

Company Registration No. 06102037 (England and Wales)

Charity Registration No. 1133269 (England and Wales)

HCA Registration No. L4547

YMCA THAMES GATEWAY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

YMCA THAMES GATEWAY

COMPANY INFORMATION

Details of trustees, secretary and registration numbers of the charity are given in the trustees' report.

Registered office	YMCA Thames Gateway Rush Green Road Romford Essex RM7 0PH
Auditor	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom
Bankers	National Westminster Bank PLC 10 South Street Romford Essex RM1 1RD
Solicitors	Bates Wells Braithwaite 2-6 Cannon Street London EC4M 6YH
Investment managers	Barclays Bank Plc 1 Churchill Place London E14 5HP

YMCA THAMES GATEWAY

CONTENTS

	Page
CEO and Chairman's report	1
Trustees' report	2 - 13
Trustees' responsibilities statement	14
Independent auditor's report	15 - 16
Income and expenditure account	17
Statement of comprehensive income	
Balance sheet	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21 - 36

YMCA THAMES GATEWAY

CEO AND CHAIRMAN'S STATEMENT

FOR THE YEAR ENDING 31 MARCH 2019

2018-2019 was a good and productive year for YMCA Thames Gateway. The Board thanked Damon Thomas and Edward Galgano for their service as Trustees as they chose to resign for personal reasons. We undertook a skills audit of our Board, recognising the need to recruit Trustees with specialisms in areas which would support our strategy and objectives. We welcomed Tim Roberts as Treasurer, Russell Ridley, Alison Sweeney and Mark Saunders as new Trustees to the Board, each of them bringing a unique skill set adding to the diversity of our Board. The new trustees were appointed on the 1st April 2019.

Last year we increased our fundraising successes raising over £400,000 in voluntary income, grants and new contracts to support our service delivery which is critical for our ongoing sustainability as a charity. This has also enabled us to develop our "trauma informed work" particularly with young people at risk. We were grateful to the London Mayors office and the Royal Borough of Greenwich for their financial support to achieve this. We were also very excited to be able to develop our family support work through across our early years offer.

We worked last year on the new Thamesmead development which enabled us this year to open a 59-place nursery in Thamesmead allowing us to deliver childcare services to families in the area. This will also create additional income growth for the organisation and to build upon the work of Thamesmead YMCA which merged with YMCATG during the year.

We were very excited to win a large housing support contract with Kent County Council allowing us to grow and develop our housing services in the NW Quadrant of Kent reaching more people in housing need. This was the first substantial contract won and builds upon the merger some four years ago to show that joining the two YMCA's together has made us more sustainable and able to reach and support more children, young people and families. We created £11.5 million worth of social value during the year which equates to £7 social value for each £1 spent. We secured planning permission for our 39 unit GLA supported Rush Green Road development meaning we are step closer to providing much needed accommodation to young people during the crisis moments of their lives. We are looking forward to seeing this project move forward in the coming months. The YMCA has had National success when challenging the Government on their proposed changes to housing benefit. These changes would have significantly impacted on our ability to deliver services to vulnerable residents.

During the year we have developed quality standards which have enabled us to measure performance more effectively, and we have made a huge step forward in the significant progress made on the impact our services are making on the ground in people's lives due to the newly developed impact framework. This data is being used to shape our services. In Housing the fully embedded framework is being used to improve service delivery with the goal of positively impacting on the outcomes for our residents.

The newly implemented performance management framework has seen 100% of staff at supervisory level have specific objectives set and an appraisal thus ensuring that our employees are clear on objectives and performance. We have increased expenditure on staff training to 1.4% of our income, helping to ensure that we build and maintain a highly skilled workforce to support our growing business. Welfare and staff benefits are particularly important to our organisation and we have increased our contributions to employee pension provisions, helping them to save for retirement.

Our plans for the future see our strategic targets which were set a couple of years ago come to fruition with the commencement in construction of our GLA Housing Scheme on Rush Green Road. The Site Master Plan for our Rush Green Road site is virtually completed giving us options for growth both financially and operationally. We continue to develop our partnerships with YMCA's in Kent and Essex and our work and partnership with Peabody Trust in Thamesmead.

We remain steadfastly committed to supporting our local communities through our local branches in Kent, Essex, and London and are determined to make a greater impact on the lives we serve and support. We are grateful to all of our partners and stakeholders who help make this possible and the thousands of members and YMCA friends who join us on the journey.



Martin Howse
Chair



Dave Ball
CEO

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

The trustees present their report along with the financial statements of the charitable company for the year ending 31 March 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with applicable law and the requirements of the Financial Reporting Standard 102.

Origins and mission

YMCA is the largest and oldest youth charity in the world. From our beginnings in 1844, we've grown into a global movement. Local YMCAs are autonomous and affiliate to the National Council of YMCAs.

YMCA Thames Gateway aims to help people to develop their full potential in mind, body and spirit. We create supportive and inclusive communities, where young people can belong, contribute and thrive. Spanning five boroughs, three of which are the country's most deprived; we work across five core areas:

Accommodation – We believe that every young person should have a safe place to stay. We provide accommodation for 319 young people from our local communities every night, who would otherwise be at risk of homelessness. In the past year we have provided in the region of 48,000 meals to our residents.

Children's, Youth and Family Work – We believe that every family should have the support to develop and lead more fulfilling lives. We run pre-schools, nurseries, out-of-school clubs, holiday programme, parties and youth services. We are a registered provider of childcare services, offering Nursery and After School care to approximately 750 children a year and reaching 5,000 children through our other services including school holiday clubs and birthday parties. Our youth services engage over 200 young people per year in meaningful activities.

