structure. A range of team sub-committees influence multiple areas of YHA. These cover youth education and employability, youth network and engagement, charity development, improving YHA's diversity, capital strategy and hostel operations, communications and reporting, and drafting.

Through this work, over the course of the year, the Team informed the development of the Equity, Diversity and Inclusion plan, helped shape the delivery plan for Generation Green, influenced the principles behind the network strategy and gave a very well received keynote address at the AGM.

## From YAT to YHA employment

“

**I have spent the last two years volunteering on YHA's Youth Advisory Team (YAT). Recently I have been employed as the volunteer engagement coordinator in the impact department.**

**YHA has always been a big part of my life. Visiting youth hostels from an early age gave me, my mum and sister the opportunity to visit family, experience cities and see life beyond that of a small town. I certainly understand the power of a getaway – however far from home!**

**My involvement in YAT allowed me to channel my love and appreciation for YHA while giving me an inside look at its different initiatives. Transitioning into employment with YHA feels like a natural progression for me and I'm happy to have joined a team of colleagues I've already worked with as a volunteer.**

Louise Thompson, Youth Advisory Team Chair

”

## My first ever stay at YHA

“

**Before I started working in the YHA Youth Advisory Team in December 2021, I had no idea that YHA even existed. I got the opportunity to be part of YHA through working for the Council for Disabled Children. Now I feel so opened up to this wonderful organisation. Being part of YHA gives me the chance to do what I love, which is to advocate for making youth hostels a better place for autistic people, travel and visit new places.**

**I'm autistic and never stayed in a YHA until last month. It was my first time staying away from home all on my own overnight. I was very excited to embrace this wonderful new opportunity and try out something new.**

Pavan Bhamidipati, Youth Advisory Team

”

## Supporting the Kickstart Scheme and pathways to work

YHA was one of three Access Unlimited partners to provide work opportunities through Generation Green funding. We supported 12 young people on Kickstart Scheme work placements. We interviewed two of these young people. Both valued the variety of tasks which ranged from customer service to housekeeping, kitchen and bar work. This gave them a range of experiences and the apprenticeships enabled individuals to develop both technical and broader employability skills including communications skills, teamwork, and time management in a professional environment. Here's what they had to say:

“

**Well, without that confidence [gained from the placement] I probably wouldn't be able to actually [become self-employed], or at least have like the full-on drive to go ahead and 'boss it'. I think it's just made me more determined as a person to get what I want from life in a way. I just go and do what I want to do, and I actually trust in myself that I can actually do it as well.**

”

“

**I think in terms of experience and prospects and helping me move on to my next job, it's been invaluable to be honest, especially on the back of COVID, but it's really [brought] my CV up by magnitudes I'd say.**

”

“

**[Before the apprenticeship] I was a bit down in the dumps and a bit stuck, I didn't really know what to do... I felt a bit rubbish not really knowing what I wanted to do. I didn't really have a clear path or progression... [The apprenticeship] is a foot in the door in general. I could pretty much go anywhere if I put the effort in.**

”

## Governance review

Like all major charities, YHA seeks to demonstrate best practice in charity governance and measures progress against the Charity Governance Code – a voluntary code of practice developed by the main charity sector leadership organisations with the support of the Charity Commission. Part of this involves periodic internal and external reviews of YHA's practice against the Code.

This year, a review has been undertaken exploring YHA's practice against the Code in relation to two areas: Integrity and Equality, Diversity and Inclusion.

Following the review, Article changes were agreed at our AGM to ensure that the Nominations Committee responsible for Trustee recruitment reported to the Board while maintaining independent members of the committee representing the wider membership.

The review found many areas of good practice and made recommendations including that the Board should bring together existing and planned activities in Equity, Diversity and Inclusion in a comprehensive action plan, supported by an appropriate level of resource.

## Equity, Diversity and Inclusion

In October 2021, the Board agreed YHA's action plan on Equity, Diversity and Inclusion. The plan focussed on practical actions to support YHA's strategic objective to ensure that 'all really means all', including progressing the target to ensure that YHA's guests, volunteers and staff were representative of the demographics of England and Wales.

We have focussed our recruitment efforts on attracting applications from a more diverse range of people and taken steps to understand our baseline workforce diversity to target improvements.

Our target on diversity is that at least 20% of applications come from people from ethnic minorities. We are currently tracking at 24%. Our baseline workforce diversity, in relation to ethnic minority groups, improved from 2% to 7.5% last year. To support the embedding of EDI, we continue to deliver education and awareness-raising initiatives for teams across the organisation. We are refreshing our inclusion policy and have embarked on an overhaul of our access statements to be more informative.

## Outdoor Citizens

### A community of practice to build equity, diversity and inclusion

In 2021 we conducted a listening project to hear from the unheard and the under-served. The project, Outside Voices, explored personal relationships with green and blue space – through poetry, music, photography, illustration, and interviews. Via Outside Voices we saw the richness of small groups and organisations, working both locally and nationally, to tackle exclusion and build up communities. We want to support and strengthen the capacity of these groups.

We are launching a new community of practice, Outdoor Citizens, which will be delivered in partnership with Natural England. The community draws together smaller charities and organisations in the field of access and inclusion to share their insights. Our aim is to innovate and learn together. And we will use our influence as a national charity to make a difference locally – dismantling barriers to access and meaningfully broadening participation in the outdoors in the long term. We look forward to formally launching the community with a conference later this year.

# Our year in summary

## KPIs

We set out a number of KPIs to measure progress against our plan, and the main targets set for 2021/22 were reflective of the ongoing COVID-19 restrictions.

KPI	Delivering YHA object	Target over 5 years	Target for 2021/22	Actual for 2021/22
No. of people staying at YHA overnight	YHA is for all	5,000,000	430,000	455,515
Those who stay with us, benefit from our provision and support, our employees and volunteers, reflect the demographics of England and Wales)  Percentage of staff applications from people from ethnic backgrounds -		KPI to be fully developed	Targets not set for all categories 20%	19%
No. of young people staying at YHA overnight	Especially young people	2,500,000	150,000	114,879
No. of young people with challenging lives staying at YHA overnight	Of limited means	250,000	15,000	3,346
No. of schools from deprived areas staying or training young people with YHA		KPI to be developed	N/A	KPI not yet developed
Customer satisfaction	Particularly by providing hostels or other simple accommodation for them in their travels	At least 90% in every hostel	90% of all open hostels achieving a score of at least 90%	93% for Q4

The target for our key measure, that of the number of people staying with us was exceeded, however, the achievement of some of these KPI's, particularly around the number of young people staying with us and those with challenging lives has proved more challenging.

Targets were set when school and youth group residentials were expected to return earlier in the year. However, Government decisions meant that these were amongst the last parts of society to re-open. This led to the cancellation of some of the contracts for young person's residentials, such as for the National Citizen Service, and schools needing to move their residentials into 2022/23.

The situation was compounded by a drop in international travel caused both by COVID-19 restrictions and changes in passport requirements.

YHA moved quickly once school trips were allowed again to accommodate pent up demand for day and overnight stays. And has also accelerated work with young people with challenging lives and with schools from deprived areas. Bookings into 2022/3 are strong in these areas supported by work in 2021/2022 in targeting schools that have most lead and historically least connections with YHA.

Having secured the Generation Green grant award, the Board made the decision to make this the focus of our impact work with young people – including those from disadvantaged areas and schools – in 2022. This, combined with the later than expected opening of school residential activity, meant that our profiling of young people – including those with challenging lives – was not what we had forecast at the start of this period.

**In addition, from a governance and compliance perspective, the Board and its committees received regular reports covering the following key areas:**

- Financial performance
- Environmental sustainability
- Loan covenant compliance
- Reportable incidents
- Employee engagement

# Financial performance review

	2022 £ million	2021 £ million	2020 £ million	2019 £ million
Revenue from operating youth hostels	21.3	10.6	46.0	44.7
Commercial trading income	3.7	2.0	6.9	5.6
Donations, grants and legacies	9.2	12.5	1.9	1.2
Membership income	1.0	0.9	1.1	1.0
Other income from investments and disposals	0.4	0.3	–	0.6
<b>Total income</b>	<b>35.6</b>	<b>26.3</b>	<b>55.9</b>	<b>53.1</b>
Hostel operating costs	(41.3)	(38.5)	(51.4)	(48.4)
Commercial trading costs	(3.1)	(1.8)	(5.3)	(4.2)
Fundraising costs	(0.4)	(0.3)	(0.4)	(0.4)
Governance costs	(0.1)	(0.1)	(0.1)	(0.2)
<b>Total expenditure</b>	<b>(44.9)</b>	<b>(40.7)</b>	<b>(57.2)</b>	<b>(53.2)</b>
<b>Gains from investments</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>–</b>
<b>Net expenditure*</b>	<b>(9.3)</b>	<b>(14.3)</b>	<b>(1.3)</b>	<b>(0.1)</b>

\*Net expenditure is shown before other actuarial gains and losses in respect of our pension schemes.

The continued impact of the COVID-19 crisis is clear. The timing of government decisions on when businesses could reopen and international travel restrictions significantly impacted on the volumes of business during the year. Our overnight volumes – whilst over double that achieved in the previous year – were still 68% down on the pre-COVID trading position.

Revenues from operating our hostels at £21.3m were double those reported in 2020/21 but were still 54% less than pre-COVID 2019/20 year's trading. We benefited from repurposing 10 of our hostels for the homeless again in the year and this secured £1.8m of income. Our alternative accommodation of cabins, tents and camping proved very popular during the staycation boom and this contributed £1.65m, not only up on the previous year but also £0.6m (27%) up on the pre-COVID period.

Our activities under our commercial trading arm fared better than 2020/21 as we saw our cafés and other commercial activities up by 85% year on year, although in context this was still around 46% lower than our pre-COVID trading position.

Donations, grants and legacies played a key part in our in-year performance and our fundraising team worked hard to take advantage of the funding opportunities available.

We made claims under the Government's job retention scheme, and this helped us to retain many of our staff. Overall we claimed £1.7m in year, compared to £8.2m in the previous year.

There were a number of other COVID related grants, amounting to £3.7m, that were secured from local

and central Government, and the Heritage Lottery Fund provided much needed support over the year.

Other grants in the year were £2m: the highest they have been for many years. This is largely down to the very successful Generation Green project funded by the Heritage Lottery Fund (£1.9m).

We were fortunate to receive £1.4m of legacies during the year which is on par with the levels achieved in the previous year. Other donations and gifts accounted for £0.4m of our fundraising income.

We work hard to maintain a wide membership base and this helped our income levels by £1m in year, which is £0.1m up on the previous year.

**Overall, our total income for the year was £35.6m, some £9.3m or 35% above the previous year but £20.3m or 36% below our pre-COVID performance of 2019/20.**

We made every effort to reduce our operating costs wherever we could during the year but operating a hostel network efficiently under a plethora of ongoing restrictions was very challenging.

Costs associated with operating our hostel and central support teams at £34.7m were only £0.1m up on the previous year. We also incurred £1.9m of costs to deliver the Generation Green project.

The levels of maintenance spend needed to keep our hostel network open was £3.5m excluding dilapidations provision, which was £1m up on the previous year.

The level of interest payable on our loans has increased by £0.2m during the year, and this reflects the increased borrowings secured from HSBC part way through the previous year to provide financial security during the pandemic.

Total expenditure for the year of £44.9m was £4.2m up on the previous year but well below pre-COVID levels.

**The net expenditure position for the year came in at £9.3m, which is £5m lower than the previous year but £8m higher than our 2019/20 performance.**

**We constantly monitor our financial performance against our budget and we are pleased to report that despite a very challenging and restrictive year that our net expenditure position was £3.2m better than our budget expectations.**

## COVID-19 and going concern

These accounts cover the trading period from 1 March 2021 to 28 February 2022 and as such were impacted by the COVID-19 restrictions that were in place, until the summer of 2021, which limited our trading performance during this period.

The discussions to put in place a two-year extension to the existing loan facility with HSBC were successfully concluded in November 2021. This provides the charity with funding certainty until late 2023. Further discussions with lenders and financial institutions will take place over the coming months to secure further loan facilities post November 2023.

The HSBC loan facility, local and central Government grant support, sale of YHA Cardiff Central and continued repurposing of some of the hostels for homelessness has enabled the charity to navigate through the pandemic.

