

**BRIDGWATER YOUNG MEN'S CHRISTIAN ASSOCIATION**

**(Trading as Bridgwater YMCA and YMCA Somerset Coast)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

**Company Registration No: 03746771**  
**Registered Charity No: 1076434**  
**Registered Social Landlord No: H4245**

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**ASSOCIATION LEGAL AND ADMINISTRATIVE INFORMATION**

**TRUSTEES AND DIRECTORS:**

John Ennals (Chairman)	
Arthur Leigh (President)	
Jon Clarey (Vice-Chairman)	
Graham Carne (Treasurer)	Resigned 27/08/16
Darren Clayton	
David Cockcroft	
Pat Collins	
Stewart Collins	Resigned 28/09/16
David Eccles	
Jason Hobday	
Alastair Matthews	
Jane Moreton	Resigned 27/08/16
John Ford	Appointed 28/09/16

**SENIOR MANAGEMENT TEAM**

Chief Executive - Martin Hodgson  
Strategic Housing Manager – Andrew Pearce  
Housing Manager – Rob Blackmore  
Shared Services Manager – Georgina Jones

**COMPANY SECRETARY**

Martin Hodgson

**REGISTERED OFFICE ADDRESS:**

George Williams Centre  
Friarn Avenue  
Bridgwater  
Somerset  
TA6 3RF

**CUSTODIAL TRUSTEES:**

National Council of YMCAs

**AUDITOR:**

Monahans  
Chartered Accountants  
Fortescue House  
Court Street  
Trowbridge  
Wiltshire  
BA14 8FA

**SOLICITORS:**

Tozers  
Broadwalk House  
Southernhay West  
Exeter  
EX1 1UA

**BANKERS:**

Lloyds TSB Plc	The Charity Bank Limited
25 Cornhill	194 High Street
Bridgwater	Tonbridge
Somerset	Kent

**OTHER TRADING NAMES:**

Bridgwater YMCA, YMCA Somerset Coast

**COMPANY REGISTRATION NO:**

03746771

**REGISTERED CHARITY NO:**

1076434

**REGISTERED SOCIAL LANDLORD NO:**

H4245

**OFSTED REGISTRATION**

Barley Wood Nursery EY489024

## **TRUSTEES' REPORT (including the Strategic Report)**

The Board of Directors of Bridgwater YMCA, who also act as the trustees of the charitable company, present their report, including a Strategic Report, and the financial statements of the association for the year ended 31 March 2016.

The association is a private registered provider of social housing and an incorporated charity registered in the UK. The term director and trustee are used interchangeably within the report which combines a Trustees Report and Report of the Board of Directors.

## **REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS**

The principal activities of the association are the provision of supported housing for young people, and hostel accommodation for homeless families; along with this the company provides a wide range of Youth Club, Youth Training, Social Enterprise and recreation facilities.

## **OBJECTIVES AND ACTIVITIES**

The objects of Bridgwater YMCA are as follows:

- To unite those who, regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in their faith and in their life, and to associate their efforts for the extension of His Kingdom.
- To lead young people to the Lord Jesus Christ and to fullness of life in Him.
- To provide or assist in the provision in the interests of social welfare of facilities for recreation and other leisure time occupation for men and women with the object of improving their conditions of life.
- To provide or assist in the provision of education for persons of all ages with the object of developing their physical, mental or spiritual capacities.
- To relieve or assist in the relief of persons of all ages who are in conditions of need, hardship or distress by reason of their social, physical or economic circumstances.
- To provide residential accommodation for persons of all ages who are in need, hardship or distress by reason of their social, physical or economic circumstances.

During 2015/16 the board continued to review the Vision and Mission for the next five years. This was completed in line with the new brand and vision adopted by YMCA England.

The YMCA Federation Strategic Plan (FSP) defines the federal Vision, Mission, Work Areas, Aims, Values and Ethos. These are summarised under the heading "Better Together", emphasising that the Federation as a whole will be stronger, more influential and better able to fulfil the needs of local communities if all member YMCAs follow the FSP and convey consistent messages. These are articulated through the national YMCA branding.

### **1. Mission Statement**

Together, the YMCA Federation in England shares a common goal: to create supportive, inclusive and energising communities where young people can truly belong, contribute and thrive.

### **2. Strategic Aims**

The Board has compiled a list of high-level strategic aims for Bridgwater YMCA, consistent with the FSP. Under each heading a series of SMART strategic objectives will be created by the SMT to form the basis of the rolling 5-year business plan. These will also provide the CEO's personal targets.

1. Develop and maintain productive working partnerships with other YMCAs and young people's agencies.
2. Identify and fill gaps in community provision and the wellbeing of individuals in our strategic Work Areas.
3. Make Bridgwater YMCA self-sustaining.

## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### **2. Strategic Aims (continued)**

4. Seek opportunities to deliver skills, training, learning and physical exercise.
5. Establish a framework for client participation.
6. Build a network of patrons/advocates to champion Bridgwater YMCA's objectives.

### **Vision**

An inclusive Christian movement transforming communities so that all young people can belong, contribute and thrive.

### **How we help**

YMCA enables people to develop their full potential in mind, body and spirit. Inspired by, and faithful to, our Christian values, we create supportive, inclusive and energising communities where young people can truly belong, contribute and thrive.

### **Work Areas**

We work across four key areas, with a fifth – support and advice – running through them all.

Health & Wellbeing	"We believe that everyone should be able to enjoy the benefits of physical exercise, from improved health to better education and life chances."
Training & Education	"We believe that every young person should be able to fulfil their full potential."
Family Working	"We believe every family should have the support they need to develop and lead more fulfilling lives."
Accommodation	"We believe that every young person should have a safe place to stay."
Support and Advice	"We believe that every young person should have someone they can trust."

