

YMCA LONDON SOUTH WEST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

COMPANY NUMBER: 2971930

CHARITY NUMBER: 1041923

BDO LLP

YMCA LONDON SOUTH WEST

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

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REFERENCE AND ADMINISTRATION DETAILS

DIRECTORS

The Directors of the company during the period were:

Miss Helen Jones

Ms Alison Worthington

Mrs Thora Ray

Mr Tony May

Dr Iain Beith

Ms Val Hancock

Mr Howard Dawson

Chair (until 21st May 2016)

Mr Mike Parker

Mr Justin O'Brien

Mr Andy Palmer

Co-opted 28th Jan, Chair (from 21st May 2016)

Ms Lis Judge

Elected 12th Nov 2015

Mrs Louise Hedges

Co-opted 14th September 2016

COMPANY SECRETARY

Rev'd. Stuart N Leamy

CHIEF OFFICER TEAM

Chief Executive Officer

Mr Richard James

Chief Finance Officer

Rev'd. Stuart N Leamy

Chief Personnel Officer

Mr Neil Sherringham

Chief Operations Officer

Mrs Angela Garrett

REGISTERED AND PRINCIPAL OFFICE

St James House

9-15 St James Road

Surbiton, Surrey

KT6 4QH

REGISTERED NUMBERS

Company

2971930

Charity

1041923

HCA

LH4078

REFERENCE AND ADMINISTRATION DETAILS CONTINUED

AUDITOR

BDO LLP
55 Baker Street
London W1U 7EU

PRINCIPAL SOLICITORS

Bates, Wells Braithwaite London LLP
10 Queen Street
London EC4R 1BE

PRINCIPAL BANKERS

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Social Housing
SME Banking
3rd Floor
21-23 Hill Street
London W1J 5JW

**PRINCIPAL PROPERTY CONSULTANTS &
WIMBLEDON PROJECT MANAGERS**

Daniel Watney LLP
165 Fleet Street
London EC4A 2DW

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT)**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Association is a company limited by guarantee and incorporated in England & Wales (number: 2971930), a registered provider (number: LH4078) and a registered charity (number: 1041923). It is governed by a Board of Directors, whose members also function as the Trustees of the Charity. During the year ended 31 March 2016, the Board met on ten occasions and the AGM was held at YMCA White House on the 24th Nov 2015.

RECRUITMENT, APPOINTMENT, ELECTION, INDUCTION AND TRAINING OF DIRECTORS

When a vacancy becomes available it is advertised with a note on any specific skills that have been identified as required by the Board. Applications are considered by the Board and applicants are then interviewed by two delegated members of the Board (one of whom is usually the Chair). Applicants who are thought to have the necessary skills and interest are then invited to attend the first half of a full Board meeting during which they are asked if they are still interested in becoming a Director. Their application is then voted on by the Board.

New trustees are given a handbook and receive training, coordinated by the HR Department. They are also offered a tour of all the Associations sites and activities and allocated a 'Board Buddy' a mentor from the existing Board, someone who would be able to answer questions relating to Board practices or longstanding Association issues.

The Association recognises the need to keep existing and new trustees up to date with legislative and regulatory requirements including those of the Homes and Community Agency (HCA) and the Charity Commission. Regular training is provided to the full Board coordinated by the Board Improvement Group.

During the course of the period under review, the Board has participated in training including a session at the Board residential in September 2015 where Campbell Tickell outlined the Housing Association Board requirements as well as risks that the Board should be aware of. Further training included safeguarding of young and vulnerable people and the Christian Ethos of the YMCA Movement.

In addition, the Board considers the environment in which the Association is operating and considers projects and plans for future growth and development. Detailed policies are managed through the Association's Governance, Compliance and Risk software (Insight) and assurance is sought on how the Association is adhering to these policies and how it is meeting the obligations of statutory and regulatory bodies. Board Members make declarations of interest on any matter where they may have a personal interest.

Details of membership of the Board are provided on page 3. The Board continues to use sub-groups to give scrutiny and report on the activities of the Association. Sub-groups that met during the year were: the Board Improvement Group (BIG), the Board Development Group (BDG). Each sub-group is made up of a minimum of two Board members but involves other expert volunteers who offer advice and input.

There is also an Audit and Risk Committee (ARC) that reports to the Board and is tasked with ensuring compliance with regulatory and best practice procedures and overseeing internal control within the Association. The ARC has a budget independent of the Board and is able to commission investigations and reports without Board consent. It provides an annual report on its activities to the Board and met on four occasions during the period under review. The ARC currently consists of two members of the Board, and three independent members. Meetings with the external auditor take place at least once a year and as part of these meetings ARC members are able to meet with the Auditors without management being present.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors has overall responsibility for overseeing and managing risk. The ARC is tasked with ensuring that the Board and the Management are discharging this duty appropriately and checking compliance with the approved Risk Strategy.

Risk is split into three categories: Strategic, Operational and Project risk. Principal strategic risks identified include a major incident leading to serious damage to our reputation, a drop in income caused by a change to the exempt status of the hostel accommodation, a major reduction in public funding and sudden unforeseen expenditure such as failure of a major piece of plant in one of the hostels. With each of these and our other risks, actions and controls to mitigate are agreed, the implementation monitored and assurances gathered. The Association manages strategic risks through a software suite called Insight, and managers are required to update risks and mitigation regularly.

Strategic risk registers are regularly reviewed and reported to the Audit and Risk Committee every 6 months. Project risk maps are reported to the BDG alongside any new business proposal. All Board reports include consideration of risk including a detailed consideration of legal and financial risks. Operationally each centre has its own risk map with actions and controls for its normal activities as well as ensuring that risk assessments are carried out for each new project. Operational risks are considered at regular centre and departmental meetings.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued**CODE OF GOVERNANCE**

The Board is responsible for the good governance of the Association and has ultimate responsibility for all of the Association's affairs. In order to demonstrate excellence in Governance, the Board has adopted the National Housing Federation (NHF) Code of Governance. An initial compliance audit was carried out against this code in 2014/15 and 6 items were discovered to be outstanding. In line with the code's own recommendation a full audit will be undertaken again within 3 years, in the meantime the Board, through its Board Improvement subcommittee, agreed to address each of the non-compliances stated in the 2014/15 statements.

1. D1: Board Skills. As a result of merger the Board has now in place a succession plan that will take effect at the Autumn AGM. Independent members of sub committees are to be encouraged to consider stepping up onto the main Board should the skills match and opportunities arise.
2. D2: Maximum tenure: The Board will adopt the YMCA England Model Articles of Association at the AGM in the autumn. This will introduce limited terms of service for Board members.
3. D3: Reappointments subject to appraisal: the Board Improvement Group has reviewed the support offered to Board members. A register of attendances is maintained for all main board and sub committees.
4. D4: Board members not being entitled to stand again for a term: This is covered in the proposed new Articles.
5. E4: Board meeting effectiveness: Meeting evaluations have been reintroduced
6. G4: Chief Executive Officer (CEO) appraisal: This was carried out in Jan 2016 and targets were set for the year ahead. Also as part of the merger the Job Description has been reviewed and updated

The Association's compliance with the Code is monitored by the Board Improvement Group as well as the Audit and Risk Committee. Informed by the Code, a rolling plan is developed and agreed at the start of each year. This is accompanied by reports from the Chair, the CEO, Chief Finance Officer (CFO) and Chief Operations Officer (COO). These reports set out how the Association is meeting its charitable objectives, monitoring its risks and measuring its performance against financial and other targets.

MERGER CODE

The Board reviewed and adopted the NHF voluntary Merger Code in December 2015. The code sets out clear principles for boards and the executive to consider when they explore the questions of merger, group structure or partnership opportunities. This code will be revisited annually to ensure that we are adhering or whether it still remains relevant to our operations.