Further liquidity has been added in March 2022 through the sale of YHA Oxford. The liquidity position is also expected to be extended during mid to late 2022 as the sale of four other hostels are concluded. The options for further hostel sales will be kept under consideration should further cash headroom be needed.

The Trustees have reviewed our reserves policy and agreed that given the current market conditions and to ensure there are sufficient cash balances to meet our ongoing liabilities and unforeseen financial difficulties that the charity would endeavour to maintain cash reserves of between £9m and £10m.

The Trustees have reviewed the financial forecasts to July 2023, including a reduced trading scenario, and have concluded that the charity will be able to meet its liabilities as they fall due and have plans and resources to manage its business risks successfully. Trustees do not believe that there are any material uncertainties which cast significant doubt on the ability of YHA to continue as a going concern and therefore these financial statements have been prepared on a going concern basis.

## Our priorities in 2022/23

As we return to more normal operating conditions post-pandemic, we have resumed our standard planning and reporting cycle. In February 2022, the Board agreed the Business Plan for 2022-25.

The Business Plan 2022-25 has four main themes:

### Recovery

Enabling recovery and returning to annual surplus and financial sustainability.

### Growth

Growing the education market and attracting more informal groups from diverse backgrounds.

### Network/capital strategy

Delivering a viable network of quality hostels and digital infrastructure, focussing on which hostels we have where and optimising our operating models to ensure the network is fit for the future.

### Underpinning foundations and enablers

Delivery of projects which support these themes and our strategic priorities.

As part of our planning, we agreed annual targets for 2025.

## Our ambition is to achieve these annual targets by 2025

-  1 million people of all ages to stay with YHA.
-  Ensuring at least half of these – 500,000 – are children and young people.
-  And that at least 50,000 of these children and young people are those with the most challenging lives.
-  And finally, to be certain that all means all – that those who stay with us, benefit from our provision and support, our employees and volunteers, reflect the demographics of England and Wales.

## Thanks

We are grateful to all our users, customers, members, donors and volunteers for their continued loyalty and support.

We also wish to thank our funders and partners for enabling us to deliver life-enhancing and life-changing impact for all our beneficiaries.

# Risk review

YHA seeks to embed risk management into day-to-day working practices. Leading this is the identification and treatment of the key organisational risks, which comes to the Board for formal review once a year and is tabled at each meeting of the Audit and Risk Committee. More detailed risk registers are also prepared for more specific risks facing individual departments.

The key organisational risks are reported to the February Board meeting. This year, the report identified a total of 12 key risks. Post mitigation, there is one very high risk, four high risks, five medium risks and two low risks.

## Very high risk

1

YHA is unable to return to a cash surplus position due to reduced trading levels and increasing cost pressures.

## High risks

2

Underrable compliance works and costs are required to be completed in 2021 putting pressure on already restricted budgets.

3

Resource shortages that prevent the delivery of the operational strategy, including the shortage of available operational teams in hostels.

4

Ongoing impact of global pandemic, restrictions on operations and ongoing requirements to alter operation to reduce the risk of claims and risk to employees.

5

YHA unable to fund its long-term capital needs.

## Medium risks

6

Failure to protect YHA from major cyber security attacks.

7

Lack of investment in the YHA network and infrastructure leads to degradation of quality of products and offering over the next three years or increases workload of existing employees.

8

Failure to deliver the 10-year strategy.

9

Reshaping the network: unable to complete necessary property sales, risk too fast/slow. Negative external focus on disposal programme. Unable to terminate leases prior to desired timescales.

10

Work related stress or mental health impacts on YHA employees or Trustees.

## Low risks

11

Inadequate or ineffective safeguarding policy or practice resulting in or contributing to serious harm to a young person.

12

Reputational damage caused by YHA being unable to move to a positive Equity, Diversity, Inclusivity and Sustainability position.

# Streamlined energy and carbon reporting ('SECR')

We are committed to developing policies and initiatives to support the reduction of greenhouse gas emissions. Energy efficiency and environmental sustainability are considered in all our activities and sustainability is a key part of our 10-year strategy. We have a specific project in the 2022-25 Business Plan to develop our work in this area.

## Methodology

The report follows the GHG Reporting Protocol – Corporate Standard, as the accepted methodology to meet the mandatory SECR requirements. Energy and GHG emissions are reported from our hostels and central office buildings and this includes electricity, natural gas, heating oil, and business travel in company-owned cars. The figures below detail the regulated SECR energy and GHG emission sources from the current reporting period as compared to the previous year. Whilst we have seen some an improvement year on year, with a 40% reduction in the intensity ratio, this result still falls around 28% below our performance in our most normal pre-COVID year of 2019/20.

Our energy consumption and efficiency performance in 2021/22 has been significantly distorted by the impact of COVID-19, with government decisions on when business operations could reopen and ongoing international travel restrictions being the main causal factors of reduced trading volumes achieved in the year. The 2020 UK Government's greenhouse gas conversion factors have been used to calculate the carbon emissions. We have used the income from charitable and trading activities to calculate the intensity ratio.

	2022 energy kWh	2022 emissions tCO2	2021 energy kWh	2021 emissions tCO2
<b>Scope 1 emissions</b>				
Natural gas	9,603,873	1,759	8,781,239	1,615
Heating oil	6,795,444	1,614	5,102,036	1,202
Company vehicles	352,380	87	224,139	56
<b>Scope 2 emissions</b>				
Electricity	5,711,650	1,213	5,178,335	1,207
<b>Total energy and SECR emissions</b>	<b>22,463,347</b>	<b>4,673</b>	19,285,749	4,080
Intensity ratio: tCO2e per £m of income from charitable and trading activities		<b>180</b>		302

# Governance and administration

## Board of Trustees

### Organisation

The Board of Trustees has overall responsibility for the work of YHA, setting strategy, direction and targets. All Trustees are responsible for the decisions of the Board. The YHA Articles of Association, the governing document, govern the Board's conduct.

During 2021/22 the Board met six times. The Board has appointed a number of committees consisting of identified Trustees. As at the date of this report, the following are the principal committees: the Audit and Risk Committee ("ARC"); the Finance Committee ("FC"); the Impact and Engagement Committee ("I&E"); the People and Remuneration Committee ("PremCo"); and the Nominations Committee ("NomCo"). A task and finish London Committee has also been established to oversee decisions relating to the capital/network strategy in London.

With effect from 3 April 2020, the Board appointed an Emergency Committee to consider urgent matters during the coronavirus pandemic. The members of the Emergency Committee are the Chair, Vice Chair, Treasurer, Simon Reeve and the Chairs of I&E and PremCo.

The Board delegates day-to-day management to the chief executive and executive team.

The Board of Trustees has up to 15 members and may co-opt a further two. None of the executive, including the chief executive, are members of the Board. The tenure on the Board is a maximum of two, four-year terms. This may be extended if taking up a National Officer position. All the Trustees are unpaid volunteers recruited from the wider YHA membership.

The vote for the election of the Trustees was held online in advance of the 2021 AGM with the result announced at the meeting.

Cathryn Hayhurst was re-elected to the Board for a further term and Darren Barker and Anna Welsh were appointed as Trustees for an initial term of four years at the AGM on 13 November 2021. Chris Roberts stood down as a member of the Board at the end of the 2021 AGM.

Tegryn Jones and Caleb Stevens were co-opted as members of the Board from the conclusion of the 2021 AGM both for their second term of one-year.

### Principles of governance

With regard to governance, YHA supports the principles of good governance set out in the Charity Governance Code for larger charities and the continuous improvement model that it promotes. During 2021/22, YHA continued to progress actions to enhance compliance with the provisions of the Code. In addition, Russell-Cooke Solicitors undertook an external governance review in 2021 which focused on

two key sections of the Code for larger charities: Integrity; and, Equality, Diversity and Inclusion. The results of the review were positive, and action is ongoing in those areas identified for improvement as set out earlier in this report.

During the year the Chair held annual Trustee reviews to discuss the Board's own performance and that of individual Trustees. The Vice-Chair held a performance review of the Chair.

## Training

All new Trustees attend an appropriate induction course. During the pandemic this has mainly been presented virtually. The training is based on the guidelines set down by the National Council for Voluntary Organisations (NCVO) and covers:

- Governance – the role and responsibility of Trustees, governance structure and reform, Articles of Association, and key YHA governance documents.
- Briefings on key issues currently being discussed by the Board. Meetings with each member of the executive team and their support staff to gain an insight into the operational areas of the organisation.
- Trustees are supplied with a comprehensive manual containing key policies and documents and papers from recent and relevant Board meetings.
- Trustees complete safeguarding training annually and also upon induction.

In addition, Board workshops are held after Board meetings focusing on key themes to support Trustees in their role. The key workshop in 2021-22 focused on the network and capital strategy.

## Elections to the Board

Candidates to fill vacancies on the Board in 2021 were proposed by the Nominations Panel (NP).

The NP consisted of:

- an independent Chair
- a Trustee representative
- two members elected by and from the Association Membership

The Board advised the NP of the skills, knowledge and experience desirable among new Trustees in order to achieve a balance of skills and experience in the Board of Trustees.

The NP was tasked with advertising for and interviewing potential Trustees with the requirement to draft a shortlist of suitable individuals to be included in a vote bearing in mind the skill gaps identified by the Board.

There were three Board Trustee vacancies in 2021. Twenty four people applied to become Trustees in 2021 from whom the NP nominated seven candidates, including three existing Trustees.

At the 2021 AGM it was agreed that responsibility for the selection of Trustee candidates would pass to the Nominations Committee – a committee of the Board – and that the Nominations Panel would be disbanded.

## Members of the Board of Trustees at 28 February 2022

### Margaret Hart, Chair

Margaret was appointed as a Trustee of YHA in 2016 and became Vice Chair in 2017 and Chair in 2019.

A geographer by background, she has had a long career covering social work, the children's voluntary sector and higher education, in roles ranging from front line service delivery and teaching to national director level roles in both the charity and university sectors.

An underpinning theme has been her passion for enhancing the lives of young people, particularly those from disadvantaged backgrounds, and she brought this with her into YHA, together with her love of the outdoors.

As corporate director for one of Britain's largest children's charities, Margaret pioneered innovative ways of involving young people in management and governance, and is delighted to see the establishment of YHA's Youth Advisory Team as a significant step along our journey to becoming an increasingly diverse and inclusive organisation.

Margaret has been an enthusiastic hosteller since her teenage years, staying with YHAs as a base for climbing all the Wainwrights and Munros, and walking long distance paths such as the Pennine Way and the Great Walks of New Zealand. She is currently enjoying introducing the third generation of her family to YHA.

### Marcus Holburn, Vice Chair

Marcus is a passionate believer in YHA's charitable purpose and values. He has enjoyed hostelling since his teenage years, for canoeing and walking trips to different parts of the UK.

Marcus is also a qualified chartered accountant with more than 20 years' experience in both large and small businesses. He is currently finance director of a consumer finance business in the Thames valley, and previously spent 14 years at M&G Prudential in a number of senior finance, risk management and commercial roles.

### Graham Turnock, Treasurer

Graham joined the Board in 2015. Graham has been a member of YHA since childhood and continues to enjoy hostelling in the UK and Europe. Graham has experience as a senior leader in the public sector and is currently a special advisor to the European Space Agency.

### Darren Barker

Darren trained in business management and then qualified as a chartered management accountant, spending the early years of his career in finance roles specialising in decision support and investment appraisal. He has broad sector knowledge spanning retail, telecoms and travel. He is currently providing finance and strategy consulting in the telecoms industry.

Prior to that, Darren spent 12 years in the hospitality and travel industry in general management roles and served for six years as CEO of Hostelling International, working closely with YHAs from all around the globe.

Darren loves travel and hostelled both at home in the UK and internationally. He is passionate about young people having previously served as a Scout leader and worked in partnership with the likes of the International Duke of Edinburgh Award and World Association of Girl Guides.

Darren is partially sighted and also serves as a Trustee for the Vision Foundation.

### Hayley Barnard

Since 2014 Hayley has served as the managing director of Mix Diversity Developers, moving to the role of CEO in 2022. Hayley and the team at Mix help many large organisations shift their culture to one that is more inclusive of diversity through consulting training and e-learning. Her clients range from NHS Trusts to companies such as DHL, Lidl and Mazars. She hopes to bring this expertise to YHA to support our aim to reach an ever-wider range of people.