### **Aims**

INCREASING OUR IMPACT	We will help more young people in more communities.
EXTENDING OUR INFLUENCE	We will publicly champion the interests of young people in society.
WORKING TOGETHER BETTER	We will deliver a shared vision in a spirit of trust, respect and partnership.
SHAPING THE FUTURE	We will develop a business model that ensures our long-term future.

### **Values & Ethos**

We Seek Out, we Welcome, we Inspire, we Speak out, we Serve Others

Bridgwater YMCA programmes consist of:

- Housing and Support for young people aged 16-25
- Move on Accommodation for young people aged 16-25
- Emergency Hostel Accommodation for Families
- Homelessness Prevention, Advice and Guidance
- Community facilities for school, community groups and individuals
- Outdoor Activities for school, community groups and individuals
- Day Camps for children and young people
- Youth work and Positive Activities for young people
- Training, work experience and apprenticeships.
- Nursery Provision for Children 3 months to 5 years
- Social Enterprise activities including Training Hotel and Community Meeting and Wedding Venue
- Volunteer recruitment and development programmes

### **Public Benefit**

The Trustees confirm that the main activities of Bridgwater YMCA are undertaken to further the charity's purposes for the public benefit and that they have had due regard to the guidance published by the Charity Commission on Public Benefit.

## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### **STRATEGIC REPORT**

#### **ACHIEVEMENTS AND PERFORMANCE**

The Trustees and senior staff team have continued to review and implement new policies during the course of the year, and have monitored performance through KPI's in financial and non-financial terms.

##### Programme

Programme delivery including youth work, fitness and outdoor activities continued to increase throughout this year. The result of this move is shown in the significant financial improvement for services within this area. During 2015/16 we met and exceeded all KPI targets set by our funders (over 10,000 young people used our facilities during this year). This has provided the encouragement for the team to develop new and innovative programme opportunities.

An example of this is our early years provision in North Somerset from Barley Wood. The first early years setting created and delivered by Bridgwater Young Men's Christian Association, a sixty place nursery providing wrap around care for ages 3 months to 5 years. The nursery is co-located with our newest social enterprise, through converting an 16<sup>th</sup> Century Manor House into a vibrant community meeting space and wedding venue with accommodation. This enterprise has created 6 new apprenticeships across a range of disciplines.

The Beach Hotel in Minehead is now in its second year of operation and has since its inception provided 30 new apprenticeships in professional cookery, hospitality and housekeeping. Whilst making this provision the levels of customer service are high, evidence in our ranking as the most popular hotel in the region.

We have continued during the year to develop new operations across Sedgemoor, North Somerset, and West Somerset. We achieved this through supporting other community associations and charities in their objects.

##### Homelessness Prevention, Housing and Support

Somerset County Council and the Homes and Communities Agency continue to provide an important part of our funding. These organisations fund the support and prevention, education and accommodation elements of our service.

We received an award of funding from the HCA during this year as part of the Affordable Homes Guarantee Programme. This has allowed the development of further accommodation units in the town of Bridgwater and will during 2016/7 allow for the development of units in Bath and North East Somerset in partnership with YMCA Bath Group.

We continue to operate Wade House in Highbridge which provides emergency accommodation for Homeless families. This partnership with Sedgemoor District Council is important to both organisations.

Clifford Searle House, owned by YMCA England, is managed by Bridgwater YMCA. This facility provides our young people who are ready for more independent living with accommodation without losing links with their support workers.

##### Pathways to Independence

Over the course of the year we continued the delivery of the pathway to independence across both Sedgemoor, West Somerset and Taunton Deane. The pathway is funded by Somerset County Council and is designed to provide Homelessness advice, emergency accommodation and guidance to young people, which includes preventative work to be delivered in schools. The pathway also provides support in YMCA accommodation and floating support to young people living in their own accommodation. This contract has now been re tendered and subsequently awarded again to Bridgwater YMCA, with the addition of delivery in Taunton Deane Borough.

We again secured funding to develop a Tennant Accreditation Scheme which young people attend in order to support them in achieving and sustaining a tenancy.

We upheld our recognition following external audit as an accredited Nightstop provider in Sedgemoor and have extended this to North Somerset, providing emergency accommodation to young people who are homeless or are threatened with homelessness. Alongside this programme we run family mediation with the aim of the young person returning to the family unit.

## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### Fundraising

During the year we developed our approach to fundraising identifying 4 key events through which we seek to raise funds and our profile. The first event 'Mendip Mower Racing' attracted over 3000 people over the course of the weekend and raised, £2,456 for the Charity. This event is now being developed further alongside partners and suppliers with the aim of future events presenting a surplus of at least £10,000. The future events planned include a Black Tie Ball, a Sleep out highlighting the issues of homelessness and a walk raising the profile of Health and Wellbeing activities.

### Young persons involvement

The levels of young persons involvement continue and reflect in how our service is delivered, with residents committees at all sites, and user groups for all activities. All information is fed back to the board through clear reporting lines.

### Chaplaincy Provision

During this year we have continued to develop our Chaplaincy provision to the organisation, this has served to enrich the lives of our young people who engage and provides an excellent support function to all staff. We look to develop this role further as the role is now being developed across the organisation with persons from specific parishes serving the various geographic locations.

### Staff Development

Staff development has again been important in the achievements of this year, with the introduction of and emerging manager programme and sharing of training resources with other third sector organisations locally, we have increased the opportunities made available to staff and volunteers.

## **FINANCIAL REVIEW**

### Overview

Incoming resources generated during the year were £2,811,774 (2015: £2,753,362) a 2% increase on 2014/15. Whilst straight operating costs were tightly controlled there was a proportionate uplift as a result of the increased income. However we incurred one off costs in the year leading to expenditure of £3,181,563 (2015: £2716,115). These costs were relating to one off matters including a consultants fees, increased pension contributions and investments in infrastructure to meet client demand. The association views the investments made during this year as providing resources through transition to achieve longer term sustainability.