PUBLIC BENEFIT STATEMENT

In all its activities the Association has sought to further its objects of providing a Christian witness of service to the community at large and especially to those in need. More specifically, in line with its objects, it has:

- sought to tackle homelessness in south west London by providing living accommodation for those in need, especially young people and by providing systems to allow these people to move on into independent lifestyles;
- promoted physical health and wellbeing by providing facilities for sport, exercise and recreation and programmes that allow people to develop in body, mind and spirit;
- promoted emotional health and wellbeing by providing free or subsidised counselling;
- provided play and learning activities for children, young people and their families.

The Directors also annually review the Association's strategy and activities to ensure they continue to reflect its charitable objects. The Directors have also considered the Charity Commission's guidance on public benefit when reviewing and planning the Association's strategy and activities.

DIRECTORS

The Directors of the Association who served during the year are set out on page 3. Each of the directors confirms that so far as he/she is aware, there is no relevant audit information of which the Association's Auditor is unaware, and that he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Association's Auditor is aware of that information. The Statement of Directors' Responsibilities is set out on pages 15-16 and includes the Association's statement on internal controls.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued**FINANCIAL MATTERS**

For the year under review the Association reports a surplus of £140,816 (2015: £476,872). After a record financial return in the year to March 2015, the development works that were undertaken in the year to March 2016 have meant that the surplus for that year was much reduced. In particular these developments were the building of the first Y:Cube estate which has become YMCA Mitcham, the drop in occupancy at YMCA Surbiton due to the complete refurbishment of that building and the handover of what is now YMCA White House in April 2015. All these had a negative effect on the end of year results. YMCA Mitcham was completed in the year under review and has been operational throughout the current year. The refurbishment of YMCA Surbiton is still ongoing but will be completed by the end of 2016. YMCA White House has now been operational for nearly 18 months, the serious building problems that it had have now been resolved and its financial performance is significantly improved. Overall, therefore, we expect much improved results in the year to March 2017.

The Association's principal sources of income arise from its charitable activities of providing Accommodation, Health and Wellbeing services and Family, Youth and Children's Work, as outlined elsewhere in this report.

During the year under review the Association also carried out significant capital projects including, notably, the building of the Y Cubes at Mitcham and the refurbishment of YMCA Surbiton, which continued into the current year. Nevertheless, our Balance Sheet continues to be reasonably strong and Net Current Assets at £989k (2015: £2,605k) are satisfactory even though they are well down on last year's exceptionally high position. The Board remains confident that we have sufficient resources to meet our commitments in the future.

The Association does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit and cash flow risks associated with commercial practice and manages these through the usual credit control procedures. The nature of its financial instruments means that they are not subject to price or liquidity risk

Reserves policy

At their meeting in July 2016, the directors reviewed the Association's Reserves Policy. Consideration was given to the risks that the Association faces given its size, the commitments that it has and the variety and complexity of its operations as well as the current economic environment. The Board also considered the responsibility the Association has to pursue its objectives within its area of operation and increase, insofar as it can, its capacity to serve vulnerable and young people especially with provision of accommodation and support.

In the light of this review it was agreed that the Association should maintain its existing policy which is to hold not less than six weeks and not more than ten weeks of operational expenditure (that is expenditure as shown in these Financial Statements excluding depreciation but including interest charges. Based on the budget for the year ended 31 March 2016, this would equate to a minimum of £1,181k (six weeks expenditure) and a maximum of £1,968k (ten weeks expenditure).

At the year-end free reserves were £691k (2015: £1,954k). Last year end we reported Free Reserves significantly above target level and explained that this was a temporary situation as we prepared for significant capital works. These works are now under way and the majority have been completed. The consequence has been a sharp reduction in the amount of free reserves and they are currently below our target level. This is the other side of last year's position. When this phase of works is completed, which should be by the end of 2016, the free reserves will, in due course, be brought back to its planned level.

This policy was approved by the Audit and Risk Committee at its meeting on 8 September 2016.

The investment of cash reserves is governed by a Treasury Management Policy; this was reviewed and approved by the Board on 21 July 2016 and by the Audit and Risk Committee at their meeting on 8 September 2016.

Auditors

A resolution for the reappointment of BDO LLP as auditors for the year-ended 31 March 2017 will be proposed at the forthcoming annual general meeting. Since it will then be 10 years from the original appointment a tendering exercise will be carried out for the Association's auditor for future years.

Share capital

The Company is limited by guarantee and does not have a share capital.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued**ASSOCIATION MANAGEMENT AND OPERATIONS**

On a day-to-day basis, the management of the Association is delegated to the CEO and three other Chief Officers (details are found on page 3 of the report) who make up the Chief Officer Team. A written scheme of delegation exists between the Board, the Chair and the CEO which was reviewed by the Board in April 2016.

The Chief Officer Team meets monthly with other senior managers who make up the rest of the Senior Management Team (SMT); their meetings are minuted and action points assigned to individual team members. As part of the regular work review process, each team member's targets and performance are assessed, based upon how the key strategic objectives of the Association are being met. The Senior Management Team also maintains a twelve month forward plan that assists in ensuring that key operational issues are discussed and determined on a regular basis, referring matters to the Board as appropriate. The CEO maintains regular communication with the Chair of the Board and attends meetings of the Board, the Audit and Risk Committee and the Board sub groups, as do other members of senior management as required.

The Association has a comprehensive Equal Opportunities and Diversity Policy which is regularly reviewed. Within this there is a commitment to make provision for those applying to work or volunteer for the Association who have a disability. There is also a commitment to make provision for those who become disabled during their work with us. Aids specific to need may be purchased, adaptations made, or duties and working hours revised to accommodate particular needs. These needs are assessed and addressed on an individual basis. The Association also operates an Equalities Impact Assessment plan which helps ensure that the Association is both inclusive and representative in its approaches to work.

The Association received the Positive About Disabled People award given by Job Centre Plus in recognition of its commitment to recruit, retain, develop and consult with workers who have disabilities.

DEPARTMENTAL ACTIVITIES AND ACHIEVEMENTS

The principal activity of the Association is providing, improving and managing hostels and houses to provide residential accommodation for people in need, in particular the young and the vulnerable. It also provides social, educational, sports and fitness facilities for people of all ages in the community.

The Association exists primarily to serve the south-west of London and operates from over twenty separate locations in: The Royal Borough of Kingston upon Thames (RBK), the London Boroughs of Merton (LBM), Richmond upon Thames (LBRuT), and Hammersmith & Fulham (LBHF) as well as in the Borough of Elmbridge, Surrey.

At its meeting in May 2015 the Board of Directors approved the Strategic Plan for the period 2015-20. This included four strategic aims for the Association, these were: Increasing the impact of what we do, extending the work to new areas, ensuring sustainability and communicating better about ourselves.

Throughout the year the Board received reports on the achievement against the strategic aims across the different operational and corporate service areas.

ACCOMMODATION

With two large hostels, one in Surbiton (122 rooms) and another in Wimbledon (110 rooms), the Association provides housing services focused on the needs of the homeless in our region, particularly the young, unemployed homeless. In addition it has a 27 bedroom hostel in Parsons Green which provides affordable accommodation for young people in Central London and also provides intermediate, or move-on, accommodation for residents from the hostels. The Association also owns three move-on properties in Surbiton, providing places for 23 people.

Notably during the year we were pleased to open our first Y:Cube scheme in Mitcham. Developed in partnership with RSH+P (Architects) and AECOM (Engineers) this scheme provides 36 units of affordable accommodation (18 for the YMCA and 18 for people on the Local Authority waiting list).

Also commenced during the year was the £4.6M refurbishment of YMCA Surbiton. This 18 month project will upgrade and enhance the housing offer at the hostel moving it from a catered to self- catered offer.

Headlines and significant achievements in Housing work include:

- Occupancy figures averaged 98% throughout the year
- We were successful in resettling 67% of our residents; from Wimbledon, Surbiton and our move on houses.
- We implemented a housing department restructure based on a new way of delivering support.