Health & Wellbeing – We believe that everyone should be able to enjoy the benefits of physical health. We have 2,000 members who use our fitness facilities and we deliver health programmes to the local community and in schools and colleges. In the past year over 3,400 adults and children engaged in our fitness services.

Training & Education – We work with residents to provide them with education and skills programmes. This includes basic skills training such as cooking and budgeting as well as offering support for seeking work and employment.

Support & Advice – We work with residents and members to provide advice and support on benefits, education and employment, housing and health and wellbeing. Our Support Workers work with over 500 vulnerable young people each year, providing tailored one to one support plans, helping to ensure that they leave our care in a more positive place than they did when they came to us. We have a full time Chaplain who provides pastoral support to our staff and customers alike.

As an international organisation we are also involved in worldwide partnerships to support young people. We currently have links with YMCAs in Belarus (Vitebsk YMCA), Bulgaria, Nepal, Sierra Leone and Hong Kong, and have welcomed international volunteers from France, Mexico and the USA over the past year.

We are fortunate to benefit from the work of over 80 volunteers each year who collectively donate over 10,000 hours of time to our work. They make a valuable and worthwhile contribution and are appreciated for their efforts. They play many vital roles including board and committee membership, activity leaders in clubs such as the YMCA orchestra, Widows & Widowers and Women Together, our senior citizens' programme, health and wellbeing, youth work and youth football. They also support key departments such as Catering, Chaplaincy and Site Operations.

Objectives and activities

Our mission is to transform the communities in which we work, enabling more young people to truly belong, contribute and thrive. To achieve that, we have set five clear, strategic aims:

1. **Our Finances** – We will grow income, increase surpluses, significantly increase direct debit payers, fundraise £1.2 million and reduce our overhead costs.
 2. **Our People** – We will introduce a new performance management framework and a new staff development programme including increasing our training. We will improve our employee experience.
 3. **Our Opportunities** – We will have a new process to appraise and commit to opportunities, develop new housing, develop new community branches, firstly considering Thamesmead. We will sweat our land assets.
-

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

4. **Our Quality** – We will introduce new impact measurement frameworks, define our quality standards, improve our customer experience, complete a “journey to excellence” programme in Housing, and ensure we listen to the voices of young people.
5. **Our Risks** - We will approach risk with creativity and innovation and all new opportunities will be fully risk assessed. We will plan to generate a minimum of an extra 300k of surplus by 2022. We will mitigate against the risk of losing rental income through government changes.

We work with all members of the community, in the belief that everyone should be able to reach their full potential, regardless of their background. Our focus, however, is on young people, with targeted work for those with a specific need.

We believe in joined-up working to maximise our reach and impact. Our provision is fully integrated, so that, no matter what the reason for initial contact, young people have the opportunity to access all of the services we provide, giving them the best all-round chance to improve their lives and be part of the wider community.

Our concern for the welfare of young people and their communities is motivated by our Christian faith, which drives us to place equal value on every individual, welcoming people of all faiths and none, to serve those who face disadvantage or exclusion, and to challenge discrimination and social justice.

The Trustees have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission. The benefit to the public is manifestly demonstrated by the achievements contained in this report.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the charitable company to present a strategic report.

Achievements and performance

Our performance against our strategic objectives are as follows:

1. Our Finances

- We have increased our fundraising successes significantly over the past couple of years, raising over £400k in voluntary income, grants and new contracts to support service delivery.
- We have increased our surplus % on operating activities to approximately 2%, via combination of increasing income and being prudent with expenditure. This will allow us to ensure that we can meet our financial commitments around developments and business growth.
- We have not achieved the growth we expected in our Direct Debit memberships. Despite sales targets being met, we have found retention of membership difficult which is a general trend in the fitness industry at present. We have member retention strategies and plans in place to improve in this area
- We have met departmental contribution targets in most areas of the business allowing us to increase surpluses and invest in support services.

2. Our People

- We have implemented a new performance management framework with 100% of staff at supervisory level and above having had specific objectives set and an appraisal, ensuring that employees are clear on objectives and performance.
- We have increased expenditure on staff training to 1.4% of income, helping to ensure that we build and maintain a highly skilled workforce.
- We have increased expenditure on staff benefits and welfare by 85% since 2017. This includes increases to our pension provisions, aiding the ability for our employees to save for retirement. This will help us to both recruit and retain our valued staff team.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

- We have increased volunteering hours by over 40% since 2017 allowing us to provide more services to our beneficiaries and service users
- We have recruited and appointed 2 new apprentices allowing young people the opportunity to train and learn with us in meaningful employment.

3. Our Opportunities

- We have set up a new nursery within the Thamesmead area allowing us to deliver childcare services to over 50 children per day on this new site.
- We have taken over the running of YMCA Thamesmead and are in discussions with a partner regarding the building of a new Boathouse to help grow boating services in the area.
- We are in negotiations with a partner organisation in Thamesmead to take over the running of two large scale community assets allowing us to further develop and grow YMCA work in the area.
- We have progressed plans for the development of 39 new affordable flats on our Rush Green road site in Romford. We have secured planning approval and financing for the project, including a large grant from the GLA, and are planning for construction to begin by the end of 2019.
- We have continued to work closely with and develop partnerships with, local YMCAs in Essex, Kent and London, including the progression of shared services in some areas.
- We secured a large housing support contract with Kent County Council allowing us to grow and develop our housing services in the area.