As a result of the increased expenditure the deficit for the year for the year was £437,893 (2015: surplus of £950).

As a direct result of the investments in infrastructure and the consultancy fees the association is forecasting a healthy surplus in the coming year, this further to a rent increase across its stock and the introduction of surplus making activities which meet its charitable aims into its portfolio, alongside securing a further three years of funding for its support work across the region

At the end of the year net assets were £195,282 representing a decrease of 70% against 2015 net assets of £633,175, largely due to the above reasons.

### Value for Money

The association in line with its VFM policy has a duty to ensure an efficient and effective service to all it serves. Our operational environment is often highly complex and variable and this is reflected through our variety of funding streams. During the year the YMCA has ensured VFM for each of its clients and funders through effective procurement of goods and through efficient delivery of services.

### Reserves Policy

The association's reserves policy states that it aims to ensure that it retains £500,000 of unrestricted reserves; with the Board informed if this drops below £180,000. Reserves at the year end date were £195,282 however free reserves, i.e. unrestricted reserves less the carrying amount of functional assets were in a deficit position, having been through a significant period of growth and investment. It is a key element of the business plan to achieve the aim of £500,000, through consolidation of current services, development of new and through careful management of budgets to achieve healthy surpluses.

The support of our Bank is key in this, and during the year we have developed a strong relationship with the Allied Irish Bank who have agreed in principle to a refinancing of our current loans and provision of a facility to ensure delivery of our capital commitments.

## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### Reserves Policy (continued)

During the past two years and as a result of ensuring all accommodation meets the needs of our clients and support contracts we have carried higher than anticipated voids. This programme of redevelopment is now complete and occupancy levels are now moving back towards target level. This is forecast to increase the income generated by our housing provision by 45% for 2017 and a further 20% for 2018. Alongside this we have developed a strong delivery platform of social enterprise which allows for the development of our non restricted funds. The model of social enterprise is spread across differing disciplines and in line with our charitable objectives, through this it allows us to spread our resource, risk and opportunity, whilst monitoring them each accordingly. The aim of these enterprises is to increase our non restricted funds to a level supporting the ongoing development of the association and sustain its presence as an important provider of community resources.

The trustees have along with a restructured senior management team committed to a series of actions during the year ended 31 March 2017, including the recruitment of a Business and Finance Manager, and already begun to address the current economic position and look forward to restoring balances and commence accumulating reserves from 2017.

### Investments Policy

The Trustees have again kept reserves as liquid as possible during the last twelve months. This has been to ensure that the association has been able to meet its obligations to creditors and staff by careful management of cashflow. The Trustees will continue to monitor the situation throughout the year.

## PRINCIPAL RISKS AND UNCERTAINTIES

Risk is the threat or possibility that an action or event (or sometimes inaction) will adversely affect an organisation's ability to achieve its objectives.

### Risk Policy

The aim of our risk policy is to enable Bridgwater YMCA to achieve our mission. Therefore, we accept those risks to which we must subject ourselves to deliver our mission. We strive to:-

- avoid unnecessary risks;
- control risks which inevitably arise as a result of our activities;
- monitor risks which cannot be tightly controlled without compromising delivery of the mission; and
- take risks which we have assessed as likely to lead to positive outcomes.

### Control and monitoring of risk arising from activities

We aim to understand, document and review all significant risks that arise from our ongoing activities. We do this by making and regularly updating a business risk analysis and following up all matters that require attention. Where controls can be created or improved in a practical and cost-effective manner, these are implemented. The business risk analysis is made available to the Board annually for review, and any matter that arises during the year with a risk score of 10 or more is highlighted at the next Board meeting.

Work during the year has identified that financial sustainability is the major financial risk for the Charity. A key element in managing this risk is a regular review of available funds to settle debts as they become due. Regular liaison with the bank and active management of trade debtors and creditors balances to ensure sufficient working capital is key to this.

During the year and with a growing property portfolio across a number of activities risk increases in non financial areas. These include building compliance which in turn includes Fire Safety and Health and Safety. Mitigating the potential risks in these areas we have introduced a new process for monitoring, a full review of policies and regular training for staff in these areas.

Over the past three years we have seen an increase in threats toward staff, and an increase in the vulnerability of the clients with whom we work, these matters clearly indicate a risk to staff. We have ensured during this period that we update lone working policies, ensure the correct equipment is carried by those who do lone work, and ensured that in areas of high tolerance to our clients there are two staff present at all times. We continue to monitor this risk.

Senior members of staff are contractually obliged to report any major risk to the Board.



## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### **PLANS FOR FUTURE PERIODS**

#### Organisation

Our five year rolling plan continues to be the driver for the association. The plan is strongly focused towards more efficient use of resources with the aim of increased sustainability and improved outcomes for children and young people whom may wish to access our services.

#### Delivery

We look throughout 2016/17 to continue to increase our influence across Sedgemoor, Taunton, West Somerset and North Somerset. We will be enhancing the facilities across each of our sites, increasing capacity and relevance for our varied users groups, and increase young people's access to advice and guidance with the aim of prevention of homelessness. Through enhancing our facilities we look to ensuring that all 'green' options are explored in terms of procurement of buildings, provision of energy and disposal of waste.

We intend to be a key partner for Somerset County Council, North Somerset Council, Sedgemoor District Council, Taunton Deane, West Somerset and Weston-Super-Mare Town Council in the provision of new and innovative approaches to create opportunities for young people, plus preventing and managing homelessness for young people and families in the district.

Partnerships will be key in achieving the above where we look to the third sector, public and private sectors to join together to enable the best outcomes for all, whilst showing efficiencies in all that we do.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### Governing Document

The company is incorporated under the Companies Act 2006 and is governed by its Memorandum and Articles of Association. It is a company limited by guarantee without share capital. The Articles of Association govern the rules concerning membership and election of the Board of Trustees. The company was registered on 7 April 1999, and it is also a charity registered under the Charities Act and a private registered provider of social housing. The liability of its members in the event of a winding up is limited to £1.