In association with Surrey County Council's (SCC) Adults and Community Care Services, we provide residential care at two locations. The services extend our mission to some of the most vulnerable adults in our society, covering a spectrum of need from profound learning disabilities, serious self-harm and Asperger's syndrome, to dementia.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued

These include facilities to accommodate up to 12 people at any one time on a short stay basis; this can be to give opportunities for personal development, to give family carers a chance for a break or to provide suitable accommodation when people are temporarily unable to live at home. We aim to promote personal choice and independence regardless of the extent of the service user's disability. We encourage users to become involved in the activities of their community and provide assistance to enable them to do this.

Headlines and significant achievements in Care Services include:

- Our Quality Assurance Officer has begun a rigorous Internal Audit process to help the services meet CQC standards.
- Our respite (short-stay) service saw 340 admissions for the year (principally at weekends, the busiest time for respite care)
- The services incur high costs, including buildings and grounds maintenance, and replacing faulty and ageing equipment to replace (e.g. an assisted bath costs circa £7,000). Also, we have an on-going voids issue where SCC does not fill vacancies for which it is responsible. However, irrespective of all this, services performed within budget.

FAMILY, YOUTH AND CHILDREN'S WORK

During the year the work that the Association undertakes with Children and Young People was further consolidated into one department.

The Association works with young people to help them develop their skills and potential. This is a core part of the Association's mission and now has established work in LBRuT, RBK and LBM. All of the activities are designed to provide a stimulating and safe environment in which young people can express themselves and share their experiences and, on occasion, their problems; many are run in partnership with other charities or community groups.

The Association's work with Children and Families operates out of four main centres: YMCAs Hawker, Wimbledon, Surbiton and White House. The Children and Family Work department provide a range of facilities for ages 0 - 11. All of the sites provide classes and courses and include an out of school provision which consists of breakfast and afterschool clubs and holiday play schemes. All of them are registered with and inspected by Ofsted and operate under the Early Years Foundation Stage (EYFS) framework.

In addition to our four main sites, we operate an out of school provision within four primary schools. All of the work done by the department encourages children to be active and creative, with a wide choice of classes including sports coaching and arts and crafts sessions for all age groups. At play schemes and clubs children can enjoy a healthy mix of games, sport, and arts and crafts and opportunities to explore the world around them. Holiday camp programmes include day trips to local attractions like Chessington World of Adventures and Syon Park Snakes & Ladders; there are also cinema and bowling trips plus visits to the seaside and to Hampton Pool. The Association has the advantage of indoor and outdoor space so there is plenty of opportunity to run around and make the most of good weather. Our staff teams take the time to build relationships with those parents that sometimes struggle. We offer an ear to listen and are flexible when parents need it most; we have actively listened to what parents and children want and tried to supply services in accordance with their needs.

Headlines and significant achievements within the Children Youth and Family Work department include:

- Developing and delivering Wild Play Day provision as a new holiday offer.
- Providing young carers with a fun, exciting residential activity trip to enable them to relax and gain respite.
- My Path High Path – MOPAC funded piece of work where young people ran a community project for young people who live on High Path Estate in Merton.
- Successfully ran music project for young people from Malden Oaks in Kingston to increase confidence and develop music skills.
- Continuing to support MTV in the work they have been delivering in this year when they celebrate their 5th year providing youth work in the community.
- MTV have provided mentoring for pupils at Hampton Academy helping them to develop relationships.
- Improving quality assurance across the department by developing DBS check monitoring and improving safeguarding training for staff.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued**HEALTH AND WELLBEING**

Operating out of 5 main centres (Surbiton, Wimbledon, Hawker, Wimbledon, White House and Hampton Pool) the Association's Health and Wellbeing service covers a large area of work where deliver a number of varied programmes, advice, support and meals through the service areas of: Gyms, Classes & Pool , Catering, Counselling and Community. We have some great examples of external work in the wider community with the Mitcham area providing a good example of positive health and wellbeing work in schools as do our schools catering contracts. Highlights within Health and Wellbeing during the year and beyond include:

Counselling

- We have an additional venue to deliver counselling sessions at the New Life Baptist Church, which has allowed us to provide additional counselling sessions to the local community.
- Due to its great reputation, Release has a constant influx of trainee volunteer counsellors who wish to attain their counselling hours through the service.
- Future developments will see the counselling service being integrated into schools to support their pupils and local businesses to support staff health and wellbeing.

Catering

- With limited resources, the YMCA took on the catering at the White House and it has been up and running with a small menu which has a steady stream of custom.
- A new full kitchen will be installed at YMCA White House by the end of August 2016 which will allow the menu to be expanded and increase opportunities for more fully catered functions to be held.
- We are catering for two more free schools in the boroughs of Kingston and Merton bringing our total to 3 schools.

Gyms and Classes

- In January 2016, 4 of our centres achieved the UK Active Code of Practice, which is designed to ensure that health and fitness operators maintain a basic level of good practice to ensure the safety and wellbeing of their customers.
- We formed two new health partnerships for Exercise Referrals at two of our centres, Richmond are running programmes from YMCA Hawker and Wandsworth's Improving Access to Psychological Therapies service has piloted a programme at YMCA Wimbledon.
- Since May 2015 we have centralised our membership database (Plus2) across our centres and we continue to invest in technology to enhance our customer service. To advance our swimming lessons' administration, new software was installed called Learn2, which is a course management tool allowing for accurate administration, course co-ordination and customer interaction.

Community

- In the Mitcham area we have delivered two years of funded Healthy School programmes, which included us delivering physical activity and healthy cooking. One school is continuing to purchase our services since the funding finished; they have asked us to look at running a weight management programme for parents in the same school. An academy in the area has asked us to run staff physical activity sessions to support their staff health and wellbeing offer.
- From April 2016 we changed Senior Programme to a Social Activities Programme; a new brochure has been produced showing all the activities we are running. Walks and trips are now being delivered from 4 sites (Surbiton, White House, Hawker and Wimbledon) and the numbers are increasing. We had our largest attendance for a Christmas lunch club in 2015, with 90 people having a 3 course Christmas meal and entertainment at YMCA Surbiton.
- Addressing the issues of children's health and low levels of physical activity we are working on a children's Healthy Schools programme utilising our learning from the Mitcham programmes so that it can be replicated in other schools across Merton and other boroughs. In particular, we are exploring doing some work in the borough of Sutton.

Inclusive Lives

- Young adults with a disability who attend the Creative Movement classes held at the BalletBoyz studio in Kingston got to perform a piece they have been working on at the Kingston Ignition Dance festival in July 2016
- YMCA White House is the first YMCA site to provide the Blossoming Y gardening programme. Volunteers have been involved in transforming the space at the front of the White House into an area for learning and creativity for people living with a disability or mental illness.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued

- **Team Motivation** programme has been launched to provide a one to one buddy system where volunteers are trained and assigned to a disabled person wanting to get active and involved in the community. We have a small number of enthusiastic and motivating volunteers who are from different backgrounds supporting disabled adults.

FUNDRAISING

The Association has a fundraising operation and seeks to raise awareness and income from fundraising activities and donations each year. Much of the money raised is linked directly to particular projects and comes through particular events. Highlights in 2015-16 were:

- Donations from kind individual and corporate sponsors
- Kingston Rotary Santa Run in Dec 2015 at YMCA Hawker
- Sleep Easy in March 2016 and raised £8,650 across two venues in Wimbledon and Kingston.

CHAPLAINCY

Services to residents, users and staff have been provided by our two part time Chaplains, local clergy and other faith leaders and a large number of volunteers. Activities include 'Life Journey', giving residents the opportunity to face and address issues which have prevented them from moving on in their lives; regular discussion and Bible study; induction and support for new residents, and those moving on to independent accommodation; pastoral care and support to all.

VOLUNTEERS

In addition to the 520 people on our payroll, there are some 180 people, not including the volunteer Board of Directors, who give time and who provide 'icing on the cake' services throughout the Association. Many teams would struggle to operate effectively without the additional input from their regular and reliable volunteers. The Association has recently been awarded the Volunteer Management Charter by Kingston Voluntary Action for good practice in volunteer use, management and support. Volunteers work in administration, reception, resident support, our canteens, children's and youth work, and health & wellbeing services. We also regularly take young people and adults with special needs on work placements, and we have a good relationship with HMP Send, which allows prisoners towards the end of their sentences to undertake work placements.