4. Our Quality

- All service areas have developed quality standards to enable us to measure performance more effectively.
- We have developed and started to embed customer service standards across the organisation, enabling us to provide a better quality of customer service to our service users.
- We are developing an impact measurement framework to enable us to report on the impact our services are making
- The housing department have fully embedded a new framework designed to improve service delivery with the goal of positively impacting on the outcomes for our residents.

5. Our Risks

- Through collaborative working with YMCA England and Wales we have been successful in negating a key risk associated with the impact of proposed government changes to housing benefit
- We have made some progress towards increasing our surpluses in order to meet future spending commitments.
- All new business opportunities have a separate risk plan to enable us to monitor and mitigate risks.

2018-19 Housing Review

Overview

2018-19 was a challenging year for supported housing across the country as we navigated and influenced the direction of the government review of supported housing. This was compounded by the full rollout of universal credit and many HA's found supported housing an unstable and unviable arm of their offer.

Here at YMCATG we were prepared and indeed looked at these challenges as opportunities for growth and where many experienced reduced funding or complete closure we were able to increase our funding by an additional £350K and seek opportunities to increase our stock.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

We accommodated 569 people during the year and as the table below shows 80% of our residents were between the ages of 19 and 29 years of age and primarily males.

<u>Age</u>	
16-18 years old	6.61%
19-21 years old	21.87%
22-25 years old	33.74%
26-29 years old	24.57%
30-34 years old	11.13%
No data	2.08%

National statistics suggest that homelessness between men and women currently sit at 34% female and 66% male, those we housed during the year were a close reflective of the national crises with our young parent schemes in Greenwich raising the female distribution.

<u>Sex</u>	<u>Whole Service</u>
Male	60.88%
Female	38.82%
Other / No data	0.3%

There has been a slight shift in demographics of ethnic origins since the 2017-18 but in general this remains a close reflection of the local community and cultural patterns of homelessness, by this we mean that groups such as Indian, Pakistani and Bangladeshi are consistently underrepresented within all our hostels compared to the local demographics.

<u>Ethnic Origin</u>	<u>Whole Service</u>
White British	37.55%
White Irish	1.50%
White - Other	3.48%
Mixed - White and Black Caribbean	9.22%
Mixed - White and Asian	0.00%
Mixed - White and Black African	2.26%
Mixed - Other	1.22%
Asian/Asian British - Indian	1.04%
Asian/Asian British - Pakistani	0.00%
Asian/Asian British - Bangladeshi	0.00%
Asian/Asian British - Other	4.70%
Black/Black British - African	11.66%
Black/Black British - Caribbean	18.32%
Black/Black British - Other Black	3.30%
Chinese	1.22%
Other Ethnic Group - Any other ethnic group	4.52%

We work with and support residents living in our hostel provisions to enable them to move onto independent living within 2 years. The table below demonstrates that over 90% of our residents spend less than 2 years in our accommodation, with the majority moving on after having lived with us for between 1 and 2 years, which is what we would expect.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

<u>Length of time service users in service</u>	
less than 6 months	12.87%
between 6 and 9 months	13.09%
between 9 months and 1 year	16.69%
between 1 and 2 years	48.35%
over 2 years	9%

Finances

2018-19 saw the full roll out of universal credit across all our sites which created many challenges for the service however despite lack of clarity from government agencies impact was kept to a minimum.

We finished the year with an average of 4% arrears, 1% off of our target but this still allowed us to make a contribution of 63% to the business.

During the year we introduced our new approach to former tenant arrears which should reduce the amount of bad debt write offs that we make by at least 50%.

Value For Money (VFM) was a key theme within staff objectives this year with the concept being present within all conversations and communication as a result the team logged £170k of cashable and non-cashable VFM savings. This was an extremely good start and we hope that this will grow year on year.

Requests from residents for financial support have remained high. We have managed to secure some funding to provide residents with support for move on costs and have secured a number of free laptops for residents use. Not only has this brought about savings but has broadened our ability to support our residents.



Residents receiving our first donation of Laptops

During the year we were informed by **Kent County Council (KCC)** that the supporting people contract would be coming to an end and that the funding would no longer be available, this would have meant a £150k loss of income to our Dartford Hostel. We were however informed that the funding would be replaced by new Young Person Support fund.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

We entered in to a very competitive tendering process and were successful in winning a contract for the North of Kent providing supported accommodation and a floating support service to the value of £420K per year. In addition to this we negotiated a further £90k of enhanced housing benefit payments to support the remaining properties no longer covered by the KCC contract.

Impact

During the year we created £11.5 million worth of social value according to the Housing Action Charity Trust social value tool. The assessment shows that for every £1 invested in the housing department £7 of social value was created.

This assessment is, we believe, an under-representation of our true impact as our ability to record all outcomes is limited but with the introduction of our new housing system in April 2019 better representation will be achieved.

Customer offer

During the year we focused on resident empowerment, ensuring the resident voice was heard and that every opportunity was given for residents to influence the service.

We saw the introduction of the resident's forum in Romford which is built around the Tenants Participation Advisory Service (TPAS) model. Within the first 6 months the group has brought much change and improvements needed from a residents perspective.

We introduced the Housing pledges which the residents forum sign off, in addition we built a framework to measure that pledges were being delivered, this was scrutinised by the resident's forum and was met with their approval.

We have been focused on growing the wider offer that supports our mission to help resident's Belong, Contribute and Thrive. Education, skills, independence and health have been our target areas.