#### Appointment of Trustees

Trustees are elected at the Annual General Meeting. Details of trustees are included on association legal and administration information on page 1.

#### Trustee Induction and Training

Board members are recruited from the communities we serve, and in line with the needs identified from the skills audit. These members are interviewed by the Chair, President and Chief Executive, and then inducted to the full board, including safeguarding training, professional boundaries and policy review. Before becoming full board members' potential new trustees/directors, must attend at least three meetings.

The trustees have continued a programme of Board training during this year, delivered by Space to Think, the training includes a review of the role a trustee in good governance, development of the rolling strategic plan and sharing of responsibilities in relation to the associations aims and objectives.

Each year a skills audit is carried out with our Board members in order to ensure continued experience and skills are present within the Board.

#### Organisational structure

The Board of Trustees meets at least four times a year and is supported by three committees. The Resources Committee is responsible for that of physical development and monitoring of assets. The Board are also supported by the Housing and Programme Committees that meet quarterly; their remit is to drive the Business Plan and create accountability in the senior staff team. Day to day running of the association is delegated to the senior management team under the leadership of the Chief Executive

## **TRUSTEES' REPORT (including the Strategic Report) (continued)**

### Governance and financial viability and code of governance

We regularly monitor and report on our performance and the delivery of our plans, and residents involved in our governance structure are consulted on budget priorities and the strategic plan. We have a comprehensive risk register and framework that are regularly reviewed by Boards and Committees and complete risk analysis in our business plan financial model. The strategic plan is suitably financially conservative and risks are managed, with the business plan being independently validated by our Bank.

We have strong short, medium and long-term cash-flow management systems and all our future commitments are fully funded by agreed loan facilities with our banks for at least two years.

Our strategic plan makes sure of effective management and that our loan covenants are continuously monitored. Annual and periodic external audits of our accounts are completed to ensure they and our business plans are robust and viable.

Our self-assessment statement will be updated during the course of 2016/17 with additional information on how Bridgwater YMCA meets the Homes and Communities Agency's (HCA) revised Governance & Financial Viability Standard.

The association has been assessed by the HCA under the continued qualification process for investment partners 2016/17. As a result of the assessment the association have retained continued qualification as an investment partner for programmes and the applicable successor programmes.

### Arrangements for setting pay of key management personnel

The directors consider the Board of directors, who are the charity's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All directors' expenses and related party transactions are disclosed in notes 7 and 23 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the directors benchmark against pay levels in other YMCA's of a similar size. The remuneration bench mark is the mid point of the range paid for similar roles adjusted for a weighting of up to 20% for any additional duties. If recruitment has proven difficult then in this instance we will pay no more than greater than the maximum benchmarked salary for a comparable role.

### Relationship between the charity and related parties

Bridgwater YMCA has strong relationships with its partners, whilst also having strong links with fellow YMCA's working in conjunction with them to develop our services and skills. Bridgwater YMCA supports the Bridgwater Foodbank through the provision of administration and human resources advice.

Our operations are subject to regular review by a number of external agencies, including, OFSTED, Homes and Communities Agency, Somerset County Council, auditors and others.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Bridgwater Young Men's Christian Association for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation require the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the association and of the incoming resources and application of resources, including the income and expenditure, of the association for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in operation.

**TRUSTEES' REPORT (including the Strategic Report) (continued)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES (CONINTUED)**

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered social providers of social housing in England 2015. They have general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the trustees are aware:

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

**Auditors**

A resolution to reappoint Monahans as auditors will be put to the members at the Annual General Meeting.

In approving the Trustee's Report, we also approve the Strategic Report included therein, in our capacity as company directors.

By order of the Board of Trustees



John Ennals

Date 28/1/17

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGWATER YOUNG MEN'S CHRISTIAN ASSOCIATION**

We have audited the financial statements of Bridgwater Young Men's Christian Association for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of the board (as Trustees) and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out pages 8 and 9 the board members (who are also the directors of the association 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.

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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGWATER YOUNG MEN'S CHRISTIAN ASSOCIATION (CONTINUED)**

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the association's ability to continue as a going concern. The association experienced a significant deficit in the year, partly due to one off expenditure relating to consultancy and the revaluation of the defined benefit pension scheme deficit liability. However, the association successfully renegotiated its rents for social housing and has improved occupancy, which means that for 2016/17 the association forecasts a surplus.

The association has net current liabilities of £1,917,986 as at 31 March 2016. The cash position at the year-end stood at £171,413 (2015: £947,397). Cashflow forecasts have been prepared which indicate that the association can continue operating until February 2018, at least, while delivering its plan of capital development, further to obtaining a loan from Allied Irish Bank (which was in the process of being agreed at the time of signing the accounts), by active management of debtors and creditors and phasing some of the association's planned capital building projects.

As a result of the matters identified in note 1 of the accounts, there is the existence of material uncertainties that may cast significant doubt about the association's ability to continue as a going concern. Owing to the actions taken to date and the significant amount of time remaining for this situation to be resolved, our audit report is not qualified. The financial statements do not include the adjustments that would result if the association was unable to continue as a going concern.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report (including the 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

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

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



James Gare  
Senior Statutory Auditor  
For and on behalf of Monahans, Statutory Auditor  
Chartered Accountants  
Fortescue House  
Court Street  
Trowbridge  
Wiltshire  
BA14 8FA

25/01/17

**STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Note	2016	2015 (restated)
		£	£
<b>Turnover</b>		2,811,774	2,753,362
Less: Operating costs		<u>(3,181,563)</u>	<u>(2,716,115)</u>
<b>Operating surplus / (deficit)</b>		(369,789)	37,247
Interest receivable and similar income	4	536	1,655
Interest payable and similar charges	5	<u>(68,640)</u>	<u>(37,952)</u>
<b>Deficit on ordinary activities before taxation</b>	6	<u>(437,893)</u>	<u>950</u>
Tax on surplus on ordinary activities	9	<u>-</u>	<u>-</u>
<b>Surplus / (deficit) for the year</b>		<u>(437,893)</u>	<u>950</u>

These results relate wholly to continuing activities.