Previously Hayley worked at non-executive and executive Board level at a number of travel and expedition companies. Her postgraduate training is in marketing, and she has significant experience in and passion for digital engagement.

### Emma Bradley

Emma spent the first part of her career in the travel industry and passionately endorses YHA's belief that 'where you go changes who you become'. She also believes that access to nature and being outside can have positive effects on mental health and wellbeing.

After spending several years in the travel industry Emma worked at the BBC, initially as marketing and fundraising director for BBC Children in Need, and then in other marketing roles at the BBC. She now runs Corporate Social Responsibility at Global, the media and entertainment group. As part of this brief, she runs the in-house charity, Global's Make Some Noise, which supports projects working across safety and shelter, physical and mental health, isolation and inclusion, and life skills. She is also a freelance assessor for Cambridge University Institute of Sustainability Leadership. Emma is Chair of Governors for a secondary school. She became a Trustee in 2019.

### Clare Fordham

Clare has worked in both television and radio news for over 25 years, enjoying time in both commercial and BBC newsrooms. She spent eight years travelling across Britain and further afield at ITV News, before moving across to the BBC. She's the editor of all daytime programmes on BBC Radio 5 Live, looking after a range of high-profile presenters, holding power to account, and making sure the listeners are entertained and informed. Clare is used to high-profile news projects; she's planned award winning news stories involving NASA, the Duchess of Cornwall and Downing Street, as well as masterminding programming throughout the pandemic. Clare is passionate about finding and celebrating unheard voices and hearing untold stories. She takes great pride in her involvement with efforts to reach diverse audiences and bring a far broader range of perspectives to the programmes.

YHA has been central to some of the great experiences of Clare's life, and she is passionate about widening access for others.

### Cathryn Hayhurst

Cathryn was elected a Trustee in 2017. Access to the outdoors is one of her passions and you will most likely find her hiking a fell or playing in a boat in the Lake District. Her young daughter and husband can be found enjoying the communal aspect of YHA hostels whilst Cathryn attends Board meetings.

Cathryn is a qualified accountant and insolvency practitioner with a BSc in Environmental Sciences, and is currently a member of the senior finance team at Yorkshire Water. At the Co-op she supported the 2,500 retail stores to deliver people and system transformation programmes making them fit for the future. Previously she worked for five years at the National Trust where she was commercial lead for the Renewable Energy Programme to generate 50% of energy from Renewable Sources including hydro schemes. She developed her finance skills at KPMG and funding strategy at Barclays.

### Tegryn Jones

Tegryn Jones is chief executive of the Pembrokeshire Coast National Park Authority. This role involves managing the Pembrokeshire Coast National Trail, along with a number of conservation sites and popular visitor attractions. He has a degree in geography from Aberystwyth University and an MBA from the Open University and has previously worked for the General Teaching Council for Wales, Swansea University and Urdd Gobaith Cymru. Prior to joining the National Park Authority, he was chief executive of Keep Wales Tidy where he worked with the Welsh Government to develop the Tidy Towns initiative and the expansion of the Eco-Schools programme and Blue Flag Award in Wales.

Tegryn has been a charity Trustee of the DPJ Foundation, a charity working to support men in the agricultural sector with mental health issues, and UNA Exchange, a charity promoting international exchanges for young people. He is currently a Trustee of the UK National Parks Foundation. Tegryn is also Chair of Governors of Ysgol Caer Elen, a 3-16 Welsh medium school in Haverfordwest.

### Barbara Kasumu

Barbara is the director of membership, programmes and development for the Association of Commonwealth Universities (ACU) – an international organisation made up of over 500 member universities in 50 countries. Barbara oversees the membership strategy working to create dynamic, responsive and relevant services and programmes that meet the needs of a diverse member base. Before joining the ACU, Barbara worked at the National Union of Students where she was director of membership, talent and inclusion. Barbara has over 15 years of senior leadership and Board experience working across a range of sectors and organisations.

### Josie Murray

Josie joined the Board in 2015. Josie has worked in the historic environment sector throughout her professional life and during the past twenty years exclusively with property. This has ranged from major infrastructure projects to private residential properties. She is currently involved in the management and interpretation of historic buildings and is particularly interested in ensuring that buildings are effectively managed to protect their historic significance while delivering commercial objectives. Josie took over as Chair of PremCo after the February 2019 Board meeting.

### Simon Reeve

Simon has significant international experience in developing teams and organisations, especially in engineering-related industries. In his current role, as director of commercial engagement at Lloyd's Register Foundation, he sets up new business ventures and partnerships to extend the impact of the Foundation's work in supporting research, education, skills development and public engagement across all sectors and sections of society for a safer world. In his spare time, Simon is an avid outdoor enthusiast engaging in cycling, hill-walking, canoeing, sailing, surfing and skiing, frequently staying in youth hostels as part of these activities.

## Caleb Stevens

Caleb Stevens is an experienced safeguarding and child protection officer, supporting children and young people with their mental health, wellbeing and welfare.

Having completed a degree in public services, Caleb is currently studying a master's degree in diplomacy and international relations as well as in advanced child protection. Caleb has a multitude of governance appointments, presiding as the strategic lead for safeguarding for over five including being a Vice Chair for a large multi-academy trust in Cornwall. Caleb also enjoys serving as a Special Educational Needs and Disabilities Lead Governor for a large primary school.

Appointed as the youngest Magistrate for the Ministry of Justice in 2017 and former Independent Monitoring Board Member for Her Majesty's Prison Exeter, Caleb is committed to equality and diversity and has supported many organisations with their inclusivity and interaction with children and young people. This particularly includes developing youth voice at strategic level, where Caleb is passionate about challenging perceptions that young people can have significant levels of responsibility, including Trusteeship.

Caleb is one of the youngest Trustees in YHA's 90-year history and hopes to contribute his knowledge, experience and enthusiasm to developing and embedding youth voice within YHA. Furthermore, Caleb looks forward to contributing additional expertise on education and safeguarding to ensure all children and young people receive the best support and outcomes YHA has to offer.

Living right next to Dartmoor, in his spare time Caleb enjoys taking long moor walks which has further contributed to his passion for being immersed within nature, travelling the UK and staying with many YHA hostels in the process.

## Robert Varley

Robert has been a keen hosteller since his youth. He has a passion for the outdoors and loves exploring Britain's wild country and coastline on foot. A family man, a dad and a grandad, he has been volunteering in children's and youth work for over 40 years. He has a passion for everything YHA stands for and is keen to see it make a real difference to even more young lives in the years ahead. "Because where you go changes who you become."

A meteorologist by profession, Robert worked for 35 years at the Met Office. He has served on numerous Boards and Councils at national and international level – as chief executive of the Met Office, non executive director of Ordnance Survey, president of Eumetnet, vice president of the Royal Met Society and vice president of the World Meteorological Organisation. In 2012 Robert was named as the Institute of Directors' Director of the Year (Public/Third Sectors), and in 2016 he was awarded an honorary degree of Doctor of Science from the University of East Anglia. He now works as a strategic consultant to leaders of weather services around the world.

## Anna Welsh

Anna is a qualified children's social worker currently working for Wigan Council. She has a BSc in mathematics from Manchester Metropolitan University and is studying towards an MSc in advanced relationship based social work practice with children and families at Lancaster University. Whist Anna has an affinity with numbers, her real passion is to help young people who are struggling or in need.

Anna was a student officer at The Union MMU. She was the first ever societies and development officer for the period 2018/19 and went on to be president in 19/20. She was a voice for students and brought their views and opinions to high level meetings, such as academic Board, Board of Governors and the

Union's Trustee Board. Anna was Deputy Chair of the Board at the Union during her year as president and secondary signatory for their budget. She also held positions on the HR and finance committees and led a team of four student officers. Anna assisted in the running of various campaigns to address loneliness at university, raise awareness about gender identity, and tackle period poverty. Her crowning achievement was winning the bid to host the National Societies and Volunteering Awards in 2019 seeing her assist in organising and running the event for over 300 volunteers all across the UK.

Anna hopes that her time with YHA will engage more young people to have the opportunity to explore away from home and give them memories that will last a lifetime.

## In memory of Fiona Steggles

Very sadly Fiona Steggles passed away on 13 April 2022. Fiona joined the Board in 2016 and was a Board member throughout the 2021-22 year. Fiona was a senior lecturer in journalism at the University of Central Lancashire. She previously worked for the BBC for almost 20 years. During that time, she reported and produced for radio and television, presented radio programmes and made documentaries. For eight years she produced the BBC1 regional news programme Northwest Tonight, winning two Royal Television Society awards. She also ran her own media training and consultancy business working with local authority and commercial organisations.

During her time on the YHA Board, Fiona served on the Nominations Panel supporting trustee recruitment, was involved in the organisation of AGMs, was a founder member of the Impact and Engagement Committee and more recently was one of the Board link trustees with the Youth Advisory Team. Fiona had a deep and heartfelt love of YHA and what it stands for, with a passion to ensure that the Board did everything it could do to fulfil YHA'S mission.

A celebration of Fiona's life was held at YHA Ambleside in May 2022. She will be deeply missed.

## Board meetings attended

	Board meetings attended	Term of office
Darren Barker	1 of 1	Ends 2025
Hayley Barnard	6 of 6	Ends 2023
Emma Bradley	6 of 6	Ends 2023
Clare Fordham	5 of 6	Ends 2024
Margaret Hart	6 of 6	Ends 2022
Cathryn Hayhurst	5 of 6	Ends 2025
Marcus Holburn	5 of 6	Ends 2025
Tegryn Jones	6 of 6	Ends 2022
Barbara Kasumu	4 of 6	Ends 2024
Josie Murray	6 of 6	Ends 2022
Hannah Paterson	2 of 2	Ended 2021**
Simon Reeve	6 of 6	Ends 2022*
Chris Roberts	5 of 6	Ended 2021
Fiona Steggles	4 of 6	Ended 2022***
Caleb Stevens	5 of 6	Ends 2022
Graham Turnock	5 of 6	Ends 2024
Robert Varley	5 of 6	Ends 2023
Anna Welsh	1 of 1	Ends 2025

\*Eligible for re-election for a four-year term

\*\*Resigned 10 July 2021

\*\*\*Deceased 13 April 2022

## Disclosures of interest

No Trustee had, during or at the end of the year, any interest in contracts that are significant in relation to YHA's business other than disclosed above or in note 33 of the financial statements. For the purposes of company law, the Trustees listed above are also the Directors of YHA.

# Executive team

## Chief Executive

**James Blake**

## Other senior executives

Executive Director of Investments and Infrastructure **Jake Chalmers**

Executive Director of Strategy, Commercial and Engagement **Anita Kerwin-Nye**

Finance Director **Julie Lane**

Executive Director of Operations and People **Jane Price**

Chief Finance Officer and Company Secretary William Howarth retired from YHA with effect from the conclusion of the 2021 AGM, after 13 years of dedicated service. During his time at YHA William oversaw the most successful period in YHA's recent history: taking us from an organisation in financial decline to one of steady growth. Most recently, during COVID-19, William steered YHA ably and calmly through the most troubled financial waters of our history. William was driven by our mission and our HEART values which shone through everything he did. He leaves YHA with our very best wishes for his retirement.

Julie Lane, previously YHA's associate director of finance, assumed the role of finance director with overall responsibility for YHA's finances. William's wider responsibilities for IT and business systems moved to Jake Chalmers, YHA's executive director of investments and infrastructure. The role of deputy chief executive is rotated amongst the executive directors. Peter Harvey was appointed company secretary in place of William Howarth.

# Employees

YHA is an Investors in People Gold organisation and is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of age, sex, sexual orientation, race, colour, disability, marital status, religion or belief.

Employees are kept informed of plans, receive regular updates on performance against our plans, are encouraged to attend or feed into our regular listening groups and attend our twice-yearly business briefings.

During the pandemic new means to engage with our staff team were introduced, including all staff emails from the chief executive and all staff webinars led by the chief executive and the executive team. These proved to be very popular and now form a permanent part of our employee engagement strategy.