We have built a strong relationship with Barking and Dagenham College, University of Greenwich, North Kent College as well as many independent training providers which saw the delivery of many onsite courses for our residents; these ranged from general employability courses to sector specific training.

Financial Review

YMCA Thames Gateway's main sources of income arise from our charitable activities in three main business areas; Housing, Community Health and Wellbeing and Children's Services. Our Housing income is made up from a mixture of personal rental payments and housing benefit payments for residents living in our hostel or move-on accommodation. Community Health income is made up from member subscriptions, income from members using our fitness facilities, and income from external bodies in payment for fitness services. Children's Services income is predominantly from payments for the use of our childcare facilities, including our nurseries and pre-schools. We also receive income from other sources including our catering services, as well as from rental and investment income. Turnover for the twelve months ending 31 March 2019 was £5,582,357 (£5,513,775 in 2017/18). 2018/19 resulted in a surplus on operating activities of £82,019 (£28,232 in 2017/18).

Turnover for the year was up by £68k on 2017/18, mainly due to growth in our housing services as a result of higher occupancy in our housing schemes as well as some growth in our Children's Services provisions. We had increased direct expenditure of £127k compared to 2017/18 primarily as a result of increased staffing costs associated with increases to employee pension contributions.

Our cash position dropped in the year due to up-front investment in our new housing scheme at our Rush Green road site as well as our new nursery provision in Thamesmead. Despite this drop in cash levels, our investment portfolio is liquid and we are able to draw down funds to meet cash flow requirements as necessary. We will have bank financing and grant commitments in place to meet the future costs of the developments and it is expected that cash levels will improve over the next 12 months.

We maintain sufficient reserves to enable it to fulfil the objectives of the Association. These reserves are held in a combination of both fixed and current assets including an investment portfolio managed on the Board's' behalf by professional investment advisers.

The key funding sources have been mainly from public sector organisations such as the London Borough of Barking & Dagenham and Dartford Council (via housing benefit payments), as well as income received direct from members for use of our facilities and

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

from families for use of our Childcare services. We also receive a grant from Kent County Council for our Dartford based housing services, and for the provision of free places at our nurseries. In view of the scale of public sector spending reductions, the

Association aims to continue to diversify revenue streams. Where funding is available, it is often on the condition that we evidence effective delivery of specific key performance indicators, and therefore, YMCA Thames Gateway must ensure that all projects are delivered efficiently and meet the targets set.

List of Funders

We would like to say a big thank you to all of our supporters and donors who gave so generously to us in the year.

We particularly note the support given to us by the following funders

- Kent County Council
- Big Lottery Fund
- LandAid
- Young Londoners Fund (Greater London Authority)
- BBC Children in Need
- Masonic Charitable Foundation
- London Marathon Charitable Trust
- The National Lottery Community Fund
- Charlton Athletic Charitable Trust
- Winners Chapel International
- Ford Britain Trust

Investment policy and performance

The Board has instructed the investment managers Barclays Wealth to maintain a balanced portfolio with a medium level of risk. During the year the trustees made the decision to move our investment assets out of a managed portfolio and to invest the proceeds in the Barclays Charity Fund, which is a unit based fund that meets our ethical investment requirements.

Income from investments was £79,979 compared to £75,055 in 2017/18. This included realised gains on investment disposals. Due to fluctuations in the stock market over the financial year the gain in fair value on our portfolio amounted to £122,248. At 31 March 2019 our portfolio value totalled £2,144,240.

Reserves Policy

The association's reserves are made up of both free reserves and designated reserves.

The association currently has a number of designated or restricted reserves. The largest designated reserves are the Property Asset Fund, which recognises the funds tied up in the physical property assets of the association and the Investment Revaluation Reserve, which recognises the increases in the valuations of assets held in our investment portfolio. The designation of the reserves is reviewed on an annual basis by the Finance Committee.

The Income and Expenditure Account totals £2,067,742. However, the balance of this account is deflated by the provision for long term liabilities, notably the provision put aside for the pension deficit. The Trustees therefore consider free reserves to be the liquid assets (current assets plus investments less current liabilities) available to the Association and available for the running of our charitable services. These free reserves do not preclude the continuing need for fundraising to enable us to fulfil the objects of the association.

The Board consider that the free reserves should cover a minimum of four months operating expenditure. At the end of the financial year free reserves totalled £2,067,742 which covers approximately 23 weeks of operating expenditure at current expenditure levels. This is slightly higher than our target, but we are expecting to invest money in our services and buildings over the next few years and so the reserves are required.

The Reserves Policy is reviewed annually by the Finance Committee

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

Value for Money

At YMCA Thames Gateway we want to provide value for money. That means getting the maximum benefit for the resources we have available, and getting the balance right between cost and quality.

It means spending less, spending well and spending wisely.

Value for money is now a collective objective for all employees, employees understand the concept that VFM is as much about quality as it is about cost and continuously apply this to their day to day decision making. Each team has an allocated VFM champion to keep the concept alive and active, this has proved effective in ensuring quality is high and savings are identified.