There were no other recognised gains or losses other than the surplus / (deficit) for the year.

On behalf of the Board on 25/01/17



John Ennals



Alastair Matthews

The notes on pages 15 - 27 form part of these financial statements.

Bridgwater Young Men's Christian Association  
For the year ended 31 March 2016


**BALANCE SHEET**


Company number: 03746771

		2016		2015 (restated)	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Properties	10	16,907,227		13,499,610	
Other fixed assets	11	<u>519,146</u>		<u>592,289</u>	
			17,426,373		14,091,899
<b>Current assets</b>					
Stock		5,107		2,231	
Debtors	12	128,776		324,113	
Cash at bank and in hand		<u>171,413</u>		<u>947,397</u>	
			305,296		1,273,741
<b>Creditors: amounts falling due within one year</b>	13		<u>(2,223,282)</u>		<u>(2,709,821)</u>
<b>Net current liabilities</b>			<u>(1,917,986)</u>		<u>(1,436,080)</u>
<b>Total assets less current liabilities</b>			15,508,387		12,655,819
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(15,313,105)</u>		<u>(12,022,644)</u>
<b>NET ASSETS</b>			<u>195,282</u>		<u>633,175</u>
<b>CAPITAL AND RESERVES</b>					
Unrestricted revenue reserves previously stated	19		195,282		803,703
Prior year adjustment	25		-		(170,528)
			<u>195,282</u>		<u>633,175</u>

These financial statements were approved and authorised for issue by the Board

On behalf of the Board on 25/01/17

  
John Ennals

  
Alastair Matthews

The notes on pages 16 - 27 form part of these financial statements.

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**STATEMENT OF CHANGES IN RESERVES**

	Unrestricted revenue reserve / total reserves
	£
At 1 April 2014	787,963
Changes to fixed assets and social housing grants (note 25)	(3,184)
Changes to pension liability on transition to FRS102 (note 25)	<u>(152,554)</u>
At 1 April 2014 as restated	632,225
Surplus for the year / total comprehensive income as previously reported	15,740
Changes to fixed assets and social housing grants (note 25)	(11,469)
Changes to pension liability on transition to FRS102 (note 25)	<u>(3,321)</u>
Surplus for the year / total comprehensive income as restated	950
At 31 March 2015 and 1 April 2016	<u>633,175</u>
(Deficit) for the year / total comprehensive income	(437,893)
At 31 March 2016	<u>195,282</u>

The notes on pages 16 - 27 form part of these financial statements.



# STATEMENT OF CASH FLOWS

	Note	2016 £	2015 £
<b>Cash flow from operating activities</b>	20	461,729	295,263
Interest paid		(68,640)	(37,952)
<b>Net cash flow from operating activities</b>		<u>393,089</u>	<u>257,311</u>
<b>Cash flow from investing activities</b>			
Interest received		536	1,655
Payments to acquire fixed assets		(3,749,559)	(2,036,032)
Social housing and other grants received		792,732	2,264,317
<b>Net cash flow from investing activities</b>		<u>(2,956,291)</u>	<u>229,940</u>
<b>Cash flow from financing activities</b>			
Proceeds from issue of new long term loans	15	1,800,000	-
Repayment of long term loans		(12,782)	(8,830)
<b>Net cash flow from financing activities</b>		<u>1,787,218</u>	<u>(8,830)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(775,984)	478,421
<b>Cash and cash equivalents at 1 April 2015</b>		947,397	468,976
<b>Cash and cash equivalents at 31 March 2016</b>		<u>171,413</u>	<u>947,397</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		171,413	947,397
<b>Cash and cash equivalents at 31 March 2016</b>		<u>171,413</u>	<u>947,397</u>

The notes on pages 16 - 27 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General information and basis of preparation

The association is a charitable company which is incorporated under the Companies Act 2006, and a private registered provider of social housing in the United Kingdom. The nature of the association's operations and principal activities are documented within the Report of the Trustees.

The association constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014 (SORP), and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the association, and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The association adopted the SORP 2014 in the current year and an explanation of how transition to the SORP 2014 has affected the reported financial position and performance is given in note 25.

#### Going concern

The association experienced a significant deficit in the year, partly due to one off expenditure relating to consultancy and the revaluation of the defined benefit pension scheme deficit liability. However the association successfully renegotiated its rents for social housing and has improved occupancy, which means that for 2016/17 the association forecasts a surplus.

The association has net current liabilities of £1,917,986 as at 31 March 2016. The cash position at the year-end stood at £171,413 (2015: £947,397). Cashflow forecasts have been prepared which indicate that the association can continue operating until February 2018, at least, while delivering its plan of capital development, further to obtaining a loan from Allied Irish Bank (which was in the process of being agreed at the time of signing the accounts), by active management of debtors and creditors and phasing some of their planned capital building projects.

The trustees continue to take steps to ensure the growth and future sustainability of the association including investment in financial infrastructure, re-financing the organisation and business transformation through restructure to reflect the size and aspiration of the association. The trustees recognise the importance of maintaining cashflow. Further to the above steps being implemented by the trustees and senior team, the financial statements have accordingly been drawn up on a going concern basis.