The coronavirus pandemic continued to put a huge strain on staff, especially those working throughout, and we have placed increased emphasis on programmes to support positive employee mental health and wellbeing throughout the year.

Our annual employee survey is an opportunity for confidential feedback on all areas of the organisation and action plans are put in place to address any issues raised from these surveys.

We were pleased that despite the disruption caused by the pandemic, the headline measure of employee engagement (as measured by the employee survey) rose from 71% in 2019 to 72% in 2021. We retained Investors in People Gold status after a re-accreditation this year.

## Committees

### Audit and Risk Committee (“ARC”)

The ARC is a committee of the Board of Trustees. The committee met four times during the year and is currently composed of:

- the Vice Chair, Marcus Holburn who acts as the Chair of this Committee
- three Trustees: Darren Barker, Emma Bradley and Caleb Stevens

The committee agrees the programme for internal and external audits; considers reports from the auditors; considers the annual financial statements before submission to the Board; reviews the performance of the internal and external auditors; advises the Board regarding the adequacy of its risk register, policy, and management of risk; reviews the full risk register on an annual basis and every quarter reviews the high level significant risks and any changes to the full risk register; and, devises and tests key measures against which the performance of the organisation can be judged.

### Finance Committee (“FC”)

The FC is a committee of the Board of Trustees. The Committee met nine times during the year and is currently composed of:

- the Treasurer Graham Turnock who acts as the Chair of this committee
- two Trustees: Cathryn Hayhurst and Tegryn Jones

The committee supports the Board in ensuring the effective financial management of the Company; provides opinion on financial sustainability of YHA's strategic plans; advises on funding strategies and risks; provides appropriate scrutiny of finance related strategic KPIs; ensures effective financial planning, budgeting and treasury management; reviews and is consulted regarding capital and other investments; and works with the Audit and Risk Committee regarding financial risk management. Since the start of the pandemic, the Finance Committee has met more frequently to allow regular review of YHA's cashflow and financial plans.

### Impact and Engagement Committee (“I&E”)

The Impact and Engagement Committee is a committee of the Board. The committee met four times during the year and is currently composed of:

- Hayley Barnard who acts as Chair of this committee

- three Trustees: Barbara Kasumu, Simon Reeve and Anna Welsh

The Impact and Engagement Committee supports the Board in maximising the impact and effectiveness of YHA's work as a charity, and its member and stakeholder engagement, through ensuring effective management of these areas. This includes oversight of impact related KPIs; the design, delivery and evaluation of youth, education and activity programmes; and YHA's engagement strategy with members, volunteers, donors and partners.

### People and Remuneration Committee (“PremCo”)

PremCo is a committee of the Board of Trustees. The committee met five times last year and is currently composed of:

- Robert Varley who acts as Chair of this Committee
- three Trustees: Hayley Barnard, Clare Fordham and Barbara Kasumu

The committee agrees the remuneration policy, determines the remuneration of the executive directors, and the remuneration of the chief executive in consultation with the Chair; determines the terms and conditions of employment of the executive directors; and determines the terms and conditions of employment of the chief executive in consultation with the Chair.

In setting the organisations remuneration policy, the committee makes such external consultations and comparisons as may be necessary to ensure that the pay and emoluments of YHA staff are fair in value to those having similar responsibilities and circumstances in organisations in the not for profit and commercial sectors (excluding financial).

The committee also consider strategic HR matters which impact on our financial position or our position as an employer, e.g. pensions, performance management. This year that has included plans for managing workforce at different stages of the pandemic and oversight of YHA's gender pay reporting which is available on our website. The committee is also responsible for people risk.

### Nominations Committee (“NomCo”)

NomCo is a committee of the Board of Trustees. The Board appointed the committee in 2022 and the first NomCo meeting was held in April 2022. The NomCo is composed of:

- Robert Varley, who acts as Chair of this committee
- one Trustee: Clare Fordham
- two Association Members: Helen Maurice-Jones and Paula Yates
- one member of the YHA Youth Advisory Team: Emily Palmer

The committee acts in an advisory capacity in assisting in identifying a diverse range of candidates with suitable skills and experience to become Trustees.

# Financial control and risk management

## Trustee responsibilities statement

The Trustees (who are also directors of YHA (England & Wales) for the purposes of company law) are responsible for preparing the Report of the Trustees incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 YHA and the group and of the incoming resources and application of resources, including the income and expenditure of YHA and the group for that year.

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 (FRS 102)
- 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 YHA and the group will continue in business

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 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 YHA and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

## Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

YHA is a leading national charity which depends on the trust and confidence of its members and beneficiaries to operate sustainably in the long term. YHA seeks to put its beneficiaries' best interests first, invests in its employees, supports the communities in which it operates and strives to generate sustainable surpluses to be reinvested into the charity.

The Trustees have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in section 172(1) of the Companies Act 2006. The Board recognises that building strong relationships with our members and beneficiaries will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

## Reserves policy

As a charity, YHA is obliged by the Charity Commission to set a policy on reserves which establishes a level appropriate for YHA.

YHA's reserves policy is set to manage unforeseen financial difficulties, and not to fund its future capital strategy. The level of reserves is set based on forecast income and expenditure and the likelihood of material risks crystallising which would not be covered by future income or insurance..

The reserves policy is set with regard to the:

- strategic capital strategy – set by the Board within the context of a five-year time frame
- annual budget – set to ensure our future expenditure levels are matched to the income we receive from operating youth hostels
- risk management process – assesses the impact and likelihood of all risks to YHA and the appropriate level of short-term reserves to be held

YHA has implemented an active reserve monitoring process managed by the Audit & Risk Committee (ARC) and governed by the Trustees. The ARC assesses the impact and likelihood of uninsured risks to create an expected value, which is reduced by the assessment of mitigating controls to set the appropriate level of short-term reserves to be held. This value is formally reviewed on an annual basis with the opportunity for any material changes to be picked up within YHA's quarterly risk review process.

The ARC will report if these reserves have been used and the consequent impact on the long-term strategy. In the event of a movement beyond the reserves limit the ARC would report immediately to the Board with recommendations for action.

Before the impact of COVID-19 we had assessed our maximum level of risk, including the possibility of some form of pandemic to be at £5m. Given the unprecedented scale and duration of the COVID-19 crisis, this proved to be underestimated.

The Trustees have recently reviewed the reserves policy and have agreed, that given the current market conditions and to ensure that there is sufficient cash balances to meet our ongoing liabilities and unforeseen or uninsured financial losses that the charity would endeavour to maintain minimum cash reserves of between £9m to £10m for the foreseeable future.

The executive and Board continue to monitor the liquidity plan to ensure that there is sufficient headroom in the cash reserves to ensure commitments can be met when due and identifying assets which could be disposed of to provide enough scope to match the impact of any further unseen risk whether pandemic related or otherwise.

## Fundraising policy

It is always our aim to provide the best possible donor experience and deliver the highest possible standards of donor care. We are registered with the Fundraising Regulator to demonstrate our commitment to achieving the highest standards in fundraising and we strive at all times to comply with the Fundraising Regulator's Code of Fundraising Practice.

We are committed to undertake our fundraising in a legal, open, honest and respectful manner by following the standards for fundraising set out in the Fundraising Regulator's Fundraising Promise. We therefore use the Fundraising Regulator logo on our fundraising materials to show that we are following these standards.

We are always committed to uphold the highest standards of practice in our fundraising and will:

- comply with all relevant law and regulation including the Charities Act 1992, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 1998, and the Fundraising Regulator's Code of Fundraising Practice and where relevant the Gambling Act 2005
- treat the information that supporters provide to YHA in line with our Privacy Policy and never share or sell their personal information to third parties for the purpose of marketing or fundraising
- ensure clear governance and management controls for the legal, safe and transparent raising of funds from a diverse range of sources
- operate policy and guidance for working with supporters who are in vulnerable circumstances
- have clear rules for when donations may be returned to donors
- report regularly to the trustees of YHA regarding fundraising activity, including an annual summary of complaints and action taken to address these

## Protecting vulnerable people

We recognise that some people we engage with through our fundraising activity may not have the capacity, at the point of the interaction, to fully understand the nature of the donation they are being asked to give, or the consequences of making that donation. People in vulnerable circumstances may need further support before deciding whether or not to make a donation.

Whenever we suspect that someone we engage with is lacking capacity or is in vulnerable circumstances, we will take steps to terminate the contact in a way which seeks to protect that person while protecting their dignity and any desire they have expressed to support YHA.

Despite our efforts to protect those in vulnerable circumstances, YHA may receive a donation where there may be a question over the donor's mental capacity to make that donation. In this circumstance, YHA may return the donation to the donor or – under certain circumstances – to a family member or designated person.

## Fundraising complaints policy

We welcome all comments and feedback about the way we work. We invite anyone with a complaint or problem about our fundraising activity to report it via our customer care team, who will deal with it in a personal, fair and confidential way. We aim to resolve all complaints as efficiently as possible – committing to acknowledgement in two working days and providing feedback within 15 working days.

In 2021/22 YHA received no complaints about fundraising activity.

## Investment policy

Investments acquired in accordance with the powers of the Trustees, primarily in respect of endowment funds, total £1.075 million at the end of this financial year. Close Wealth Management and Rathbone Investment Management manage the assets on YHA's behalf, with an investment strategy aimed at maximising income at an acceptable level of risk including growth of asset values.

## Borrowing and financial instruments policy

YHA uses financial instruments, comprising borrowings secured against property. The main purpose of these financial instruments is to finance the working capital cycle of YHA and to finance longer-term capital needs. The policies for managing the risks open to YHA are summarised below:

- YHA's financing and treasury policy governs the way that YHA borrows money and how it manages its interest risk.
- Working capital requirements are managed through the cash reserves holding or where available a Revolving Credit Facility with a bank.
- Other borrowings are designed to be appropriate for the type of asset being financed. Thus, IT equipment and software are likely to be financed over no more than five years, equipment no more than 10 years and property will be financed over 20 years.

## Risk management

The Board of Trustees is ultimately responsible for risk management in YHA, setting the control framework, the risk appetite and approving major decisions affecting YHA's risk management or profile. The Board annually approves YHA's risk management plan, including the risk register, reviews the effectiveness of YHA's internal control and risk management system, and allows in its agenda a detailed review of a specific risk to be tabled at every Board meeting.

The Audit & Risk Committee (ARC) has delegated authority from the Board to review and manage risk and the organisational risk register is the key tool used to record risks within YHA. The ARC:

- reviews the risk management policy and processes annually
- reviews and agrees on an annual basis the significant risks to which YHA is exposed
- ensures that sufficient action is being taken to mitigate the risks
- provides the Board of Trustees with an annual statement of assurance on risk management and internal controls and corporate governance
- agrees specific risks to be reviewed by the Board
- ensures that the control environment is sufficient to ensure the effective management of risk
- monitors compliance with charity commission and corporate governance requirements

At an operational level YHA has a risk management group under the Chair of a member of the senior leadership team, currently the Associate Director for Risk. This group focuses on key organisation level risk. The group is drawn from all directorates to ensure that risk management is embedded in all directorates. Individuals on the group are responsible for identifying action plans for all lower-level risks and for bringing these to the risk management group as required.

## Insurance policy

YHA has insured Trustees and officers of the company against liability for wrongful acts in relation to the charitable company, as permitted under Section 532 of the Companies Act.

# Legal and administrative details

## Bankers

HSBC Bank plc  
Level 6  
71 Queen Victoria Street  
LONDON  
EC4V 4AY

Santander Bank  
Carlton Park  
Narborough  
LEICESTER  
LE19 0AL

## Solicitors

Browne-Jacobson  
3rd Floor, No 1 Spinningfields  
1 Hardman Square  
Spinningfields  
MANCHESTER  
M3 3EB

Russell Cooke  
2 Putney Hill  
LONDON  
SW15 6AB

Pinsent Masons LLP  
55 Colmore Row  
BIRMINGHAM  
B3 2FG

## Auditor

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
1 Holly Street  
SHEFFIELD  
S1 2GT

## Investment Fund Managers

Close Wealth Management  
10 Crown Place  
Clifton Street  
LONDON  
EC2A 4FT

Rathbones Investment Management  
George House  
50 George Square  
GLASGOW  
G2 1EH

## Internal Auditors

KPMG are the internal auditors for YHA and act as an assurance function to provide an independent and objective opinion to YHA on the design and operation of the internal control environment.