By looking at value for money we want to make sure that:

- What we do is relevant and leads to benefits for young people (spend wisely)
- How we work is efficient and effective so we don't waste time or money (spend less)
- We get a good return from what we spend and make wise choices (spend well)

Over the past year we have ensured value for money in a number of ways:

- We have calculated that we have created £11.5m of social value during the year from our Hosing operations, which equates to £7 of social value generated for every £1 spent.
- We have achieved £248k of in year VFM savings and benefits through either securing additional income, or through cash or in kind savings.
- Housing occupancy levels were maintained at a high level minimising voids and ensuring maximum use of our accommodation.
- Securing a new housing support contract to the value of £420k over 4 years, allowing for increases and improvements to service delivery.
- Securing free training for the housing team on rent management and universal credit, saving £3k
- Resettlement deposits for residents secured from local authority resulting in savings of over £6k
- Securing additional housing benefit allowances totalling £91k on our Dartford units enabling us to offer increased support to residents.
- Recruitment of 3 volunteer social work placements to support our housing team and service delivery with residents, a benefit of around £73k over the year.
- As a result of our improved relationships with local authorities we managed to save over £14k from our incentive budget by securing deposits for move-on accommodation through local authority funding.
- Grants secured totalling over 50k for a kitchen refurbishment at our Woolwich Branch, for a refurbishment of our Romford Sports Hall, and for a new role to help support our family inclusion work in our nurseries.
- Gifts in kind secured including office furniture for our Dartford site and child play equipment for our nurseries.
- Health & Wellbeing services tracked occupancy at classes and closed those that were not sustainable
- We have worked with the National Citizen Service (NCS), and have had groups of young volunteers from them undertaking a range of jobs, including painting and decorating, gardening and creating gift boxes for residents. This has both added to the quality of our services and helped reduce costs.
- We have developed corporate partnerships with organisations such as Tesco, M&S and B&Q who have provided both funding, food and material to support our operations, which has enabled us to provide more cost effective services.

We will continue to strive to ensure that we achieve value for money in all of our activities. In future periods we are positively seeking opportunities to partner with or merge with other YMCAs in order to bring about efficiencies so that we might provide our services in an even more cost effective way.

Plans for future periods

The Board of Trustees have approved a five year business plan covering the period 2017-2022. There are five key strategic aims to this plan as detailed below.

Our Finances – In order to support our developments and growth we need a robust financial plan that ensures that we are generating surpluses sufficing to effectively resource our work and finance our capital developments.

1. At the end of March 2020 we will have fundraised £1m of capital funding and £250k of revenue funding to support our housing development work, and to expend our service provision.
 2. At the end of 2020 we will have a budget surplus of 3% of income.
-

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

Details of personnel are given below:

Honorary Officers:

Patron:

Rt Rev Roger Sainsbury

Vice Presidents:

Peter Clarke, OBE

Sandra Cox

Ron Gale

Val Goodwin

Dave Harris

Leslie Newey

Board of Management:

Trustees:

Father Martin Howse (Chair)

Desmond Potter (Vice-Chair)

Andrew Dyckhoff

Edward Galgano (Resigned 14th January 2019)

Skye Sandhu-Nelson

Damon Thomas (Resigned 27th July 2018)

Sue Unsworth-Tomlinson

Dominic Scott-Malden

Cheryl Burden

Tim Roberts (Appointed as Treasurer 1st April 2019)

Russell Ridley (Appointed 1 April 2019)

Mark Saunders (Appointed 1 April 2019)

Alison Sweeney (Appointed 1 April 2019)

Company Secretary:

Karen Knapp

The Executive Team:

Chief Executive

- Dave Ball

Director of Finance & Resources

- Paul Setterfield, ACMA, CGMA

Director of Housing & Property

- Steve Brightwell

Director of Housing

- Brian Cooke

Director of Programmes

- Joanna Read

Director of Quality & Compliance

- Karen Knapp

Director of People

- Remi Tondu

Exec PA

- Heather Stevenson

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDING 31 MARCH 2019

3. At the end of March 2020 we will have seen a net growth of direct debits in our health & wellbeing club of 400.
4. At the end of 2020 we will see percentage departmental contributions, before overhead allocation (as a percentage of income) of the following:
 - Housing 45% of income
 - Children's and Families work 21% of income
 - Health & Wellbeing 50% of income
 - Central Support costs to reduce to 32% of organisational spend

Our People – Our people are our most important asset, our aspiration and intention is to have a highly skilled and motivated workforce, with this in mind we set the following objectives.

1. A new staff development programme in place by 2019-20
2. 2% of organisational spend to be spent on staff training and development by 2019-20 in order to achieve and maintain a highly skilled workforce
3. Review and improvement of employee benefits, including pension provisions, to aid employee retention and motivation. 50% increase in expenditure on employee benefits by 2019-20
4. Increase in volunteering hours by 20% per annum between 2017 and 2020
5. Increase in number of apprentices working for us so that we have at least 6 apprentices working for us by 2020

Our Opportunities – Although recent years have offered significant challenges, there is no doubt the immediate landscape offers significant opportunities to grow impact and to secure our future. Our approach will enable us to assess all opportunities against our key strategic objectives to both prioritise and plan delivery

1. With the support of the GLA grant we will deliver 100 units of new accommodation over 3 sites by 2022.
2. We will complete business planning (funded by the Big Lottery Fund) to open a new YMCA branch in Thamesmead, including a nursery, sports and community facilities, and a Y Aspire Housing Scheme by 2022
3. We will appraise options for collaborations with other local YMCAs to grow and support our services

Our Quality - By 2020 all services offered by YMCA Thames Gateway will be able to identify the impact they have on members. Using a clear framework of what 'good' looks like, enabling statistic development to inform continuous improvements.