#### Tangible Fixed Assets and Depreciation

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life. Land is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tangible Fixed Assets and Depreciation (continued)**

Housing properties

The association depreciates housing properties by material component on a straight line basis over the estimated useful economic life of each component. The material components, and their estimated useful economic lives, are as follows:

Main Fabric	80 – 100 years
Roof Structure and Covering	50 – 70 years
Windows and External Doors	10 – 30 years
Gas boilers / fires	15 years
Kitchen	20 years
Bathroom/WCs	30 years
Mechanical Systems (Heating, Ventilation and Plumbing)	30 years
Electrics	40 years

Other fixed assets

Freehold properties	2% straight line
Furniture & equipment	15% reducing balance and 25% straight line
Motor vehicles	25% reducing balance

No depreciation is applied to development costs as these reflect assets in the course of construction which had not been brought into use at the year end.

***Housing Properties***

Housing properties are principally properties available for rent and are stated at cost less any provision for impairment (representing a diminution in the recoverable service potential of the asset below its carrying value in the balance sheet) less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Improvements are works to existing properties which result in an increase in the net rental income, including a reduction in maintenance costs or result in a significant extension of the useful economic life of the property.

Housing properties in the course of construction are stated at cost. These are classified as development and then transferred upon completion to either housing or non-housing properties.

Major components of housing properties, such as the main fabric, roof structure and covering, windows and external doors etc., as detailed above, have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives.

***Capitalisation of Development Overheads***

Development costs of properties are capitalised to the extent that they are directly attributable to bringing the properties into working condition for their intended use. Directly attributable costs include the labour costs of own employees (including development staff, in-house architects and surveyors) arising directly from the construction or acquisition of the property, and the incremental costs that would have been avoided only if the property had not been constructed or acquired.

***Works to existing housing properties***

Expenditure on existing housing properties is capitalised when it is either capable of generating increased future rents, extends their useful economic lives or significantly reduces future maintenance costs. All other expenditure in respect of general repairs to the housing stock is charged to the income and expenditure accounts as it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

**Debtors and creditors receivable / payable within one year**

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

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

**Leases**

Rentals payable under operating leases are charged to the statement of comprehensive income account on a straight line basis over the period of the lease.

**Tax**

The activities of the Bridgwater YMCA are partially exempt from VAT. Irrecoverable VAT which can be attributed to a capital item or operating expenditure is added to the cost of the capital item or expenses where practicable and material.

**Turnover and other income**

Social Housing turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, and revenue grants from the government (local authorities) and the Homes and Communities Agency.

Donated land and buildings which is unconnected with any intended development is measured at current value and recognised in turnover with other donations, where the donation is from a non-public body and as a government grant where it is from a public body. Where land is donated or transferred at a price less than its open market value, or where it has been donated as part of a development scheme, it is included at its current value on the date it is received. The difference between the current value and the transfer price of land transferred from central or local government or other public authorities is treated as a government grant. Where land is donated or transferred by a non-public body the difference is recognised in turnover.

Interest income is recognised using the effective interest rate method.

Other income, including income from donations, fundraising activities, charitable activities is recognised when receivable and entitlement has occurred.

**Government grants, including Social Housing Grant (SHG) and Other Grants**

Government grants from various sources including Local Authorities and the HCA are received in respect of property development. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover. Where the assets are accounted for using the valuation model then the government grant is accounted for using the performance model so that turnover is taken once the performance conditions have been met.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government grants, including Social Housing Grant (SHG) and Other Grants (continued)**

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Central costs are apportioned amongst the various activities on a percentage basis of expenditure by category.

**Employee benefits – pension costs**

The charity operates two defined contribution pension schemes for eligible employees. Contributions to these schemes are charged to the Statement of Comprehensive Income as incurred.

Bridgwater YMCA also participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Bridgwater YMCA for the purposes of FRS 102 disclosure, therefore the scheme is accounted for as a defined contribution scheme. However, as described in note 21 Bridgwater YMCA has a contractual obligation to make pension deficit payments and a discounted liability for the amounts payable is included in these accounts.

**Restricted Reserves**

Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in response to a specific appeal. Revenue and expenditure cannot be directly set against restricted reserves but is taken through the statement of comprehensive income. A transfer from restricted reserves is then made as appropriate.

**Judgements and key sources of estimation uncertainty**

The key source of estimation uncertainty that has been made in the process of applying the above accounting policies that has had the most significant effect on amounts recognised in the financial statements is the obligation under the defined benefit scheme (note 21).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 SOCIAL HOUSING TURNOVER AND COSTS**

	2016	2015
	£	£
Income from lettings:		
Rents receivable excluding service charges and after voids	760,346	639,446
Revenue grants receivable	812,883	883,422
Total social housing income	1,573,229	1,522,868
Social housing activity expenditure:	(1,407,392)	(1,512,437)
Net surplus from social housing activities	165,837	10,431
Memo:		
Void losses	460,933	452,541
Amortised government grants (not included in turnover figures above)	96,255	73,098

During the last two years, various properties have been unavailable to rent due to significant refurbishment programmes which have temporarily increased voids.

**3 ACCOMODATION OWNED AND IN MANAGEMENT**

	31 March 2016	31 March 2015
Number of accommodation units for supported housing	160	161

**4 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2016	2015
	£	£
Bank deposit interest	536	1,655
	536	1,655

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2016	2015
	£	£
On loans wholly or partly repayable in more than five years	63,571	28,877
Interest on pension scheme liabilities	5,069	9,075
	68,640	37,952

No interest was charged against the pension scheme in 2016 as the liability was adjusted to reflect a newly agreed repayment plan. The repayments were discounted and will be released as interest in subsequent years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6 (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016	2015
	£	£
Deficit / Surplus on ordinary activities is stated after charging:		
Auditor's remuneration (audit work)	13,000	11,250
Auditor's remuneration (non-audit work)	7,000	7,825
Depreciation of tangible fixed assets	415,085	307,530
Loss on disposal of fixed assets	-	5,000
Government grants amortised	245,790	197,085
Operating lease rentals	42,272	47,553
Rent losses from bad debts	35,123	21,521
Increase in pension deficit liability	103,171	-

### 7 TRUSTEE AND KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration for key management personnel amounted to £154,908 (2015: £155,933). Key management personnel includes the trustees, directors and senior management team as detailed on page 1.