PREMISES

As well as changing our main maintenance contractor, much work has been done to bring premises up to compliance standards, particularly at YMCA White House where there had been little done in the way of safety checks. Work also commenced on plans to refurbish and extend the buildings at Hampton Pool, to give greater space for health and wellbeing activities, and also new and improved changing rooms, an extended café, a proper shop and office facilities.

We continue to work towards reducing our carbon footprint through the installation of solar panels, extended recycling, encouraging cycle and walk to work schemes, and improved monitoring of gas and electricity usage.

MARKETING

We have continued to adopt and roll out the national YMCA branding across the Association, including our website, all documentation and marketing materials, signage and uniforms. This gives a unified YMCA presentation externally and allows YMCA England (our umbrella national body) to market and promote on our behalf.

INTERNATIONAL OUTREACH

In 2015 the Board reconfirmed its decision to choose Y Care as its international partner for the next 5 years. It was agreed that the Association would make an annual donation and a commitment was also given to work together to try and raise funds for Y Care's work around the world.

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued**DEVELOPMENTS AND ASSET MANAGEMENT****ASSET & LIABILITY REGISTER**

The Association has an Asset and Liability register that was reviewed and approved by the ARC in March 2016 and the Board in April 2016. This identifies the use of each property, what funding is secured against it as well as the priorities for refurbishment and redevelopment.

The 2015-16 year was a year of developments and new centres for the Association as it was the time when a number of schemes which had been discussed for a few years suddenly came to fruition. As a result the Association had a lower financial return than it did in 2014-15 (which was a record) however despite all the changes we did manage to provide a small return at the year end. Alongside the developments a large focus went into a proposed merger with YMCA East London.

YMCA Wimbledon development

Following the breakdown in relationship with Wilmott Dixon at the end of 2015 the Board took the decision to enter into a new contract with the Thornsett Group. Thornsett have more experience of mixed use developments, enabling a scheme that it is hoped can unlock what promises to be an exciting development. Focus in the first 6 months of the new agreement has been on settling the land assembly as well as coming to an agreement on the YMCA specification. Early design work is now underway on the massing and viability of the scheme.

YMCA Surbiton development

The £4.6M refurbishment of YMCA Surbiton commenced in March 2015 and will run for 18 months. At the end of the scheme the Association will have 127 refurbished self-catered rooms. Works affected occupancy for some of the year, however we are pleased to have maintained at least 90% room availability.

Y:Cube development

The first Y:Cube scheme in Mitcham was officially launched in Sept 2016 with an event attended by the Housing Minister, Brandon Lewis, as well as Deputy Mayor of London, Richard Blakeway, and numerous others VIPs. Following the successful launch of the Mitcham scheme the Board reviewed its options and decided that it wanted to invest in the venture in order to deliver more affordable accommodation not just in south west London but elsewhere across the country, as well as in partnership with other YMCAs across the world. Within the first 9 months of trading, the Y:Cube venture has received over 40 enquiries and worked up 7 Capacity Studies (design and business models that identify the viability of a scheme on a site) from which revenues have been generated. A planning application has been submitted for one of the projects and 3 further applications will be submitted before the end of September 2016 – for which fees will be charged.

MERGER

Over the last 12 months the Association has been in discussions with YMCA East London (EL) about merger. This was drawn to members' attention at the AGM in 2015. The aim of the merger is to create one large and local YMCA that offers Value for Money as well as opportunities to grow and develop.

Discussions around merger originally arose when YMCA East London was in financial trouble following a development of their Forest Road site. Having worked together to get EL out of their difficulties the decision of the two Boards was to continue meeting, looking at whether both Associations might be better served by working together more permanently. As part of this process, and in order to comply with HCA expectations, EL undertook a tendering exercise in late 2015 at which LSW was identified from a number of potential partners as the merger partner of choice.

Due diligence was completed in April 2016 – this confirmed that there was nothing that should prevent the two Associations coming together. In May, a merger consultant was appointed to draw up a business plan that was flexed through numerous scenarios and the conclusion of the two Boards was the two Associations are more resilient to changes to social housing income as a merged entity than they are apart. At the same time the encouragement from the HCA and YMCA England is to create fewer, but larger YMCAs serving a larger geographical area.

At its meeting in May, therefore, the Board took the decision that they would look to take membership control of EL at the Association's AGM on 31 October 2016 and then look for a full merger at the year end. The EL Board met in July and also confirmed this approach. At this time of transition the two Associations decided it was opportune to refresh their governance and management structures and as a result a new Board will be appointed at YMCALSW's AGM and a new senior staff structure will be put in place. Finally the Board took the opportunity, with the support of

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued

EL, to review the Articles of Association and have decided, to ask members at the AGM to approve adopting the most recent YMCA England model documents.

VALUE FOR MONEY

The Association has adopted a value for money strategy that seeks to improve quality whilst also driving down cost. Our value for money strategy applies to all our stock, both housing and non-housing, as savings can be achieved across the estate which then has a direct benefit for our housing offer. Each year KPIs are set that can evidence how these targets are being met. Results are reported to the Board through a balanced scorecard.

In the last 12 months our Value for Money has been focused in the following areas:

Quality Improvement

- We have implemented the housing restructure that was commenced in 2015. This included splitting the work into two teams, one around Housing Management and the other providing Community Activities. This has allowed us to increase both resident satisfaction and engagement, as the community team have been able to focus on engaging residents and building experiences that in time build towards employment opportunities.
- In light of the operational changes we have restructured the way that we manage our Housing Management software, AMIS. This has included a complete review of policies, procedures and operational PIs and KPIs. This has resulted in us being able to increase the number of residents completing their Outcome Stars within the first few weeks rising from 40% to 65% across the Association.
- As a result of the merger discussions (see above) we have engaged in best practice sharing with EL. This has included seeking to take the best from each Association's policies including: Arrears Management, Safeguarding and Resident Engagement. Policies are now being jointly reviewed and new policies developed.
- The £4.6M redevelopment of YMCA Surbiton (commenced 03/15 due to complete 12/16) is designed to deliver higher quality accommodation for the residents of this hostel.

Cost control

- A large part of the focus on cost control has been taken up by the merger with East London. It is anticipated that the merger will result in £600k p.a. of savings, delivered through combining shared services as well as an improved approach to procurement.
- During the year we tendered our Mechanical and Electrical (M&E) contract which resulted in a reduction in like for like costs as well as a review of all our operational assets.
- The development of a Y:Cube estate at YMCA Mitcham has resulted in an expansion of our affordable housing offer. Y:Cube units are let out for around 60% of the local market rent. Each unit also incurs total energy costs of only around £1 per day.
- The refurbishment of YMCA Surbiton will vastly improve facilities for residents whilst reducing ongoing maintenance and repairs. The removal of catering from the housing offer will give residents greater choice and enable us to reduce rents by around 12% once the scheme is completed.
- Much work has been done on the remodelling of our housing service in the light of proposed social rent cuts as well as the introduction of Universal Credit. Since Hammersmith and Fulham has been a pilot area for the U.C. scheme we have had an opportunity to learn how the scheme operates and , in consequence, have adjusted our service, particularly the induction and referral system.
- In order to improve our sustainability and reduce our energy costs the Association over the last 36 months has introduced smart meters across all its sites. This has enabled us to set a target of a 2% energy reduction in all like for like usage. In the first 6 months of the year all sites (except Surbiton where data was affected by the refurbishment) managed to better this target.
- We have completed the installation of solar panels on three of our sites (YMCAs Hawker, Rodney House and Langdown). As a result we have managed to cut energy in the first few months by 19% on average when compared to the same period in 2015
- The work to bring all our energy into one 'procurement basket' last year enabled us to discount the cost of our energy around 5%.
- Bad debts that arose in the year the year to March 2016 were £73,206 (2015: £93,224)

DIRECTORS' REPORT (INCORPORATING STRATEGIC REPORT) continued

- During the year a new system for monitoring repairs and maintenance across our hostel sites was introduced. This allowed us to track and improve the maintenance and repairs at the sites:

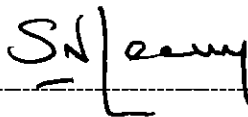
	2014/15	2015/16	2016/17 (target)
URGENT Maintenance completed in 24 hours	83%	88%	90%
EMERGENCY Maintenance completed in 7 days	70%	82%	80%
ROUTINE Maintenance completed in 28 days	98%	82%	90%

PLANS FOR FUTURE PERIODS

The Directors agreed a strategic plan for the period 2015 to 2020. Each year, as part of the budgeting process annual plans are taken from the overall Strategic Plan. These then inform the activities of the Association throughout the year. The SMT regularly tracks performances of the different departments and sites against these plans.