1. By the end of 2019 all service delivery areas will have an impact measurement framework in place
2. By the end of 2019 all services will have defined their quality standards of what 'good' looks like
3. By the end of 2019 customer care standards will be embedded across all services and we will have a framework in place to obtain customer feedback and improve customer experience scores year on year
4. By the end 2020 the "Journey to Excellence" Housing Framework will be fully implemented.
5. We will ensure that we are putting young people's voice at the heart of service delivery by adopting the 'Hear by Right' development tool. This participation strategy will enable best practice on the safe, sound and sustainable participation of children and young people in the services and activities they take part in.

Our Risks - We aim to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, and are evaluated and proactively controlled rather than avoided.

1. We will have effective structures and processes in place to ensure the risks and opportunities of daily activities are identified, evaluated and controlled in a standard way.
2. Risk management is incorporated into business planning of new opportunities and developments.
3. There is a risk that we could lose up to a maximum of £700k of housing revenues due to government rent changes. We will ensure we have a robust and thorough plan to ensure this risk is not realised.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

YMCA Thames Gateway is a Christian community, a Housing Association with sports, arts, fitness and well-being, youth and children's services, and international programmes. YMCA Thames Gateway was established in 2015 following a merger between Romford YMCA and YMCA Thames Gateway (South). The charity serves communities in North East and South East London, Essex and Kent, and principally in the London Boroughs of Havering, Barking & Dagenham, and Greenwich as well as Dartford and Ashford in Kent.

YMCA Thames Gateway is a company limited by guarantee, incorporated on 13 February 2007 with company number 06102037 and governed by its Memorandum and Articles of Association, last updated on 28 July 2015. It is also a registered charity with number 1133269 and a registered social housing provider with registration number L4547.

The charity is led by the elected Board of Management, which is representative of the community and membership. The Chief Executive, appointed by the Board of Management, is the Executive Officer of the Association. The Association's strategic direction is set by the Board of Management and responsibility for delivering the strategic plan is delegated to the Chief Executive and the Executive Team. Operational decisions are made by the Executive team and Departmental Managers and are implemented by staff teams across the Association. The Board of Management also has delegated sub-committees that report to it including the Finance Committee, Audit Committee and Asset Management & Development Committee.

The Association is open to all regardless of age, gender, faith or disability; it seeks and works for the 'whole person' development of all, in body, mind and spirit. We touch the lives of approximately 10,000 people each year, including over 3,200 people in our fitness programmes, 5,000 young children in our childcare services, and every year we provide a home for around 500 young people at risk of homelessness.

YMCA Thames Gateway is an autonomous charity affiliated to the National Council of YMCAs and is part of the worldwide YMCA movement. YMCA Thames Gateway is committed to the Christian aims and purposes of the YMCA Movement.

YMCA Thames Gateway uses the most appropriate media for the recruitment of board members at any given time. This may include informal soundings within partner communities, e.g. local government, church groups, and organisations specialising in the provision of volunteers and trustees. We advertise internally within our current membership to recruit board members and use external advertising where appropriate. Suitable candidates who have expressed interest submit an application which is vetted for suitability by our board nominations working group, taking into consideration what specialism they would bring to the Board. Following this, suitable potential candidates are invited to an interview. The interview panel is empowered to recommend to the board the appointment of the new board member. An induction plan is in place for new board members.

The Trustees confirm that the charity fully complies with the Regulator of Social Housing (RSH) Governance and Financial Viability Standard. During the year RSH reporting and regulatory requirements were reviewed and discussed to ensure compliance.

The trustees confirm that they have made the auditor aware of all information which is relevant to the audit.

Risk management

The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. The major risks which the charity has been exposed to as identified by the trustees are:

- Changes in Government policy in relation to social housing rents and benefit caps for young people
- Major capital work requirements on our buildings
- Pension Scheme liabilities

The above risks have been identified and reviewed and action plans are in place to mitigate these risks including allocation of resources strategic and development planning, board recruitment and recruitment of property industry professionals to advise the board.

YMCA THAMES GATEWAY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2019

Grenfell Tower Fire Disaster:

All YMCA Thames Gateway buildings have been designed and constructed with build-materials in accordance with the Building Regulations at the time of their construction. Any extensions, improvements or modifications undertaken to these buildings by YMCA Thames Gateway have also been completed to the appropriate building regulations at the time and have been sensitive to match the design and materials to the original build.

We have not undertaken any retro-fit works or external insulated ACM cladding to any of our buildings. During the year we have commissioned a stock condition survey of all of our properties, and have undertaken reviews and taken samples of our cladding on our Romford hostel to assure ourselves that the cladding is fire safe. All of our buildings have maintained integrated fire alarm systems, emergency lighting, 30 minute fire rated doors, fire protected escape routes and up to date fire risk assessments. These fire protection measures are subject to regular internal review and external review by the fire service.