## External Auditors

Pursuant to Section 487(2) of the Companies Act 2006, the Auditors will be deemed reappointed and therefore Grant Thornton UK LLP will continue in office.

In approving the Report of the Trustees, the Trustees are also approving the Strategic Report in their capacity as company directors.

ON BEHALF OF THE TRUSTEES



M Hart  
Chair  
9 July 2022

# Independent auditor's report to the members of YHA (England and Wales)

## Opinion

We have audited the financial statements of YHA (England and Wales) (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28 February 2022, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28 February 2022 and of the group's and the parent charitable company's incoming resources and application of resources including, the group's and the parent income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 and parent 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 are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macroeconomic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees incorporating the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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.

## Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees incorporating the Strategic Report prepared for the purposes of company law, included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Report of the Trustees incorporating the Strategic Report has been prepared in accordance with applicable legal requirements.

## Matter on which we are required to report under the Companies Act 2006

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

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

to you if, in our opinion:

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

## Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 52, 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 group and the parent 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 group or parent 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

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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Explanation as to what extend the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We identified significant laws and regulations, as detailed below, relevant to the group through inquiries of management and corroborated this through review of board minutes and legal expenses.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined which may influence the financial statements. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (Charities SORP [FRS 102], FRS 102, Charities Act 2011,

Charity Code of Governance and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety, employee matters, data protection and bribery and corruption practices.

- We assessed the susceptibility of the group's financial statements to material misstatements, including how fraud might occur. We performed procedures over journal entries (in particular manual journal entries determined to be large or relating to unusual transactions), related party transactions and evaluated processes and controls in place to address the risks related to irregularities and fraud.
- The engagement team's experience with similar engagements, their understanding of the group's industry and regulatory requirements (FRS 102, the Companies Act 2006 and the relevant tax compliance regulations) relating to the Company were considered in assessing the competence and capabilities of the engagement team.
- In assessing the potential risks of material misstatement, we obtained an understanding of the group's operations, the applicable statutory provisions, and the group's control environment, including the adequacy of procedures for authorisation of transactions.

## 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.



Peter Edwards  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield  
9 July 2022

# Consolidated statement of financial activities

## (incorporating the consolidated income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Income</b>						
Income from charitable activities	6	22,318	–	–	22,318	11,481
Income from trading activities (YHA Trading Limited)	14	3,676	–	–	3,676	2,023
Donations, gifts and legacies		1,263	546	–	1,809	1,798
Grants receivable	5	–	5,714	–	5,714	2,506
Coronavirus Job Retention Scheme payments receivable		–	1,691	–	1,691	8,225
Investment and similar income	7	–	21	–	21	20
<b>Total income before net gain on disposal of tangible fixed assets</b>		<b>27,257</b>	<b>7,972</b>	<b>–</b>	<b>35,229</b>	<b>26,053</b>
Net gain on disposal of tangible fixed assets		332	–	–	332	210
<b>Total income</b>		<b>27,589</b>	<b>7,972</b>	<b>–</b>	<b>35,561</b>	<b>26,263</b>
<b>Expenditure</b>						
Costs of charitable activities	9	33,402	7,995	–	41,397	38,495
Costs of trading activities (YHA Trading Limited)	9	3,095	–	–	3,095	1,829
Fundraising	9	405	–	–	405	301
<b>Total expenditure</b>		<b>36,902</b>	<b>7,995</b>	<b>–</b>	<b>44,897</b>	<b>40,625</b>
Unrealised gains on investments	24	–	–	28	28	18
Realised gains on investments	24	–	–	3	3	66
<b>Net income/(expenditure) before tax and refinancing costs</b>		<b>(9,313)</b>	<b>(23)</b>	<b>31</b>	<b>(9,305)</b>	<b>(14,278)</b>
Tax on commercial activities		–	–	–	–	–
<b>Net income/(expenditure)*</b>		<b>(9,313)</b>	<b>(23)</b>	<b>31</b>	<b>(9,305)</b>	<b>(14,278)</b>
Transfer between funds	25	–	–	–	–	–
<b>Net income/(expenditure) after transfers</b>		<b>(9,313)</b>	<b>(23)</b>	<b>31</b>	<b>(9,305)</b>	<b>(14,278)</b>
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on defined benefit pension scheme	23	2,044	–	–	2,044	(678)
Actuarial gain/(loss) on multi-employer pension scheme	23	1,008	–	–	1,008	(15)
Other gains and (losses)		(104)	–	–	(104)	–
<b>Net movement in funds</b>		<b>(6,365)</b>	<b>(23)</b>	<b>31</b>	<b>(6,357)</b>	<b>(14,971)</b>
Fund balances brought forward at 1 March 2021		20,782	4,345	1,044	26,171	41,142
<b>Fund balances carried forward at 28 February 2022</b>	26	<b>14,417</b>	<b>4,322</b>	<b>1,075</b>	<b>19,814</b>	<b>26,171</b>

All income was from continuing operations.

\*Information up to and including net income/expenditure represents the information required by the Companies Act 2006. The accompanying accounting policies and notes form an integral part of these financial statements.

# Balance sheets

Note	Group		Company		
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	
<b>Fixed assets</b>					
Tangible assets	12	84,922	94,518	84,922	94,518
Intangible fixed assets	13	491	626	491	626
Investments	14	1,075	1,044	1,076	1,045
		<b>86,488</b>	<b>96,188</b>	<b>86,489</b>	<b>96,189</b>
<b>Current assets</b>					
Stocks	15	174	94	174	94
Debtors	16	2,883	2,152	2,883	2,152
Cash at bank and in hand	28	11,334	4,134	11,334	4,134
		<b>14,391</b>	<b>6,380</b>	<b>14,391</b>	<b>6,380</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(13,207)</b>	<b>(59,082)</b>	<b>(13,606)</b>	<b>(59,093)</b>
<b>Net current assets / (liabilities)</b>		<b>1,184</b>	<b>(52,702)</b>	<b>785</b>	<b>(52,713)</b>
<b>Total assets less current liabilities</b>		<b>87,672</b>	<b>43,486</b>	<b>87,274</b>	<b>43,476</b>
<b>Creditors: amounts falling due after more than one year</b>	19	<b>(62,698)</b>	<b>(8,814)</b>	<b>(62,698)</b>	<b>(8,814)</b>
Provisions for liabilities	20	(1,648)	(1,233)	(1,648)	(1,233)
<b>Net assets excluding pension liability</b>		<b>23,326</b>	<b>33,439</b>	<b>22,928</b>	<b>33,429</b>
Multi-employer pension scheme liability	23	(406)	(1,866)	(406)	(1,866)
Defined benefit pension scheme liability	23	(3,106)	(5,402)	(3,106)	(5,402)
<b>Net assets</b>		<b>19,814</b>	<b>26,171</b>	<b>19,416</b>	<b>26,161</b>
<b>Funds</b>					
Endowments	24	1,075	1,044	1,076	1,045
Restricted funds	25	4,322	4,345	4,322	4,345
		<b>5,397</b>	<b>5,389</b>	<b>5,398</b>	<b>5,390</b>
<b>Unrestricted Funds</b>					
Unrestricted funds excluding pension liability		(6,163)	3,854	(6,562)	3,843
Revaluation reserve		24,092	24,196	24,092	24,196
Pension reserve		(3,512)	(7,268)	(3,512)	(7,268)
<b>Total unrestricted funds</b>		<b>14,417</b>	<b>20,782</b>	<b>14,018</b>	<b>20,771</b>
<b>Total charity funds</b>	26	<b>19,814</b>	<b>26,171</b>	<b>19,416</b>	<b>26,161</b>

The financial statements were approved by the Board of Trustees on 9 July 2022.

Trustees		M Hart		G Turnock
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Company registration number: 282555

The accompanying accounting policies and notes form an integral part of these financial statements.

# Consolidated statement of cash flows

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Net cash provided/used in operating activities	27	1,532	(15,227)
<b>Cash flows from investing activities</b>			
Investment income (including interest received)	7	21	20
Sale of tangible fixed assets		6,286	379
Purchase of tangible fixed assets		(1,658)	(1,156)
Purchase of intangible fixed assets		(153)	(70)
Net cash provided/used in investing activities		4,496	(827)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(38,522)	(19)
Capital element of finance lease rentals		(118)	(199)
Cash receipts from borrowings		41,406	19,219
Interest paid	8	(1,594)	(1,371)
Net cash provided by financing activities		1,172	17,630
<b>Change in cash and cash equivalents in the reporting period</b>		<b>7,200</b>	<b>1,576</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>4,134</b>	<b>2,558</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	28	<b>11,334</b>	<b>4,134</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# Notes to the financial statements

## 1 Company information

YHA is a company limited by Guarantee (company number 282555). The registered office is Trevelyan House, Dimple Road, Matlock, Derbyshire DE4 3YH.

## 2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

YHA (England and Wales) meets the definition of a public benefit entity under FRS 102, and applied the sections in FRS 102 as applicable.

The financial statements are presented in Sterling £'000.

### Going concern

These financial statements have been prepared on a going concern basis taking note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is an appropriate basis of preparation of the financial statements.

The Trustees have reviewed our reserves policy and agreed that, given the current market conditions and to ensure that there are sufficient cash balances to meet our ongoing liabilities and unforeseen financial difficulties, the charity would endeavour to maintain cash reserves of between £9m and £10m.

The Trustees have reviewed the financial forecasts to July 2023, including a reduced trading scenario, and have concluded that the charity will be able to meet its liabilities as they fall due and have plans and resources to manage its business risks successfully. Trustees do not believe that there are any material uncertainties which cast significant doubt on the ability of YHA to continue as a going concern and therefore these financial statements have been prepared on a going concern basis.

## 2 Basis of preparation (continued)

### Basis of consolidation

The group financial statements consolidate those of YHA and of its subsidiary undertaking (see note 14). Subsidiaries are defined as entities where the parent charity has control and derives financial benefit and are consolidated on a line-by-line basis.

## 3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant 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. The items in the financial statements where these judgements, estimates and assumptions have been made include:

### Retirement benefit schemes

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 23 provides information on the assumptions used in these financial statements.

The Group also participates in a multi-employer defined benefit scheme, which is accounted for as a defined contribution scheme, administered by The Pensions Trust, who are responsible for the above assumptions in relation to determining the total liability of the overall scheme. As a participating employer, the YHA's share and contribution to the liabilities of the scheme is reviewed and agreed by the Trustees every three years. Under the provisions of FRS102 this liability is included in these statements on a discounted net present value basis. Further details on the accounting policies relating to the multi-employer defined benefit scheme are provided in note 4.

### Provisions

These financial statements include provisions for liabilities as at 28 February 2022 that have arisen as a result of a past event, and that are judged probable to materialise at a future date. Where precise factual valuations of the liability are not available, judgement has been used to estimate the size and probability of the liability. Specifically, these provisions include estimates of dilapidation liabilities under property leasehold contracts and are stated on a net present value basis.

### Assets under construction

These represent spend and work-in-progress on partially complete assets that are not in productive use in the business. This will principally be (but not exclusively) major refurbishment and development projects in YHA's estate portfolio and business systems/IT infrastructure projects. Where projects stretch over more than one year the values are reviewed to ensure that the spend still represents a tangible or intangible asset.

## 3 Significant judgements and estimates (continued)

### Grants

The recognition of grants and capital contributions in these financial statements involves judgements as to whether performance or other relevant entitlement conditions have been met. The recognition of grants in restricted funds involves a judgement as to the Useful Economic Life of the asset to which it relates.

## 4 Principal accounting policies

### Income

Income generated from the operation of youth hostels represents the fair value of the amount receivable by YHA for goods supplied and services provided, excluding value added tax and net of trade discounts. Consequently, the income due from a particular guest is recognised when that guest stays with YHA. Payment received from guests in advance of their stay is recorded as deferred income (see note 18). Membership subscriptions are recognised when received.

Where hostels have been leased to organisations to provide accommodation for charitable purpose these amounts have been recognised as income.

Income from YHA Trading Limited represents commercial goods supplied and services provided by that YHA company to its customers and income is recognised when the goods or services are delivered. Donations, gifts and legacies are recognised in the statement of financial activities when it is probable that the income will be received, and all entitlement conditions will be met.