As well as being committed to increasing the quality and quantity of its services to those most vulnerable within the community the Association regularly reviews its current operations and the utilization of its buildings. Partnership working will continue to be a significant element in the Association's work for the foreseeable future.

BY ORDER OF THE BOARD



Secretary

14 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES**Internal controls**

The Board of Directors has overall responsibility for establishing and maintaining the Association's system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal controls can provide absolute assurance against financial misstatement or loss or eliminate all risk. The system of internal controls is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Association. This approach has operated throughout the year under review up to and including the date of approval of the annual report and accounts.

The process adopted by the Board to review the effectiveness of the system of internal control, together with some of the key elements of the internal control framework that the Board has established includes:

- Identification and evaluation of key risks: Risk Management is included as an item on all reports considered by the Board. The Board also undertakes regular reviews of the risk register.
- Declaration of Interest statements completed by Board of Directors and senior staff.
- Training on risk management for the Board and senior staff.
- The adoption of a Strategic Plan setting out operational objectives for the period 2015-2020.
- The adoption of an annual operating plan and specific departmental plans, with progress being reviewed during the course of the year.
- The operation of a comprehensive budgeting system and the regular review of financial performance by management and by the Board.
- The regular review of key performance indicators by management and the Board.
- The formal appraisal by the Board of the business case for new opportunities.
- A scheme of delegation between the Board of Directors, the Chief Executive Officer and Senior Staff Team.
- A detailed staff training plan based upon the outcomes of Regular Work Reviews and regulatory and operational requirements.
- The development of a detailed values statement for the Chief Officer Team establishing the culture in which the Association will be managed and extending this to the respective departmental managers.
- The appointment of a child protection officer with direct access to the Board of Directors and statutory authorities.
- A framework of policies and procedures with which employees must comply; these policies are reviewed at regular intervals.
- The delegation of operational policies to the Chief Officer Team based upon risk assessment.
- Up-to-date enhanced Disclosure and Barring Service Checks for staff, volunteers and Board members.

The Board confirms that there have been no regulatory concerns which have led the Homes and Communities Agency (HCA), or other regulatory bodies to intervene, nor any significant failures of internal controls which require disclosure in the Financial Statements.

Directors' responsibilities

Board members are responsible for preparing the report of the Board and the Financial Statements in accordance with applicable law and regulations.

Company law and social housing legislation require board members to prepare financial statements for each financial year. Under that law the Board members of this Association have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period.

In preparing these Financial Statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act and the Accounting Direction for Private Registered Providers of Social Housing in England from April 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial Statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the Board members. Board members' responsibility also extends to the ongoing integrity of the Financial Statements contained on the website.

Provision of information to the statutory auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, no relevant audit information has been withheld from the statutory auditor; and
- the director has taken all the steps that he/she could reasonably be expected to have taken as a director in order to make himself/herself aware of any relevant audit information and has established that this information has not been withheld from the auditor. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YMCA LONDON SOUTH WEST

We have audited the financial statements of YMCA London South West for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of board responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2016 and of the group and parent association's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2015.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the annual report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association 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.



Philip Cliftlands (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, West Sussex

United Kingdom

Date 28 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

YMCA LONDON SOUTHWEST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Housing Activities	Charitable Activities	Year ended 2016	Year ended 2015 (as restated)
		£	£	£	£
Income					
Letting activities	2	4,541,722	696,525	5,238,247	5,075,313
Health & Wellbeing and Children's & Youth work	3	-	4,292,855	4,292,855	3,996,978
Other donations and grants		-	4,949	4,949	79,021
Office rent		-	234,997	234,997	249,271
Other Income		56,540	156,559	213,099	199,394
Amortisation of Housing Capital Grants		152,809	-	152,809	91,762
		<u>4,751,071</u>	<u>5,385,885</u>	<u>10,136,956</u>	<u>9,691,739</u>
Expenditure					
Letting activities	2	4,468,529	593,771	5,062,300	4,843,839
Health & Wellbeing and Children's & Youth work	4	-	4,467,228	4,467,228	4,092,209
Expenditure on office renting		-	253,525	253,525	226,274
		<u>4,468,529</u>	<u>5,314,524</u>	<u>9,783,053</u>	<u>9,162,322</u>
Operating surplus		<u>282,542</u>	<u>71,361</u>	<u>353,903</u>	<u>529,417</u>
Surplus on ordinary activities before Interest and similar Items		<u>282,542</u>	<u>71,361</u>	<u>353,903</u>	<u>529,417</u>
Interest receivable and similar Income		-	40,505	40,505	33,746
Interest payable and similar charges	8	(92,590)	(117,558)	(210,148)	(109,337)
Gain/(Loss) on Investments	13	-	(43,445)	(43,445)	23,046
		<u>189,952</u>	<u>(49,137)</u>	<u>140,815</u>	<u>476,872</u>
Surplus for the year	9,17	<u>189,952</u>	<u>(49,137)</u>	<u>140,815</u>	<u>476,872</u>

All amounts derive from continuing activities.

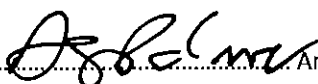
YMCA LONDON SOUTHWEST

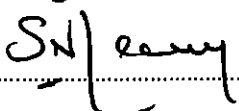
(Company Number: 2971930)

BALANCE SHEET
AT 31 MARCH 2016

		2016	2015 (as restated)
		£	£
Notes			
FIXED ASSETS			
Tangible assets	11	19,543,323	14,391,805
CURRENT ASSETS			
Stocks		101,475	101,630
Debtors	12	1,125,558	1,066,566
Investments	13	611,621	620,866
Cash at bank and in hand		1,375,314	2,406,469
		<u>3,213,968</u>	<u>4,195,531</u>
CREDITORS			
Amount falling due within one year	14	(2,225,231)	(1,590,336)
		<u></u>	<u></u>
NET CURRENT ASSETS		<u>988,737</u>	<u>2,605,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,532,060</u>	<u>16,997,000</u>
CREDITORS			
Amount falling due after more than one year	15	(11,017,573)	(7,623,328)
		<u></u>	<u></u>
NET ASSETS		<u><u>9,514,487</u></u>	<u><u>9,373,672</u></u>
FUNDS AND RESERVES			
Restricted: Housing			
Social Housing Reserves		2,123,040	2,085,897
Capital Grants		2,235,093	2,082,284
Restricted: Charitable			
Pool Improvement Fund		268,084	237,983
Unrestricted			
Charitable funds		<u>4,888,270</u>	<u>4,967,508</u>
		<u><u>9,514,487</u></u>	<u><u>9,373,672</u></u>

Approved by the board and authorised for issue on 14 September 2016

 Andy Palmer, Director

 Stuart Leamy, Company Secretary

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2016

	Housing Reserves	Restricted Housing Grant Reserves	Charitable Reserves	Unrestricted Charitable Reserves	Total
	£	£	£	£	£
At 1 April 2015	2,085,897	2,082,284	237,983	4,967,508	9,373,672
Surplus for the year	37,143	152,809	30,101	(79,238)	140,815
Carried forward at 31 March 2016	<u>2,123,040</u>	<u>2,235,093</u>	<u>268,084</u>	<u>4,888,270</u>	<u>9,514,487</u>

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2015

	Housing Reserves	Restricted Housing Grant Reserves	Charitable Reserves	Unrestricted Charitable Reserves	Total
	£	£	£	£	£
At 1 April 2014	1,817,698	1,990,522	191,503	4,897,077	8,896,800
Surplus for the year	268,199	91,762	46,480	91,762	476,872
Carried forward at 31 March 2015	<u>2,085,897</u>	<u>2,082,284</u>	<u>237,983</u>	<u>4,967,508</u>	<u>9,373,672</u>

The restricted Charitable Reserves represent the Pool Investment Fund. This is a share of the surplus on the operations at Hampton Pool that is set aside each year to provide funds for capital works at Hampton Pool. Control of the Fund is shared equally between the Boards of this Association and of Hampton Pool Trust. The restricted Housing Reserves represent the accumulated surpluses for housing activities.