By order of the Board



Dave Ball

Chief Executive

23/9/19

YMCA THAMES GATEWAY

TRUSTEES' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the trustees are required to:

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

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

YMCA THAMES GATEWAY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YMCA THAMES GATEWAY

Opinion

We have audited the financial statements of YMCA Thames Gateway (the 'company') for the year ended 31 March 2019 which comprise the income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

YMCA THAMES GATEWAY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF YMCA THAMES GATEWAY

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the trustees' report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Saalesh Mehta (Senior Statutory Auditor)

for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

11 October 2019

YMCA THAMES GATEWAY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Income	3	5,582,357	5,513,775
Cost of sales		(3,814,748)	(3,687,831)
Gross surplus		<u>1,767,609</u>	<u>1,825,944</u>
Administrative expenses		(1,685,590)	(1,797,712)
Operating surplus	4	<u>82,019</u>	<u>28,232</u>
Interest receivable and similar income	7	79,979	75,055
Interest payable and similar expenses	8	(61,482)	(63,077)
Fair value gains and (losses) on fixed asset investments	9	112,248	(10,122)
Fair value gains and losses on investment properties		59,000	-
Surplus before taxation		<u>271,764</u>	<u>30,088</u>
Taxation	11	-	-
Surplus for the financial year		<u><u>271,764</u></u>	<u><u>30,088</u></u>

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

YMCA THAMES GATEWAY

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	12		13,374,560		12,986,231
Investment properties	13		509,000		450,000
Investments	14		2,144,240		2,123,520
			<u>16,027,800</u>		<u>15,559,751</u>
Current assets					
Stocks	16	7,626		10,621	
Debtors	17	317,357		270,064	
Cash at bank and in hand		112,695		420,991	
		<u>437,678</u>		<u>701,676</u>	
Creditors: amounts falling due within one year	18	<u>(514,176)</u>		<u>(416,249)</u>	
Net current (liabilities)/assets			(76,498)		285,427
Total assets less current liabilities			<u>15,951,302</u>		<u>15,845,178</u>
Creditors: amounts falling due after more than one year	19		<u>(2,080,486)</u>		<u>(2,246,126)</u>
Net assets			<u><u>13,870,816</u></u>		<u><u>13,599,052</u></u>
Reserves					
Restricted reserve	26		7,525		45,360
Revaluation reserve	23	4,635,533		4,738,545	
Other reserves	24	7,789,351		7,105,676	
General reserves		1,438,407		1,709,471	
			<u>13,863,291</u>		<u>13,553,692</u>
Members' funds			<u><u>13,870,816</u></u>		<u><u>13,599,052</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23-9-19 and are signed on its behalf by:



Father M D Howse
Trustee

Company Registration No. 06102037

YMCA THAMES GATEWAY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Notes	Restricted funds £	Revaluation reserve £	Other reserves £	General reserves £	Total £
Balance at 1 April 2017	7,692	4,841,557	7,580,579	1,139,136	13,568,964
Year ended 31 March 2018:					
Profit and total comprehensive income for the year	37,668	-	-	(7,580)	30,088
Transfers		(103,012)	(474,903)	577,915	-
Balance at 31 March 2018	45,360	4,738,545	7,105,676	1,709,471	13,599,052
Year ended 31 March 2019:					
Profit and total comprehensive income for the year	(37,835)	-	-	309,599	271,764
Transfers	-	(103,012)	683,675	(580,663)	-
Balance at 31 March 2019	7,525	4,635,533	7,789,351	1,438,407	13,870,816

YMCA THAMES GATEWAY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	29		389,872		332,050
Investing activities					
Purchase of tangible fixed assets		(744,685)		(267,641)	
Cash from fixed asset investments		165,000			
Net cash used in investing activities			(579,685)		(267,641)
Financing activities					
Payment of pension obligations		(118,483)		(120,234)	
Net cash used in financing activities			(118,483)		(120,234)
Net decrease in cash and cash equivalents			(308,296)		(55,825)
Cash and cash equivalents at beginning of year			420,991		476,816
Cash and cash equivalents at end of year			112,695		420,991

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

YMCA Thames Gateway is a private company limited by guarantee incorporated in England and Wales. The registered office is YMCA Thames Gateway, Rush Green Road, Romford, Essex, RM7 0PH.

YMCA Thames Gateway was established in July 2015 following a merger between Romford YMCA Limited and YMCA Thames Gateway (south) Limited.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Housing Statement of Recommended Practice 2014, the Accounting Direction for Private Registered Providers of Social Housing (issued by the Homes and Communities agency in September 2015), the Statement of Recommended Practice for Charities as amended for accounting periods commencing on or after 1 January 2016, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and listed investments at fair value. The principal accounting policies adopted are set out below.

YMCA Thames Gateway meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income and expenditure

All incoming resources are included in the Statement of Comprehensive Income when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Donated services are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to donations received under gift aid or deeds of covenant is recognised at the time of the donation.

1.4 Tangible fixed assets

Tangible fixed assets except housing properties are stated at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Housing properties are stated at cost and depreciated by component over the estimated useful economic lives of the component categories.

The cost of properties is their purchase price together with incidental costs of acquisitions and improvements, including related management charges. In 2015/16 the transitional FRS 102 rules were adopted. The housing properties were revalued and have been included in the financial statements at deemed cost. For further details, see note 23 of the financial statements.

Expenditure on housing and other properties which adds to the value of the property or extends its useful life is capitalised.

Property donated to the association is capitalised at its value in current use at the time it is legally transferred.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Leasehold land and buildings	2% straight line
Fixtures and fittings	20% straight line
Office equipment	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

No depreciation is provided in respect of freehold land.

Tangible fixed assets are capitalised when their value exceeds £1,000. Smaller items are capitalised when they are part of a group of assets.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

Listed investments are stated at market value. In accordance with the Statement of Recommended Practice published by the National Federation of Housing Associations in 2014 any unrealised gains or losses are included within the statement of total comprehensive income.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash are basic financial assets and include cash in hand and deposits held at call with banks.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Taxation

The company has obtained exemption from the Revenue Commissioners in respect of corporation tax, it being a company not carrying on a business for the purposes of making a profit.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement has been considered immaterial to the financial statements and has not been included.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

YMCA Thames Gateway 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 YMCA Thames Gateway for disclosure in the financial statements.