The charity carries out work for government bodies and income under these contracts is recognised once milestones attached to income have been met. Incoming resources on government contracts are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

### Grants

Revenue grants, including coronavirus job retention scheme grants, are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable.

### Income from investments

Investment income is recognised when receivable.

### Endowments

Endowment income is credited to the income and expenditure account on a receivable basis.

## 4 Principal accounting policies (continued)

Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains and losses are retained within the endowment in the balance sheet.

### Restricted permanent endowment

This relates to funds where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Restricted expendable endowment

This relates to funds which were permanent endowments but given the small scale of the specific individual funds, agreement was received from the Charities Commission that these could be spent in line with the original objective of each fund.

## Fund accounting

Restricted funds are those for which specified purposes were laid down by the donor or grant-giving body. Expenditure for those purposes is charged to the appropriate fund.

Unrestricted funds are donations and other income received or generated for expenditure on the general objectives of YHA.

When grants and donations are received for a specific purpose involving capital investment, the cash will be recorded against a restricted fund. When the investment has been made, the relevant capital asset will be recorded against the relevant fund, and depreciation of the asset charged against the fund. Once any restrictions on the use of the asset have expired, the asset will be transferred from the restricted fund to YHA's unrestricted funds.

## Tangible and intangible fixed assets

### Fixed asset accounting policy

Tangible and intangible fixed assets are stated at cost, net of depreciation. No depreciation is charged during the period of development or construction.

Depreciation is calculated to write down the cost or estimated residual value of all tangible fixed assets over their expected useful lives. All depreciation is on a straight-line basis, and assets are amortised as follows:

Freehold properties	:	land not amortised
Freehold properties	:	buildings superstructure up to 50 years
Freehold properties	:	buildings sub-structure / other between 10 and 30 years
Leasehold properties	:	long term leases: market value over length of lease
Leasehold properties	:	building shorter of economic life or length of lease
Fixtures & fittings	:	between 3 and 15 years
Intangible assets	:	up to 4 years

Assets under construction represent spend and work-in-progress on partially complete assets that are not in productive use in the business. This will principally be (but not exclusively) major refurbishment and development projects in YHA's estate portfolio and business systems/ IT infrastructure projects.

## 4 Principal accounting policies (continued)

Assets under construction are carried at cost and are not depreciated until they come into use and are capitalised in the asset register. Where the date of capitalisation is later than the date of productive use, a retrospective depreciation adjustment is made to correct Net Book Value (NBV).

## Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

## Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

## Investments

Assets held for investment purposes are measured at fair value. Changes in fair value are recognised in the income and expenditure accounts. Fair value is estimated using value at the balance sheet date.

Net gains and losses on revaluations and disposals during the year are included in the statement of financial activities.

## Expenditure

Expenditure, which is charged on an accruals basis, is allocated between:

- Expenditure incurred directly in the fulfilment of YHA's objectives (direct charitable). This includes head office support costs which are directly attributed to the operation of youth hostels.
- Expenditure incurred directly in the effort to raise voluntary contributions (membership, fundraising and publicity).
- Expenditure incurred in the governance of YHA. This includes internal and external audit costs, chief executive costs and similar governance costs.

## Staff costs

A range of benefits are provided to employees, including paid holiday arrangements and defined benefit and or defined contribution pension plans. Short term benefits including holiday pay and other similar costs are recognised as an expense in the period in which the service is received.

## 4 Principal accounting policies (continued)

### Redundancy and termination payments

All redundancy and termination payments, including ex-gratia payments and amounts in lieu of notice are charged or accrued as incurred.

### Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

### Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the SOFA in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employers are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

### Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so

## 4 Principal accounting policies (continued)

as to produce a constant rate of return on the outstanding liability. Financial liabilities are initially recognised at fair value then subsequently at amortised cost using the effective interest method.

### Stocks

Stocks are stated at the lower of cost using the first in, first out method and net realisable value.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring income and expenditure. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

### Retirement benefits

#### Defined contribution group personal pension schemes

Contributions payable to the schemes in respect of each accounting period are included in the statement of financial activities in that period.

#### Defined benefit pension scheme (closed)

The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the attained age method on the basis of triennial valuations and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus would only be recognised to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are included in the statement of financial activities. Past service costs are spread over the period until the benefit increases. The difference between interest on the scheme liabilities and the expected

## 4 Principal accounting policies (continued)

return on scheme assets is included in interest payable or investment income as appropriate. Actuarial gains and losses are reported in the consolidated statement of financial activities.

### Multi-employer defined benefit scheme

YHA participates in a multi-employer scheme, administered by The Pensions Trust, which provides benefits for 854 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for YHA to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, YHA accounts for the scheme as a defined contribution scheme. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Where the scheme is in deficit and where YHA has agreed to a deficit funding arrangement, YHA recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

### Gift aid payment to parent charity

The trading company pays all its taxable profits for the year to its parent charity under the gift aid scheme. These gift aid payments are recognised as distributions to owners in equity within retained earnings.

At the reporting date the Board had indicated its intention to pay the taxable profits to the parent charity in respect of the reporting period. The payment is expected to be made within nine months of the end of the reporting date.

The company previously recognised gift aid payments in the income statement in the year that profits arose. The company has changed its accounting policy as a result of The Financial Reporting Council clarifying the accounting treatment for such payments in its triennial review of FRS 102.

The change in accounting policy for gift aid payments results in the company recognising a taxation charge on its profits for the year. However, the application of the exception under paragraph 29.14A of FRS 102 provides relief in respect of the accounting for the tax charge. This results in an overall £nil charge for tax in the income statement. This exception is only applicable as it is probable that the gift aid payment will be made by the company to the parent charity within nine months of the reporting date.

## 5 Grants and contracts

	2022 Restricted Funds (Capital) £'000	2022 Restricted Funds (Other) £'000	Total 2022 £'000	Total 2021 £'000
COVID-19 related grants	–	3,700	3,700	2,421
Other grants	–	2,014	2,014	85
Grants receivable in the year	–	5,714	5,714	2,506

All grants receivable in the year related to restricted funds (see note 25).

During the year grants totalling £3,700,000 (2021: £2,421,000) were received to support the charity throughout the COVID-19 pandemic of which £2,093,000 (2021: £1,464,000) related to business and hospitality support grants from Local Authorities.

This funding was supplemented by support from the National Lottery Cultural Recovery Fund with £1,465,000 being received in the year. Other grants were received from the Wales Third Sector Resilience Fund (£75,000), Moondance (£49,000) and the Welsh Government (£20,000). All grants were gratefully received in the year and these have really helped to provide much needed financial support in these very challenging times.

Other grants received in the year amounted to £2,014,000 with the majority being provided by the Heritage Lottery Fund for our Generation Green project (£1,859,000). Other grants totalling £155,000 were received from a range of organisations including Sport England (£60,000), Kickstart funding (£56,000), North York Moors National Park Authority (£25,000) and Waitrose (£13,000).

## 6 Charitable income

	2022 £'000	2021 £'000
Income from operating youth hostels	21,342	10,598
Membership income received directly by the group	976	883
Total income from operating youth hostels	22,318	11,481

## 7 Investment income

	2022 £'000	2021 £'000
Listed stocks and shares	21	20
Cash and deposits	–	–
	21	20

## 8 Interest and financing costs

	2022 £'000	2021 £'000
Net pension cost	109	83
On bank loans, overdrafts and other loans	1,504	1,296
Financing costs amortised	87	70
Finance charges in respect of finance leases	3	5
	<b>1,703</b>	<b>1,454</b>

Interest payable is included within other direct costs (see note 9).

## 9 Total expenditure

Due to the structure of YHA it is considered that any allocation of support costs from costs of operating youth hostels would be immaterial.

	Direct Staff Costs £'000	Other Direct Costs £'000	Deprec'n £'000	Total 2022 £'000	Total 2021 £'000
Costs of operating youth hostels	17,896	17,869	5,484	41,249	38,351
Costs of operating YHA Trading Ltd	1,222	1,873	–	3,095	1,829
Other fundraising costs	237	168	–	405	301
Other costs – governance costs	–	148	–	148	144
Total expenditure	<b>19,355</b>	<b>20,058</b>	<b>5,484</b>	<b>44,897</b>	<b>40,625</b>

## 9 Total expenditure (continued)

	Total 2022 £'000	Total 2021 £'000
Depreciation comprises:		
Depreciation on owned tangible assets	5,181	4,864
Depreciation on owned intangible assets	288	284
Depreciation on tangible assets held under finance lease	15	15
	<b>5,484</b>	<b>5,163</b>
Other direct costs comprise:		
Repairs and maintenance of buildings – ongoing	3,499	2,540
Repairs and maintenance of buildings – dilapidation provision	285	100
Fuel, heat and light	1,893	1,432
Food and beverage costs	1,667	838
Activity and transport providers	198	77
Restructuring costs (including redundancy)	229	1,167
Travel	466	426
Communication costs	420	459
Cleaning and laundry	1,368	822
Interest payable	1,703	1,454
Marketing and publications	541	385
Insurance	444	498
Auditors' remuneration – audit	54	48
Auditors' remuneration – non-audit services taxation (inc.IXBRL)	7	5
Operating lease rentals – land and buildings	2,134	2,011
Operating lease rentals – fixtures & fittings	380	492
Other direct costs	4,770	2,626
	<b>20,058</b>	<b>15,380</b>

## 10 Trustees and employees

All Directors are Trustees and all Trustees are Directors.

	Group 2022 £'000	2021 £'000
Staff costs during the year were as follows:		
Wages and salaries	15,807	17,061
Social security costs	1,244	1,292
Other pension costs	888	909
Redundancy costs	229	1,167
	<b>18,168</b>	<b>20,429</b>

## 10 Trustees and employees (continued)

The average number of employees of YHA during the year was 825 (2021: 977).

The full-time equivalent number of employees was 525 (2021: 632).

The chief executive is the highest paid employee and is not a Trustee of the organisation. His annual remuneration, including benefits in kind, in 2021/22 was £131,609 per annum (2020/21: £134,641). The Board of Trustees neither received nor waived any emoluments during the year (2021: £nil).

The redundancy costs includes £6,481 (2021: £42,585) in respect of ex-gratia payments agreed under the termination of employment.

The number of other staff whose total emoluments for the year exceeded £60,000 was as follows:

	2022	2021
£60,000 - £69,999	6	7
£70,000 - £79,999	3	–
£80,000 - £89,999	–	1
£90,000 - £99,999	1	2
£100,000 - £109,999	1	2
£110,000 - £119,999	1	–
£120,000 - £129,999	–	–
£130,000 - £139,999	1	1

YHA made payments totalling £43,439 (2021: £46,122) into defined contribution schemes for 13 (2021: 13) of these employees.

Out of pocket expenses were reimbursed to Trustees as follows:

	2022 Number	2021 Number	2022 £'000	2021 £'000
Travel and attendance at meetings	4	5	1	1

During the year, no goods were purchased from companies in which Trustees held an interest. No amounts were owing to such companies at the end of the financial year.

The key management personnel of the parent charity, the Trust, comprised the Trustees, the chief executive, and four other executive directors. The total employee benefits of these key management personnel of YHA was £543,970 (2021: £660,060).

The remuneration of the key management personnel is determined by the Board's Remunerations Committee. In determining this, the Committee makes use of external consultations and comparisons to ensure that the pay and emoluments of YHA staff are fair in value to those having similar responsibilities and circumstances in organisations in the not for profit and commercial sectors. Salaries are set at the lower quartile of recognised industry wide benchmark surveys.

The chief executive used payroll giving to make charitable donations to YHA totalling £8,545 in the year.

## 11 Charitable company results

The charitable company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of YHA are summarised below:

	2022 £'000	2021 £'000
Total income	31,885	24,240
Total expenditure	(41,802)	(38,796)
Net (expenditure)	(9,917)	(14,556)
Net investments gains	31	84
Net (expenditure)	(9,886)	(14,472)

During the year the charitable company received a gift aid donation amounting to £194,000 (2021: £1,579,000) from its trading subsidiary.