YMCA LONDON SOUTHWEST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £'	2015 £'
Cash flows from operating activities			
Surplus/(deficit) for the financial year		140,815	476,872
Adjustments for:			
Depreciation of fixed assets - housing properties	11	621,638	730,163
Amortised grant	2	(152,809)	(91,762)
Net fair value losses/(gains) recognised in profit or loss	13	43,445	(23,046)
Interest payable and finance costs	8	210,148	109,337
Interest received		(40,505)	(33,746)
Deficit on disposal of fixed assets		7,210	290
Decrease / (increase) in trade and other debtors		(58,991)	479,271
Decrease / (increase) in stocks		155	(3,464)
Increase / (decrease) in trade creditors		373,596	(241,262)
Increase / (decrease) in provisions		(31,193)	72,632
Net cash generated from operating activities		1,113,509	1,475,285
Cash flows from investing activities			
Purchase of fixed assets – housing properties	11	(5,665,605)	(1,468,967)
Receipt of grant	16	2,061,000	-
Interest received	13	40,505	33,746
Purchase of current asset investments	13	(150,990)	(109,700)
Sale of current asset investments	13	116,790	95,889
Net cash from investing activities		(3,598,300)	(1,449,032)
Cash flows from financing activities			
Interest paid	14	(324,909)	(223,926)
Capital element of lease repaid		(47,456)	(44,687)
Interest element of lease repaid			
New loans - bank	17	1,850,000	1,000,000
Repayment of loans - other	17	(23,999)	-
Net cash used in financing activities		1,453,636	731,387
Net increase / (decrease) in cash and cash equivalents		(1,031,155)	757,640
Cash and cash equivalents at beginning of year		2,406,469	1,648,829
Cash and cash equivalents at end of year		1,375,314	2,406,469

The notes on page 22 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and in accordance with the SORP "Accounting by Registered Social Housing Providers" 2014, "Accounting Direction of Private Registered Providers of Social Housing in England" from April 2015 and FRS 102 "The Financial reporting Standards applicable in the United Kingdom and republic of Ireland". A summary of the principal accounting policies is set out below.

(a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of current asset investments. The results reflect the adoption of the 'Statement of Recommended Practice: accounting by registered social housing providers: Update 2014', and reflect the adoption of component accounting on social housing properties.

These financial statements are the first to comply with FRS 102. The date of transition is 1 April 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening reserves and surplus for the comparative period are explained in the notes below.

(b) Format of Accounts

The Directors have considered the format of the financial statements in the light of Section 474 (2) of the Companies Act 2006 and have adapted the arrangements, headings and sub headings otherwise required by the schedule where in their opinion the special nature of the Association's activities requires such adaptation.

Income

Income represents rental income receivable, including for the provision of care services and supporting people services during the year, income from the sale of goods and services, income from membership fees and revenue grants from local authorities and government departments.

(c) Membership Subscriptions and Programme Activities

Income is recognised in the period to which it relates.

(d) Grant Income

Revenue income is recognised in the period to which it relates. Grants for capital projects are recognised as received and carried forward as restricted funds.

(e) Donations

Donations are accounted for when received.

(f) Social Housing Grant

Where property developments, have been financed wholly or partly by Social Housing Grant, the cost of those developments is no longer reduced by the amount of grant received. Under FRS 102 requirements the grant is treated as a long term liability to be released into income over the average expected life span of the development to which it relates, as calculated under component accounting. See note k.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value.

(h) Expenditure

Where possible overheads are allocated specifically to social housing, care or charitable services; other overheads are apportioned between activities on the bases of staff time, turnover, or floor area as appropriate.

(i) Housing properties

Under FRS 102 Housing property is stated at cost. The cost of housing property includes the cost of acquiring property, improvements, replacements and major repairs.

Social Housing Grant used to finance buildings is repayable under certain circumstances, primarily following the sale of such property. The amount which would be repayable is the amount by which any sale proceeds exceed all other liabilities arising from the release of any loan charges on the property.

(j) Depreciation and impairment

Other than for social housing assets, depreciation is charged at annual rates calculated to write off the cost of assets over the anticipated useful life of the assets, as follows:-

Freehold and Long Leasehold Buildings	-	2.5% straight line
Short leasehold buildings	-	over term of the lease
Fixtures and fittings	-	10 - 20% straight line
Furniture and equipment	-	20 - 33.33% straight line
Motor vehicles	-	20% straight line

Social housing assets, whether freehold or long leasehold, are split, for the purposes of depreciation, between land and structure (major fabric) and a specific set of major components which require replacement and renewal more frequently than the major fabric. Each of these is depreciated according to its useful economic life. The analysis of the major components and the rate of depreciation used for each is:

Component	% of Gross Value	Depreciation Rate (%)
Land (hostel buildings)	30	nil
Land (other houses)	40	nil
Building structure (hostel buildings)	45.5	2
Building structure (other houses)	35.5	1
Electrical and mechanical	21	5
External works	3.5	6.67

(k) Housing Capital Grants

Housing capital grants have been amortised using the weighted average depreciation rate of 3.33%. This calculated on the rates used in component accounting.

(l) Development Assets

These properties are YMCA Wimbledon, Tower Lodge and Olympic House. The head lease on Olympic House was bought on 29 June 2011 and merged with our freehold interest. The property was bought purely for land value and is not being depreciated. Additions to development properties are accounted for in line with FRS 102. It is anticipated that the existing building will be demolished in the year 2016/17.

None of these assets have been dealt with under component accounting.

(m) Interest Payable

The interest charged on loans that have been used for the purchase of Development Assets is capitalized to form part of the cost of the assets.

(n) Operating Leases

Rents payable under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

(o) Investments

The Charities SORP provides that investments should be shown as fixed assets at their market value. YMCA LSW has always regarded its investments as a source of working capital, interchangeable with cash as required, and therefore treated as a current asset. As such they would, under normal accounting treatment, be stated at the lower of cost or net realisable value. In the light of the Charities SORP and the use to which the investments are put, the Board consider that their inclusion as current assets at market value gives a true and fair view of the financial position of the Association. Any gain or loss is charged or credited to the Income and Expenditure account.

(p) Leased assets

Fixed assets acquired under finance leasing contracts are recorded on the balance sheet as tangible fixed assets at their equivalent capital value and are depreciated over the useful lives of the assets. The corresponding liability is recorded as a creditor and the interest element of the finance charge is charged to the income and expenditure account over the period of the lease.

(q) Pension Scheme

YMCA LSW participates in a multi-employer pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. The plan's Actuary has advised that it is not possible to identify separately the assets and liabilities relating to YMCA LSW.

As described in note 21 YMCA London South West has a contractual obligation to make pension deficit payments. At 31 March 2016 these were running at a rate of £62,571 p.a. This rate will increase by 3% year on year until 30 April 2027. The present value of this payment is shown as a balance sheet liability in these accounts. YMCA London South West was also required to contribute to the pension scheme operating costs. As at 31 March 2016 these costs were £9,895 (2015 £12,606).