No remuneration was received by non-executive board members / trustees.

The highest paid director received £62,077 (2015: £62,077) remuneration (excluding pension contributions).

The pension contributions made on behalf of the Chief Executive were £931 (2015: £nil). He is an ordinary member of one of the defined pension schemes offered to employees.

### 8 STAFF COSTS

The average monthly number of employees, including members of the executive team, during the year was as follows:

	2016	2015
Management and administration	22	19
Development	40	35
Housing, support and care	58	53
	<u>120</u>	<u>107</u>

The average number of employees, including members of the executive team, calculated on a full time equivalent basis was 81 employees (2015: 64)

The aggregate remuneration of such employees was as follows:

	2016	2015
	£	£
Wages and salaries	1,229,612	1,129,224
Social Security costs	91,507	82,650
Other pension costs	20,546	10,904
	<u>1,341,665</u>	<u>1,222,778</u>

The number of employees who received more than £60,000 as their employee package (excluding pension costs) are as follows:

	2016	2015
£60,001 - £70,000	<u>1</u>	<u>1</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9 TAXATION

The association is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

### 10 TANGIBLE FIXED ASSETS - PROPERTIES

	Development costs £	Housing properties £	Non-housing properties £	Total £
<b>COST</b>				
At 1 April 2015	928,669	6,353,040	7,097,711	14,379,420
Additions	2,361,526	-	1,329,220	3,690,746
Transfers	(3,121,874)	412,458	2,709,416	-
At 31 March 2016	168,321	6,765,498	11,136,347	18,070,166
<b>DEPRECIATION</b>				
At 1 April 2015	-	440,848	438,962	879,810
Charge for the year	-	95,012	188,117	283,129
At 31 March 2016	-	535,860	627,079	1,162,939
<b>NET BOOK VALUE</b>				
At 31 March 2016	168,321	6,229,638	10,509,268	16,907,227
At 31 March 2015	928,669	5,912,192	6,658,749	13,499,610

Included in properties is £2,737,000 (2015: £2,737,000) of land which is not depreciated.

### 11 TANGIBLE FIXED ASSETS - OTHER

	Furniture & Equipment £	Motor Vehicles £	Total £
<b>COST</b>			
At 1 April 2015	1,016,363	8,862	1,025,225
Additions	58,813	-	58,813
At 31 March 2016	1,075,176	8,862	1,084,038
<b>DEPRECIATION</b>			
At 1 April 2015	427,089	5,847	432,936
Charge for the year	131,199	757	131,956
At 31 March 2016	558,288	5,847	564,892
<b>NET BOOK VALUE</b>			
At 31 March 2016	516,888	3,015	519,146
At 31 March 2015	589,274	3,015	592,289



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12 DEBTORS**

	2016	2015
	£	£
Trade debtors (gross social housing rent arrears)	79,914	77,372
Other trade debtors	44,371	43,013
Prepayments and accrued income	1,268	22,997
Other debtors	3,223	23,611
VAT debtor	-	78,370
Social Housing Grant receivable	-	78,750
	<u>128,776</u>	<u>324,113</u>

Trade debtors (gross social housing rent arrears) are net of provisions totalling £7,176 (2015: £nil).

**13 CREDITORS: Amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	689,768	250,876
Social security and other taxation	24,453	21,788
Other creditors	12,355	14,539
Accruals and deferred income	109,637	232,787
Social Housing Grant and Other Grants not spent	1,030,589	1,946,241
Government Grants	248,569	198,925
VAT creditor	25,087	-
Pensions liability (see note 21)	32,127	35,315
Housing loan (see note 15)	29	25
Charity Bank loan (see note 15)	50,668	9,325
	<u>2,223,282</u>	<u>2,709,821</u>

**14 CREDITORS: Amounts falling due after more than one year**

	2016	2015
	£	£
Long term borrowings (see note 15):		
Housing loan	11,359	11,387
Charity Bank loan	2,156,139	410,240
Total long term borrowings	2,167,498	421,627
Pensions liability (see note 21)	323,872	249,982
Deferred income	57,750	-
Government grants	12,763,985	11,351,035
	<u>15,313,105</u>	<u>12,022,644</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 BORROWINGS**

Analysis of maturity of debt:	2016		2015	
	Housing Loans	Other Loans	Housing Loans	Other Loans
	£	£	£	£
Less than one year or on demand	29	50,668	25	9,325
Between one and two years	33	64,742	28	10,023
Between two and five years	122	208,177	104	34,215
After five years	11,204	1,883,220	11,280	366,002
	<u>11,388</u>	<u>2,206,807</u>	<u>11,437</u>	<u>419,565</u>

The Housing loan is repayable over 50 years at a fixed interest rate of 11%. The loan is secured on the freehold land that Gerald Townsend House occupies.

Other loans comprise of two loan agreements with Charity Bank.

- The first loan was taken out in 2011/12 and was for £450,000. Interest is charged at a fixed rate of 6.5%.
- A second loan was taken out in 2015/16 for £1,800,000. Interest is charged at 3% above Bank of England base rates.

Both loans are secured via a fixed charge on both Thorncombe House and Riverbed House, properties owned by the association, and are both repayable over 25 years.

**16 OPERATING LEASES**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than one year	48,320	42,272
Later than one and not later than five years	<u>65,633</u>	<u>61,124</u>
	<u>113,863</u>	<u>103,396</u>

**17 CONTINGENT LIABILITIES**

On 1 June 2013, the association registered a charge in favour of the Department of Education. This charge relates to grant funding of £3.972 million received in previous years which could become repayable in certain circumstances, particularly if the association were to sell or significantly change the use of the grant-funded building. The trustees consider the likelihood of such circumstances occurring to be remote. This contingent liability is secured against the George Williams Centre, which is included as a freehold property in note 10 of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18 SHARE CAPITAL

The association is a company limited by guarantee and as such has no issued share capital.