## 12 Tangible fixed assets (group and company)

	Freehold L&B £'000	Long Leasehold L&B £'000	Short Leasehold L&B £'000	Fixtures, Fitting & Equipment £'000	Assets Under Construction £'000	Total £'000
<b>Cost</b>						
At 1 March 2021	85,630	31,853	21,342	20,072	1,025	159,922
Transfers	18	24	–	8	(50)	–
Additions	602	233	195	40	588	1,658
Disposals	(7,358)	(399)	(118)	(326)	–	(8,201)
At 28 February 2022	78,892	31,711	21,419	19,794	1,563	153,379
<b>Depreciation</b>						
At 1 March 2021	25,809	9,865	13,730	16,000	–	65,404
Provided in the year	2,544	1,013	716	923	–	5,196
Disposals	(1,389)	(393)	(118)	(243)	–	(2,143)
At 28 February 2022	26,964	10,485	14,328	16,680	–	68,457
<b>Net book amount</b>						
At 28 February 2022	51,928	21,226	7,091	3,114	1,563	84,922
At 29 February 2021	59,821	21,988	7,612	4,072	1,025	94,518

## 12 Tangible fixed assets (group and company) (continued)

All tangible fixed assets were used for charitable purposes.

The net book amounts stated above include fixtures, fittings and equipment held under finance leases and similar hire purchase contracts of £nil (2021: £nil) and freehold property held under finance leases and similar hire purchase contracts of £955,000 (2021: £970,000).

Depreciation of assets held under finance leases and similar hire purchase contracts was £nil (2021: £nil) on fixtures, fittings and equipment and £15,000 (2021: £15,000) on freehold property.

Land values were increased on transition to FRS 102 in 2016 to reflect fair market value. A post year-end review of these values based on valuations received as part of the refinancing exercise in 2017 found no reason to amend these values.

## 13 Intangible fixed assets (group and company)

	Fixtures, Fitting & Equipment	Assets Under Construction	Total £'000
<b>Cost</b>			
At 1 March 2021	1,151	87	1,238
Transfer	–	–	–
Additions	–	153	153
At 28 February 2022	1,151	240	1,391
<b>Depreciation</b>			
At 1 March 2021	612	–	612
Provided in the year	288	–	288
At 28 February 2022	900	–	900
<b>Net book amount</b>			
At 28 February 2022	251	240	491
At 29 February 2021	539	87	626

The depreciation for fixtures, fittings and equipment is reported under depreciation on owned intangible assets under note 9.

## 14 Fixed asset investments

Total fixed asset investments comprise:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest in group undertakings	–	–	1	1
Other fixed asset investments	1,075	1,044	1,075	1,044
Market value at 28 February 2022	1,075	1,044	1,076	1,045

### Interests in group undertaking

At 28 February 2022 the charitable company held 100% of the allotted share capital of the following:

	Country of incorporation	Class of share capital held	Company number	Capital and reserves £	Result for the financial period £
YHA Trading Limited	England and Wales	Ordinary shares	05373368	100	581,546
					£'000
<b>YHA Trading Limited</b>					
Turnover					3,676
Expenditure					(3,095)
Result for the period before tax					581

### Other fixed asset investments

	Group and Company £'000
Market value as at 1 March 2021	1,044
Additions	228
Disposals	(259)
Realised gain	28
Unrealised loss	34
Market value at 28 February 2022	1,075

## 14 Fixed asset investments (continued)

At 28 February 2022 the other fixed asset investments were held as follows:

	2022 £'000	2021 £'000
Listed stocks and shares	1,026	1,014
Cash	49	30
Market value at 28 February 2022	<u>1,075</u>	<u>1,044</u>

There were no specific investments that represented more than 5% of the portfolio by market value:

## 15 Stocks

Group and company

	2022 £'000	2021 £'000
Goods for resale	<u>174</u>	<u>94</u>

## 16 Debtors

Group and company

	2022 £'000	2021 £'000
Trade debtors	259	171
Prepayments and accrued income	657	407
Other debtors	1,967	1,574
	<u>2,883</u>	<u>2,152</u>

## 17 Creditors: amounts falling due within one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans	–	52,371	–	52,371
Other loans	–	3	–	3
Trade creditors	2,494	1,212	2,494	1,212
Amounts due to group undertakings	–	–	399	11
Social security and other taxes	943	423	943	423
Other creditors	777	895	777	895
Accruals	2,396	1,907	2,396	1,907
Deferred income (note 18)	6,474	2,153	6,474	2,153
Amounts due under finance leases	123	118	123	118
	<u>13,207</u>	<u>59,082</u>	<u>13,606</u>	<u>59,093</u>

## 18 Deferred income

Group and company

	2022 £'000	2021 £'000
At 1 March 2021	3,551	9,207
Released during year	(3,551)	(9,207)
Deferred during year	6,802	3,551
At 28 February 2022	<u>6,802</u>	<u>3,551</u>

The deferred income consists of:

Advance bookings	6,721	3,459
Un-allocated cash receipts	81	92
	<u>6,802</u>	<u>3,551</u>
Creditors: amounts falling due within one year	6,474	2,153
Creditors: amounts falling due after more than one year	328	1,398
	<u>6,802</u>	<u>3,551</u>

## 19 Creditors: amounts falling due after more than one year

### Group and company

	2022 £'000	2021 £'000
Bank loans	62,150	7,075
Other loans	25	19
Amounts due under finance leases	130	253
Deferred income	328	1,398
Other amounts	65	69
	<b>62,698</b>	<b>8,814</b>

## 20 Provision for liabilities

	General provisions £'000	Dilapidation provision £'000	Total provisions £'000
Balance at 1 March 2021	59	1,174	1,233
Released during the year	(59)	–	(59)
Arising in the year	189	285	474
Balance at 28 February 2022	<b>189</b>	<b>1,459</b>	<b>1,648</b>

The general provision includes the holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward.

The dilapidations provision represents obligations for rented properties which are due for renewal in the next 3 years. £854,000 of the provision (2021: £854,000) relates to YHA London St Pauls.

## 21 Borrowings

Borrowings are repayable as follows:

### Group and company 2022

	Within one year £'000	After one year and within two years £'000	After two years and within five years £'000	After five years £'000	Total £'000
Bank loans	–	62,150	–	–	62,150
Other loans	–	25	–	–	25
Finance leases	123	130	–	–	253
Total borrowing	123	62,305	–	–	62,428
Cash at bank and in hand					(11,334)
Net borrowings					<b>51,094</b>

### Group and company 2021

	Within one year £'000	After one year and within two years £'000	After two years and within five years £'000	After five years £'000	Total £'000
Bank loans	52,371	7,075	–	–	59,446
Other loans	3	19	–	–	22
Finance leases	118	123	130	–	371
Total borrowing	52,492	7,217	130	–	59,839
Cash at bank and in hand					(4,134)
Net borrowings					<b>55,705</b>

Negotiations were concluded within the year to extend the HSBC bank loan to November 2023. Given the nature of the changes to some of the terms, including margin rates, and other restrictions it was considered a significant modification of debt when assessed under the FRS102 accounting standard. Consequently, the transaction has been accounted for by the derecognition of the original loan and the recognition of a new loan.

The bank loans are secured by fixed charges over certain properties of YHA and a floating charge over all the assets of YHA. Interest (excluding margin) is charged at variable rates. There are no repayments due on the loan until the loan matures on 24 November 2023.

YHA Trading Limited acts as a guarantor for the HSBC bank loan.

## 22 Financial instruments

Group	2022 £'000	2021 £'000
Financial assets measured at amortised cost		
Trade debtors	259	171
Other debtors	1,967	1,574
Cash	11,334	4,134
	<b>13,560</b>	<b>5,879</b>
	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost		
Bank loans	62,150	59,446
Other loans	25	22
Trade creditors	2,494	1,212
Accruals	2,396	1,907
Amounts due under finance leases	253	371
	<b>67,318</b>	<b>62,958</b>

## 23 Retirement benefits

### Group and company

Historically YHA has operated a number of different Pensions Schemes:

A final salary defined benefit scheme administered by the Pensions Trust. This scheme is now closed but the residual liabilities of this scheme are disclosed within our accounts in line with FRS17 definitions.

YHA employees also had the opportunity to join the Pensions Trust Growth Plan. This is a multi-employer scheme which has progressed through four versions (or Series).

Although set up as defined contribution schemes, because of the guaranteed benefits they offered, Series 1 and 2 have subsequently been deemed to be defined benefit schemes. Series 3 which carried a guarantee that the value of investments would not fall, has also now been re-classified as a defined benefit scheme. Only Series 4 can be classified as a defined contribution scheme. Although Series 1 to 3 are defined benefit schemes as defined within FRS17, YHA is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the contributions have been accounted for as if they were defined contribution schemes.

YHA operates a defined contribution scheme administered by Scottish Widows as well as the auto enrolment pension scheme for all new employees (and for those existing employees who were not members of either the Growth Plan or the defined contribution scheme). All auto enrolment contributions are paid into the Peoples Pension administered by B&CE.

## 23 Retirement benefits (continued)

### Defined benefit pension scheme

YHA operated a defined benefit pension scheme for the benefit of staff. The assets of the scheme are administered by Trustees in funds independent from those of YHA and its subsidiary undertaking.

Pension costs are assessed, on a triennial basis and in accordance with the advice of a qualified actuary using the projected unit method. The assumptions, which have had the most significant effect on the results of this year's valuation are those relating to the assumed discount rate used to value the scheme's liabilities, the rate of return on investments and the rates of increase in salaries and pensions.

In order to minimise future liabilities, the scheme was closed to new entrants at 31 December 2002, and to future accrual from 31 December 2011.

A full actuarial valuation was carried out at September 2020, which showed that the value of those assets was sufficient to cover 74% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

### Pension cost

The charge for the year was as follows:

	2022 £'000	2021 £'000
Defined benefit scheme – expenses	93	93
Defined contribution pension schemes	420	450
Multi-employer defined benefit scheme	468	459
	<b>981</b>	<b>1,002</b>

Included within the multi-employer defined benefit scheme contributions above are amounts of £351,977 (2021: £341,724) relating to additional contributions as part of the recovery plan agreed with the Pension Trust.

The above charge is exclusive of top up contributions for the final salary pension scheme of £461,063 (2021: £447,634).

In accordance with FRS 102 the net pension liability of the defined benefit scheme is included on the balance sheet of YHA. The most recent actuarial valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS102 to assess the liabilities of the scheme at 28 February 2022. Scheme assets are stated at their market value.

## 23 Retirement benefits (continued)

The principal assumptions used by the actuary were:

	2022	2021	2020
Inflation CPI	3.3%	2.9%	1.9%
Rate of increase in salaries	3.6%	3.2%	3.9%
Rate of increase of pensions	3.1%	2.9%	2.0%
Rate of increase for deferred pensions	3.6%	3.2%	2.9%
Discount rate	2.6%	2.1%	1.8%

The post-retirement mortality assumptions used to value the liability at 28 February 2022 is based on the SAPS table S3PXA (all pensioners – Pensions Amounts) with a scaling factor of 0% (pre-retirement) and 114% (post-retirement) projected using CMI-2021 improvements with a 1.5% pa long term improvement rate for males and a 1.25% long term improvement rate for females.

The life expectancy of a male member reaching age 65 in 2042 is projected to be 23 years (2021: 22.8 years) compared to 21.3 years (2021: 21.2 years) for someone reaching 65 in 2022. The life expectancy of a female member reaching age 65 in 2042 is projected to be 25.2 years (2021: 25.1 years) compared to 23.8 years (2021: 23.6 years) for someone reaching 65 in 2022.

The split of assets in the scheme and the expected long-term rates of return were:

	2022 value £'000	2021 value £'000	2020 value £'000
Equities	2,656	2,188	2,357
Bonds	4,945	7,027	6,053
Property	1,977	1,071	1,056
LDI	8,312	6,359	7,524
Other	7,170	6,963	6,373
Total market value of assets	25,060	23,608	23,363
Present value of scheme liabilities	(28,166)	(29,010)	(28,238)
Net pension liability	(3,106)	(5,402)	(4,875)

The rate of return for 2022 is equal to 2.6% (2021: 3.7%). Under FRS 102 the rate of return is not split between the assets of the scheme.