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2 INCOME & EXPENDITURE FROM SOCIAL HOUSING ACTIVITIES

2a LETTINGS AND SUPPORTING PEOPLE CHARGES

	General needs housing £	Supported housing & older people £	Total 2016 £	Restated Total 2015 £
INCOME				
Rent receivable net of identifiable service charges	489,053	2,772,652	3,261,705	3,166,444
Service Income	46,577	419,189	465,766	451,804
Net rents receivable	535,630	3,191,841	3,727,471	3,618,248
Supporting people income	-	814,251	814,251	814,249
Amortised government grants		152,809	152,809	91,762
Other income	56,540	-	56,540	96,623
Turnover from lettings and supporting people charges	592,170	4,158,901	4,751,071	4,620,882
EXPENDITURE				
Services	144,289	1,198,601	1,342,890	1,295,078
Management	155,320	2,625,121	2,780,441	2,593,392
Routine maintenance	25,066	2,785	27,851	27,906
Planned maintenance	1,692	188	1,880	1,888
Bad debts	4,560	109,436	113,996	95,496
Depreciation of housing properties	20,147	181,324	201,471	176,349
Operating costs on social housing lettings	351,074	4,117,455	4,468,529	4,190,109
Operating surplus/(deficit) on social housing	241,096	41,446	282,542	430,773
Void losses	16,279	146,510	162,789	104,680

The number of units held for social housing need was 317 (2015: 282)

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

INCOME AND EXPENDITURE FROM SOCIAL HOUSING ACTIVITIES CONTINUED

2b PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2016	2016	2016
	£	£	£
Social housing lettings (Note 2a)	3,727,471	2,153,518	1,573,953
Other social housing activities			
Supporting People	814,251	2,315,011	(1,500,760)
Amortised government grants	152,809	-	152,809
Other income	56,540	-	56,540
Total letting and supporting people income	4,751,071	4,468,529	282,542
Other activities (note 3)	5,385,885	5,314,524	71,361
	<u>10,136,956</u>	<u>9,783,053</u>	<u>353,903</u>

3 PARTICULARS OF TURNOVER FROM NON- SOCIAL HOUSING ACTIVITIES

	2016	Restated 2015
	£	£
Health, Fitness and Wellbeing		
Membership	1,236,366	1,186,855
Activity fees	2,207,322	2,111,498
Fee Income from Royal Borough of Kingston	-	-
Food and Beverage	548,765	539,613
Grants	207,451	102,408
Conference/Occasional Room Hire	92,951	56,604
	<u>4,292,855</u>	<u>3,996,978</u>
Care Homes Income	696,525	642,816
Other donations and grants	4,949	21,793
Shop Sales	62,746	52,007
Office Rent	234,998	249,271
Other Income	93,812	107,992
	<u>5,385,885</u>	<u>5,070,857</u>

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 £	2015 £
4 NON-SOCIAL HOUSING EXPENDITURE		
Membership subscriptions and programme activities	167,666	161,713
Maintenance	2,313,260	2,202,027
Salaries and wages	1,986,302	1,728,319
Other direct costs		
	<u>4,467,228</u>	<u>4,092,059</u>
5 DIRECTORS' EMOLUMENTS		
No Director received any remuneration from the Company. Expenses reimbursed to Directors amounted to £160 (2015: £297).		
6 EMPLOYEE INFORMATION		
Wages and salaries	5,094,967	4,628,165
Social security costs	354,474	322,060
Other Pension costs	165,873	187,142
	<u>5,615,314</u>	<u>5,137,367</u>
	No. of employees	No. of employees
Average number of full time equivalent employees:		
Managers	63	42
Service Delivery	195	169
Average number of full time equivalent employees.	<u>258</u>	<u>211</u>
Its calculation is based on the number of pay slips issued in the year.		
The Chief Executive's emoluments and pension costs as an ordinary member of the contributory pension scheme in the year ended 31 March 2016 were £74,137 (2015: £76,213) and £7,445 (2015: £4,562). Other than the Chief Executive, no other employee earned over £60,000.		
Other key management personnel consist of the three chief officers listed on page 3, excluding the Chief Executive Officer. Their aggregate emoluments and pension costs are £156,163 (2015: £155,390) and £11,719 (2015: £11,688)		
7. INTEREST RECEIVABLE AND SIMILAR INCOME		
Dividends and fixed interest securities	20,146	18,657
Bank interest receivable	20,735	15,089
	<u>40,881</u>	<u>33,746</u>

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Bank charges	16,883	9,998
Bank loans and hire purchase agreement	161,106	70,811
Interest on pension deficit re-measurement	32,159	28,527
	210,148	109,336
Bank loans repayable within 5 years: capitalised	114,764	114,589
	<u>324,912</u>	<u>223,925</u>

The cumulative amount of capitalised interest at balance sheet date was £588,183 (2015: £473,419)

9 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating surplus is stated after charging:

Depreciation of tangible fixed assets		
Owned assets	580,081	730,163
Held under finance leases	41,557	23,046
Auditors remuneration:		
In their capacity as Auditors	22,900	18,540
VAT work	205	1,058
Tax work	-	1,450
Other Services	204	500
Operating lease rentals:		
Land and buildings	128,212	128,212

10 TAXATION

As a registered charity, the Association is exempt from Corporation Tax on income arising from its charitable and housing activities.

11. TANGIBLE FIXED ASSETS

The Development Assets include capitalised Interest, see note 8.

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12 DEBTORS

	2016	2015
	£	£
Rental debtors	256,669	276,491
Taxation and social security	109,354	11,544
Other debtors	437,870	438,638
Prepayments and accrued income	321,665	339,894
	<u>1,125,558</u>	<u>1,066,567</u>

13 INVESTMENTS

Market value at 1 April 2015	620,866	584,009
Additions	150,990	109,700
Disposal proceeds	(116,790)	(95,889)
Net investment (losses) / gains	(43,445)	23,046
Market value at 31 March 2016	<u>611,621</u>	<u>620,866</u>
Historical cost at 31 March 2016	<u>549,501</u>	<u>551,420</u>
Analysis of Market Value		
UK Listed Investments are represented by:		
Fixed Interest Securities	73,849	80,119
Equity Shares	486,297	492,970
Unit Trusts and Similar Funds	51,475	47,777
	<u>611,621</u>	<u>620,866</u>

14 CREDITORS

Amounts falling due within one year:		
Bank loans and hire purchase agreement (note 17)	265,989	74,417
Trade creditors	876,905	624,691
Taxation and social security	-	60,430
Accruals and deferred income	785,541	655,091
Pension Deficit Liability	64,449	63,354
Housing Grants (note 16)	160,394	91,763
Other creditors	71,953	20,590
	<u>2,225,231</u>	<u>1,590,336</u>

15 CREDITORS

Amounts falling due after more than one year:		
Bank loans (note 17)	7,274,148	5,624,148
Loan from Hampton Pool Trust	22,072	34,812
Total net obligations under hire purchase agreement (note 17)	<u>46,838</u>	<u>97,125</u>
	<u>7,343,058</u>	<u>5,756,085</u>
Pension deficit liability	547,530	579,818
Housing Grants (note 16)	3,126,985	1,287,425
	<u>11,017,573</u>	<u>7,623,328</u>

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16 DEFERRED CAPITAL GRANT

	2016	2015
	£	£
At 1 April	1,379,187	1,470,949
Grants received during the year	2,061,000	-
Grants released to income during the year	(152,809)	(91,762)
At 31 March	<u>3,287,378</u>	<u>1,379,187</u>

17 DEBT

	2016	2015
	£	£
Debt comprises:		
Bank loans	7,474,148	5,624,148
Total net obligations under a hire purchase agreement	97,126	144,581
Other loans	<u>37,774</u>	<u>61,773</u>
	<u>7,609,048</u>	<u>5,830,502</u>
The aggregate debt is repayable:		
in one year or less, or on demand	265,989	74,417
in more than one year but not more than two years	266,009	275,583
in more than two years but not more than five years	4,726,620	5,474,984
in more than five years	<u>2,350,430</u>	<u>5,518</u>
	<u>7,609,048</u>	<u>5,830,502</u>

The Association has a loan of £4,624,148 from Lloyds Banking Group repayable in May 2018; the interest rate is fixed at 3.815%. There are two instalments payable on the loan, each of £200,000; the first was paid in May 2016, the second is due in May 2017; otherwise it is interest only. This loan is secured by a first fixed charge over the Association's freehold properties at 49 Victoria Road, 18 Victoria Avenue and 16 Victoria Avenue, all in Surbiton, and also the long leasehold property at Parsons Green.