### 19 RESERVES

#### Income and expenditure reserve

This represents cumulative surplus and deficits net of other adjustments.

#### Restricted reserves

During the year two restricted grants were received and one released from deferred income brought forward. £100,000 was received from the Big Lottery Coastal Communities Fund to be spent on the Beach Hotel and £7,140 released from deferred income, also received from the Big Lottery, for 'Give it a go' to provide an extracurricular holiday club. £50,000 was also received from West Somerset Council to fund a gym at the Beach Hotel.

At the year end date the restricted amounts received were fully spent. The net transfer to restricted funds to reflect any restricted balances at the year end required is therefore £nil.

### 20 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Operating deficit	(437,893)	950
Depreciation of tangible fixed assets	415,085	307,530
Loss on disposal of fixed assets	-	5,000
Donated land and buildings	-	(50,000)
Interest receivable	(536)	(1,655)
Interest payable	68,640	37,952
(Increase) / decrease in debtors	195,337	(1,976)
Increase / (decrease) in creditors	469,762	194,608
(Increase) / decrease in stock	(2,876)	(61)
Government grants utilised in year	(245,790)	(197,085)
Net cash outflow from operating activities	461,729	295,263

### 21 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The association operates two defined contribution pension schemes, one with Scottish Widows (previously with Aviva) and one with the People's Pension. The assets of the schemes are held separately from those of the association in independently administered funds. The pension cost charge represents contributions payable by the association to the two funds and amounted to £15,740 (2015: £7,440). Contributions totalling £4,190 (2015: £nil) were payable to the funds at the year-end and are included in creditors.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 PENSIONS AND OTHER POST-RETIREMENT BENEFITS (continued)

**The YMCA Pension and Assurance Plan and Group Life Scheme**

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 plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Bridgwater YMCA for the purposes of FRS102 disclosure and accordingly the FRS102 deficit is not shown on the balance sheet.

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

The valuation prepared as at 1 May 2014 showed that the YMCA Pension Plan had a deficit of £38.7 million. Bridgwater YMCA has been advised that it will need to make monthly contributions of £2,810 from 1 May 2015. Bridgwater YMCA is also responsible for paying Weston Super Mare YMCA's monthly contributions of £288 in respect of the YMCA Pension Plan. These amounts are based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 12 years commencing 1<sup>st</sup> May 2015.

Under Financial Reporting Standards 102 a provision has been made in these accounts for the liability of Bridgwater YMCA. The recommended annual contribution provided in 2015 have been discounted to the net liability on an ongoing basis. The liability excludes contributions towards scheme expenses as these will be expensed to the Statement of Comprehensive Income as incurred on an annual basis. Accordingly a provision has been included in the accounts to reflect the net present value of those future contributions.

This liability represents a change of accounting policy which has been treated as a prior year adjustment and details can be found in note 25.

<i>Pension liability</i>	2016 £	2015 £
Liability brought forward	285,297	311,353
Repayments in the year	(32,471)	(35,131)
Increase in valuation based on new repayment plan	103,173	-
Interest applied	-	9,075
Liability carried forward	<u>355,999</u>	<u>285,297</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22 CAPITAL FUNDING AND COMMITMENTS

	2016	2015
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	205,589	1,365,000
	<u>205,589</u>	<u>1,365,000</u>

### 23 RELATED PARTIES

Pat Collins, a trustee, is a director and shareholder of Collins Payne Limited. Purchases totalling £3,300 (2015: £268) were made from this company during the year on an arm's length basis.

At the year end date the Chief Executive was owed £1,783 (2015: £1,783) for expenses incurred yet to be reimbursed.

### 24 ULTIMATE CONTROLLING PARTY

The trustees consider that the association is jointly controlled by the trustees and that there is no ultimate controlling party.

### 25 FIRST TIME ADOPTION OF SORP 2014 / FRS 102 AND PRIOR YEAR ADJUSTMENT

The association has adopted the Housing SORP 2014 and FRS 102 for the first time in the year ended 31st March 2016. The date of transition is 1st April 2014.

- As described in Note 21, the association pays into the YMCA Pension Scheme, a multi-employer defined benefit plan pension scheme where it is not possible to separately identify the assets and liabilities relating to the Bridgwater Young Men's Christian Association. YMCA Bath Group is required to make deficit contributions towards the scheme's deficit.

Although the association did include a liability for part of the scheme in its previous financial statements, the calculation was not fully compliant with SORP 2014 / FRS 102 since it excluded the payments in regards of the Weston Super Mare element (which they treated as a defined contribution scheme).

At the date of transition in applying the requirement to recognise liabilities arising to make payments to fund any deficit relating to past service, a liability was recognised for the present value of future contributions payable based on a repayment plan agreed in 2014.

The full financial effect of the prior year adjustment can be seen on the statement of changes in reserves, however the net effect was to decrease reserves as at 1 April 2014 by £152,554 and to decrease the surplus for the year to 31 March 2015 by £3,321, resulting in a net decrease in reserves at 31 March 2015 of £155,875.

- Previously grants received as a contribution towards the capital costs of purchasing or building a capital project were netted off against the value of the capital project. Depreciation of fixed assets was charged on a straight line or reducing balance basis, net of the housing grants used to finance them.

Under the new reporting standards capital grants are recognised in income on a systematic basis over the useful life of the housing property structure and its individual components (excluding land) on a pro-bono basis. The resulting creditor is no longer netted off against the value of the capital project but instead are shown separately under creditors.

The full financial effect of the prior year adjustment on the reserves of the association can be seen on the statement of changes in reserves, however the net effect was to decrease reserves as at 1 April 2014 by £3,184 and to decrease the surplus for the year to 31 March 2015 by £11,469, resulting in an overall decrease in reserves at 31 March 2015 of £14,653.