## 23 Retirement benefits (continued)

The movement in the deficit in the year, included in the financial statements, was as follows:

	2022 £'000	2021 £'000
Contributions	93	93
Additional contributions	351	232
Net contributions less expenses of the scheme	444	325
Expected return on pension scheme assets	(83)	(91)
Interest on pension scheme liability	489	406
	(598)	(489)
	252	151
Actuarial gain/(loss) (see below)	2,044	(678)
	2,296	(527)
Deficit in scheme at beginning of year	(5,402)	(4,875)
Deficit in scheme at end of year	(3,106)	(5,402)
Actual return less expected return on pension scheme assets	1,641	159
Experience gains and losses arising on the scheme liabilities	(150)	(345)
Changes in the assumptions underlying the present value of the scheme liabilities	553	(492)
Actuarial gain/(loss)	2,044	(678)

The net of the expected returns on pension scheme assets and interest on pension scheme liabilities of £109,000 (2021: £83,000) is shown in interest payable. Changes in the present value of the defined benefit obligation are as follows:

	2022 £'000	2021 £'000
Opening defined benefit obligation at 1 March	29,010	28,238
Interest cost	598	489
Actuarial losses	(403)	837
Benefits paid	(1,039)	(554)
Closing defined benefit obligation at 28 February	28,166	29,010

Changes in the fair value of plan assets are as follows:

	2022 £'000	2021 £'000
Opening fair value of scheme assets at 1 March	23,608	23,363
Expected return	489	406
Expenses	(83)	(91)
Actuarial gains	1,641	159
Employer contributions	444	325
Benefits paid	(1,039)	(554)
Closing fair value of scheme assets at 28 February	25,060	23,608

## 23 Retirement benefits (continued)

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of scheme assets at 28 February	25,060	23,608	23,363	20,334	20,496
Present value of defined benefit obligation at 28 February	(28,166)	(29,010)	(28,238)	(25,229)	(25,457)
Deficit in the scheme	(3,106)	(5,402)	(4,875)	(4,895)	(4,961)
Experience adjustments on scheme assets	1,641	159	3,173	(276)	197
Experience adjustments on scheme liabilities	(150)	(345)	34	191	157

### Multi-employer defined benefit scheme

Under the definition set out in FRS 102, the Pensions Trust Growth Plan Series 1, 2 and 3 are multi-employer pension schemes. YHA is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the contributions have been accounted for as if they were defined contribution schemes. Schemes 1 and 2 closed to new members in 2001, members of scheme 3 have the opportunity to remain in the scheme or join the Scottish Widows defined contribution scheme. The last actuarial valuation concluded and published by the Pensions Trust was at 30 September 2020. The assets and liabilities and comparison to the previous triennial valuation in September 2017 were as follows:

	30 September 2020 million £	30 September 2017 million £
Assets	800.3	794.9
Present value of liabilities	(831.9)	(926.4)
Deficit	(31.6)	(131.5)

The assumptions that had the most significant effect on the valuation were as follows:

	30 September 2020	30 September 2017
<b>Financial assumptions</b>		
Market implied inflation	3.15%	3.4%
Long term gilt yield	0.67%	1.8%
<b>Discount rates</b>		
Pre-retirement rate	–	3.1%
Post retirement rate	–	2.3%
<b>Inflation</b>		
RPI	3.2%	3.4%
CPI	2.3%	2.5%

## 23 Retirement benefits (continued)

The discount rate assumption used in the valuation process has been revised and no longer has a separate rate for pre and post retirement. The discount rate is now based on the initial rate of gilt yield curve plus 1.23% p.a. at the valuation date tapering to gilt curve plus 0.5% p.a. over a period of 10 years.

The deficit of £31.6 million represents a funding level of 96.2%. At the 2011 valuation the Trustees put in place a recovery plan with the aim of eliminating this deficit via a combination of additional contributions from employers and investment returns over a period of 10 years from 1 April 2013. As a result of the 2014 valuation the recovery plan had been extended by 2 years and 5 months until 31 August 2025. However under the 2017 valuation this repayment period reduced to 31 January 2025. Whilst the deficit liability has reduced under the 2020 valuation it was agreed to retain the repayment period at the 31 January 2025 timeframe but to reduce the annual deficit payments according.

The Pensions Trust had previously notified YHA that the additional contributions required from YHA (England and Wales) from 1 April 2013 would be £385,220 rising by 3% per year. This was subsequently revised from 1 April 2016 to £403,318 and then from 1 April 2019 to £436,021. Under the 2020 valuation the annual deficit payment is £133,333.

### Multi-employer Pension Scheme liability

	2022 £'000	2021 £'000
Balance at 1 March	1,866	2,278
Paid in the year	(461)	(448)
Interest expense	9	21
(Decrease)/increase in liability	(1,008)	15
Balance at 28 February	406	1,866

We have been notified by the Trustee of our Schemes that it has performed a review of the changes made to the benefits of both the defined benefit and multi- employer defined benefit schemes over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme's liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

## 24 Endowments

### Group and company

	At 1 March 2021 £'000	Realised gain £'000	Unrealised loss £'000	At 28 February 2022 £'000
Wilderhope Funds	138	4	–	142
Richards bequest	429	13	(3)	439
Peter Grant Fund	84	3	–	87
Peter Grant Endowment Fund	106	3	(1)	108
Merseyside YH Golden Jubilee Trust	142	–	8	150
	899	23	4	926
Expendable endowments	145	5	(1)	149
	1,044	28	3	1,075

The Wilderhope Manor Fund and the Wilderhope Fund were created to provide financial support for the continuing use of Wilderhope Manor as a youth hostel.

The Richards Bequest generates income to pay for providing “various equipment for inside and outside sports & games, and material for handicrafts”.

The Peter Grant funds were given to generate income for the maintenance of our hostels, (the endowment fund) and to give disadvantaged youngsters the opportunity to experience YHA.

The Merseyside Youth Hostel Golden Jubilee Trust endowment provides assistance, financial or otherwise to “enable needy or disabled young persons to enjoy the benefits of youth hostelling activities”.

Also included in the company are investments in YHA Trading Limited of £100.

## 25 Restricted funds

### Group and company

	At 1 March 2021 £'000	Incoming resources £'000	Expenditure £'000	Transfers to/from unrestricted fund £'000	At 28 February 2022 £'000
Breaks/Project 90 fund	400	266	(184)	–	482
Small hostels fund	357	173	(66)	–	465
Capital grants and donations	3,291	–	(112)	–	3,179
Revenue grants and donations	98	7,512	(7,589)	–	21
Other	199	21	(44)	–	175
	4,345	7,972	(7,995)	–	4,322

## 25 Restricted funds (continued)

	2022 £'000	2021 £'000
Restricted funds (capital)	3,179	3,291
Restricted funds (other)	1,143	1,054
	4,322	4,345

The breaks programmes fund (formerly Breaks4Kids) has been a long-standing fundraising appeal designed to give financial support to groups of disadvantaged youngsters and provide the opportunity of a stay with YHA. In 2019/20 we extended this project to expand the scope of the scheme to cover a wider group of disadvantaged young people and families as part of our 90th anniversary celebrations. Fortunately with the lifting of some of the COVID-19 restrictions we were able to deliver a number of stays this year.

The small hostels fund is supplemented by donations and legacies from people wishing to support the maintenance and development of YHA's small rural hostels. Donations of £173,000 the majority of which related to a legacy of £171,000 (2021: £5,000) were gratefully received in the year with £66,000 being spent from the fund this year to support the refurbishment of a number of hostels throughout the network.

During the year no capital grants (2021: £2,000) were received.

## 26 Analysis of net assets between funds

### Group

	Unrestricted Funds £'000	Realised Funds £'000	Endowment Funds £'000	2022 Total £'000
Tangible fixed assets	81,743	3,179	–	84,922
Intangible fixed assets	491	–	–	491
Investments	–	–	1,075	1,075
Current assets	13,248	1,143	–	14,391
Current liabilities	(13,207)	–	–	(13,207)
Long term liabilities	(64,346)	–	–	(64,346)
Pension liability – Defined benefit	(3,106)	–	–	(3,106)
– Multi-employer	(406)	–	–	(406)
	14,417	4,322	1,075	19,814

## 26 Analysis of net assets between funds (continued)

### Company

	Unrestricted Funds £'000	Realised Funds £'000	Endowment Funds £'000	2022 Total £'000
Tangible fixed assets	81,743	3,179	–	84,922
Intangible fixed assets	491	–	–	491
Investments	–	–	1,076	1,076
Current assets	13,248	1,143	–	14,391
Current liabilities	(13,606)	–	–	(13,606)
Long term liabilities	(64,346)	–	–	(64,346)
Pension liability – Defined benefit	(3,106)	–	–	(3,106)
– Multi-employer	(406)	–	–	(406)
	14,018	4,322	1,076	19,416

## 27 Reconciliation of changes in resources to net cash inflow from operating activities

	2022 £'000	2021 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(9,305)	(14,278)
<b>Adjustments for:</b>		
Depreciation	5,484	5,163
Pension contributions to reduce liabilities	(1,011)	(591)
Pension cost expenses non cash	83	91
Pension net interest non cash	109	83
Borrowings – non cash items (amortisation)	87	70
Gains on investments	(31)	(84)
Gains on sale of tangible fixed assets	(332)	(210)
Interest charge	1,594	1,371
Investment income – cash element	(21)	(20)
(Increase)/decrease in stock	(80)	257
Decrease/(increase) in debtors	(731)	204
Increase/(decrease) in creditors	5,271	(7,400)
Increase in provisions	415	117
Net cash provided by/ (used in) operating activities	1,532	(15,227)

## 28 Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash in hand	11,334	4,134

## 29 Reconciliation of net cash outflow to movement in net debt

	2022 £'000	2021 £'000
Increase in cash	7,200	1,576
Cash outflow from movement in debt and lease financing	(2,766)	(19,001)
Change in net debt resulting from cashflows	4,434	(17,425)
Non cash changes	177	(72)
Movement in net debt	4,611	(17,497)
Net debt at 1 March	(55,705)	(38,208)
Net debt at 28 February	(51,094)	(55,705)

## 30 Analysis of changes in net debt

	At 1 March 2021 £'000	Cash flows £'000	Non-cash changes £'000	At 28 February 2022 £'000
Cash in hand and at bank	4,134	7,200	–	11,334
Debt within one year	(52,374)	24,928	27,446	–
Debt after more than one year	(7,094)	(27,812)	(27,269)	(62,175)
Finance leases	(371)	118	–	(253)
	(55,705)	4,434	177	(51,094)
Cash in hand and at bank	4,134	7,200	–	11,334
Total borrowing & finance leases	(59,839)	(2,766)	177	(62,428)
	(55,705)	4,434	177	(51,094)

## 31 Capital commitments

	2022 £'000	2021 £'000
Contracted for but not provided for in these financial statements	470	–

Capital commitments are included for any remaining expenditure required to complete major projects. This is intended to reflect YHA's commercial intent and any material commitments to full completion of these projects and may be in excess of the contractually binding liability as at 28 February 2022.

## 32 Leasing commitments

### Group and company

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	2,122	627	2,118	514
Between one and five years	8,527	166	8,556	262
Between five and twenty-five years	51,041	–	51,168	–
Twenty-five years or more	3,221,330	–	3,288,843	–
	<b>3,283,020</b>	<b>793</b>	<b>3,350,685</b>	<b>776</b>

YHA holds leases on 13 properties beyond 25 years giving rise to a £3.2bn FRS 102 calculated liability. 97% of this calculated liability relates to commercial rent payable on a single property with 236 years of a 250-year term remaining. There is a break clause on this property in 17 years' time and every 35th anniversary thereafter which mitigates any risk to the charity.

## 33 Transactions with Trustees and other related parties

There were no transactions with Trustees other than those disclosed in note 10.

Other related party transactions for the year was limited to the procurement of services for the Outside Voices project from a consultancy owned by the spouse of one of the Executive Directors amounting to £1,023 (2021: £nil).

As YHA Trading Limited is a wholly-owned subsidiary of YHA, YHA is exempt from the requirements of FRS 102 to disclose transactions with this company.

## 34 Contingent land commitment

We have an agreement which would allow us to purchase land for development or onward sale, and we have until 1 November 2022 to take advantage of this option. This arrangement is subject to commercial sensitivity therefore the financial impact of this cannot be disclosed within this report.





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