The Association has two hire purchase agreements with Lloyds Banking Group taken out in August 2012 and October 2013 for the purchase of gym equipment. They are both secured on the gym equipment and repayable over 5 years. The interest rate is fixed at 5.36% for the 2012 hire purchase agreement and 5.75% for the 2013 agreement. The balances outstanding at 31 March 2016 for the 2012 and 2013 agreements were £41,598 and £55,528 respectively.

There is also a Social Finance loan of £1.75m from the City of London (£500,000), Esmée Fairbairn (£500,000), Tudor Trust (£500,000) and Trust for London (£250,000). The loan was to provide funding for the building of the Y Cubes at Mitcham. It is secured on the freehold property, the Y-Cube, at Woodstock Road and Clay Avenue, Mitcham. It is an interest only loan; the interest is charged at 5% for the first three years and 6.75% for the remainder of the term and the latest repayment date on the loan is March 2022.

In October 2015 the Association entered into an Agreement with The Charity Bank Ltd for a loan of £2,000,000 to assist with the funding of the refurbishment works at YMCA Surbiton, 49 Victoria Road, Surbiton. The loan is to be drawn in instalments as the work proceeds. It is for a period of 25 years commencing from the date the loan is fully drawn down. As at 31 March 2016 £1,100,000 of the loan had been drawn down. It is an interest only loan with interest chargeable at 2.25% above Bank of England base rate from time to time. The loan is secured by a first charge over Rodney House in Walton-on-Thames and Langdown in Molesey, both situated in the Surrey borough of Elmbridge. There is also a second charge over YMCA Surbiton, 49 Victoria Road, Surbiton.

The Association also has two interest free loans from Hampton Pool Trust in respect of the Trust's contribution to capital works completed at Hampton Pool. These are repayable over the deemed useful life of the capital asset and the combined balance outstanding at the balance sheet date was £32,590. In addition the Association has, with the agreement of Hampton Pool Trust, one interest free loan from the Pool Investment Fund. The outstanding balance of the loan at 31 March 2015 was £5,184.

YMCA LONDON SOUTH WEST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

18 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2016	2015
	£	£
Operating leases which expire: in over five years (expires in December 2021)	624,625	756,125
Lease payments expensed	128,213	128,213

19 FINANCE LEASE COMMITMENTS

Commitments under finance leases are as follows:

	2016	2015
	£	£
Finance lease which expire: More than one year but no more than two years (expired in March 2018)	35,089	62,843
More than two years but no more than five years (expires in March 2021)	11,749	34,282

20 PROVISION FOR LIABILITIES

	Pension deficit Contribution	
	2016	2015
	£	£
At 1 April 2015	643,172	570,540
Unwinding of discount	32,159	28,527
Additions	-	115,902
Contribution paid	(63,352)	(71,797)
At 31 March 2016	611,979	643,172

21 PENSION COSTS

YMCA LSW participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA Pension Plan are held separately from those of YMCA LSW and at the year-end these were invested in the Mercer Dynamic De-risking Solution, 40% in the matching portfolio and 60% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2014. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 5.35% and 3.85% respectively, the increase in pensions in payment of 3.3%, and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.6 years, female 24.6 years, and 24.8 years for a male pensioner, female 26.9 years, retiring in 20 years' time. The result of the valuation showed that the actuarial value of the assets was £90.8m. This represented 70% of the benefits that had accrued to members.

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

The valuation prepared as at 1 May 2014 showed that the YMCA Pension Plan had a deficit of £38.7 million. YMCA LSW has been advised that it needs to make a monthly contribution of £5,371 from 1 May 2016 towards clearing this deficit. This contribution is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of the actual performance of the Pension Plan. The current recovery period is 12 years commencing 1 May 2015.

	As Discounted					
	Within one year £	One to two years £	Two to five years £	After five years £	After more than one year £	TOTAL £
As at 31 March 2016	64,448	118,983	173,413	255,135	547,531	611,979
As at 31 March 2015	63,354	115,517	165,155	299,146	579,818	643,172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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

YMCA LSW also runs a stakeholder pension scheme, with The People's Pension, open to all staff and, managed by Scottish Widows. Employer's contributions to the scheme in the year were £151,108 (2015 £127,676). There were no outstanding or prepaid contributions at year end.

22 STATEMENT UNDER SECTION 37 LOCAL GOVERNMENT AND HOUSING ACT 1989

Included as income in the Income and Expenditure account is a grant of £23,000 (2015: £23,600) from the London Borough of Richmond upon Thames. This grant is a contribution towards the cost of specific activities included within the operating costs of Hampton Pool.

23 OTHER GRANTS

In 2015 the Association was awarded a grant of £318,253 by the Big Lottery Fund to fund outreach activities in the community over three years. At 31 March 2016 £75,654 of the grant had been received; of this, £46,565 was carried forward to cover activities taking place later in 2016..

24 RELATED PARTY TRANSACTIONS

Stuart Leamy is a Director of Hampton Pool Trust on whose behalf YMCA LSW manages Hampton Pool under an ongoing contract on normal commercial terms. There are no other related party transactions. All directors' expenses are disclosed in note 5.

25 POST BALANCE SHEET EVENTS

YMCA London South West is engaged in ongoing negotiations with East London YMCA with a view to merge the two associations by 1 April 2017. It is hoped that the merged entity will be a stronger organisation capable of delivering the association's objectives and withstanding the financial rigours of the 21st century.

26 CAPITAL COMMITMENTS

At the balance sheet date the Association had authorized capital expenditure of £1,474,303 (2015: £986,282). The amount committed was £1,468,315 (2015: £986,282), of which £1,441,291 was allocated to Surbiton Development, £25,200 for White House Men's toilet and £1,824 for Computer hardware. The commitments will be funded partly by internally generated resources and partly by loan.

Capital commitments

	2016 £	2015 £
Commitments contracted but not provided for		
Maintenance	27,024	-
Construction	1,441,291	986,282
	<u>1,468,315</u>	<u>986,282</u>
Commitments approved by the Board but not contracted for		
Maintenance	5,988	-
	<u>5,988</u>	<u>-</u>

Capital commitments for the association will be funded as follows:

	2016 £	2015 £
New loans and grants	1,441,291	766,257
Existing Reserves	33,012	220,025
	<u>1,474,303</u>	<u>986,282</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

27 FIRST TIME ADOPTION OF FRS 102

Date of transition 01/04/2014	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Reserves as at 31 March 2015
	£	£	£
As previously stated under former UK GAAP	9,028,877	518,185	9,547,062
Traditional adjustment			
Add:			
Amortisation of Housing Capital Grants previously netted off cost of buildings	1,990,521	91,762	2,082,283
	11,019,398	609,947	11,629,345
Less:			
Pension deficit Liability	(570,540)	(72,632)	(643,172)
Additional Depreciation	(1,552,058)	(60,443)	(1,612,502)
	8,896,800	476,872	9,373,672

Explanation of changes to previously reported reserves

- FRS 102 requires that the pension deficit liability arising out of defined benefit pension schemes is recognised on the balance sheet. It also requires the recognition in the statement of comprehensive income the net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability by the market yields on long term Corporate Bonds.
- The recognition of both the pension deficit liability on the balance sheet and the interest cost has resulted in the reduction of reserves in the year ended March 2015.
- FRS 102 prohibits the offset of Social Housing Grants against housing property under fixed assets. Where properties are held at deemed cost, the related housing social grant will be recognised initially under the performance model with subsequent grants measured using the accrual model with the grant amortised over the life of the structure and components of the property.
- Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions are met.
- Grants due from government organisations or received in advance are included as current assets or liabilities
- The change in the treatment of grants has resulted in net tangible assets increasing by £3,461,472 and a corresponding increase in reserves and liabilities for both the amortised and unamortised elements in the year ended 2015.