The scheme's actuary has advised that additional contributions are required in order for the scheme to meet the future obligations of the scheme. The current deficit funding commitment has been included as a creditor in the accounts, stated at the present value of the liability.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2 Judgements and key sources of estimation uncertainty

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

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

There are no material changes to the judgements and key estimates used in the preparation of these financial statements.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

3 Income/Service charges

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

For the year ended 31 March 2019

	Turnover	Operating costs	Operating surplus
Social housing lettings			
Rent	1,697,145	(1,668,746)	28,399
Service charges	1,620,566	(1,617,432)	3,134
Social housing grant	177,264	(178,313)	(1,049)
	<u>3,494,975</u>	<u>(3,464,491)</u>	<u>30,484</u>
Other income			
Health and Wellbeing	515,678	(485,732)	29,946
Child and family services	1,104,180	(1,101,063)	3,117
Youth services	30,252	(52,316)	(22,064)
Catering services	152,612	(140,344)	12,268
Other activities	284,660	(256,392)	28,268
	<u>2,087,382</u>	<u>(2,035,847)</u>	<u>51,535</u>
	<u><u>5,582,357</u></u>	<u><u>(5,500,338)</u></u>	<u><u>82,019</u></u>

For the year ended 31 March 2018

	Turnover	Operating costs	Operating surplus
Social housing lettings			
Rent	1,660,082	(1,632,788)	27,294
Service charges	1,595,332	(1,608,395)	(13,063)
Social housing grant	303,526	(271,327)	32,199
	<u>3,558,940</u>	<u>(3,512,510)</u>	<u>46,430</u>
Other income			
Health and Wellbeing	498,001	(487,053)	10,948
Child and family services	1,051,076	(1,073,640)	(22,564)
Youth services	17,332	(43,182)	(25,850)
Catering services	148,828	(142,821)	6,007
Other activities	239,598	(226,337)	13,261
	<u>1,954,835</u>	<u>(1,973,033)</u>	<u>(18,198)</u>
	<u><u>5,513,775</u></u>	<u><u>(5,485,543)</u></u>	<u><u>28,233</u></u>

Rent and services void losses total £85,889 (2018: £53,239) and are netted off in the above figures for 2018 and 2019

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4 Operating surplus

	2019	2018
	£	£
Operating surplus for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	18,000	17,375
Fees payable to the company's auditor for other services	750	-
Depreciation of owned tangible fixed assets	356,356	330,711
Operating lease charges	9,996	9,996
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Housing	38	33
Community health	15	19
Children's services	75	76
Youth services	3	2
Catering services	15	19
Executive team	6	6
Corporate services and administration	22	18
Site operations and cleaning	20	20
Membership and reception	20	16
	<u> </u>	<u> </u>
	214	209
	<u> </u>	<u> </u>

The average monthly number of full time equivalent employees of the association was 129 (2018: 114).

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	3,141,028	3,084,722
Social security costs	214,413	197,983
Pension costs	96,011	56,878
	<u> </u>	<u> </u>
	3,451,452	3,339,583
	<u> </u>	<u> </u>
Redundancy payments made or committed	9,832	17,800
	<u> </u>	<u> </u>

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

(Continued)

The number of employees whose annual emoluments £60,000 or more were:

	2019 Number	2018 Number
£60,000 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
	<u>3</u>	<u>3</u>

6 Executive staff emoluments

	2019 £	2018 £
Emoluments	335,759	318,782
Pension contributions	19,775	14,742
Total emoluments	<u>355,534</u>	<u>333,524</u>

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

	2019 £	2018 £
Emoluments	<u>82,840</u>	<u>81,616</u>

There is no longer a defined benefit scheme in operation for the Chief Executive and therefore no contributions were made in the year. Contributions to the stakeholder pension on behalf of the Chief Executive were £6,213 (2018: £5,305).

7 Interest receivable and similar income

	2019 £	2018 £
Income from fixed asset investments		
Income from other fixed asset investments	<u>79,979</u>	<u>75,055</u>

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8	Interest payable and similar expenses	2019	2018
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	31,688	30,906
	Other finance costs:		
	Unwinding of discount on pension obligation	29,794	32,171
		<u>61,482</u>	<u>63,077</u>
		<u><u>61,482</u></u>	<u><u>63,077</u></u>
9	Fair value gains and (losses) on fixed asset investments	2019	2018
		£	£
	Net movement in market value	112,248	(10,122)
		<u>112,248</u>	<u>(10,122)</u>
		<u><u>112,248</u></u>	<u><u>(10,122)</u></u>

10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the year in respect of their duties as trustees.

11 Taxation

As a registered charity, YMCA Thames Gateway is exempt from UK tax on income and gains to the extent that these are applied to its charitable objects. No UK tax charges have arisen in the charity during the year (2018: £nil).

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

	Freehold buildings	Leasehold land and buildings	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2018	12,212,808	1,883,975	1,522,496	87,911	83,772	15,790,962
Additions	537,671	-	207,014	-	-	744,685
At 31 March 2019	12,750,479	1,883,975	1,729,510	87,911	83,772	16,535,647
Depreciation and impairment						
At 1 April 2018	877,423	399,174	1,366,723	77,639	83,772	2,804,731
Depreciation charged in the year	215,603	37,680	98,404	4,669	-	356,356
At 31 March 2019	1,093,026	436,854	1,465,127	82,308	83,772	3,161,087
Carrying amount						
At 31 March 2019	11,657,453	1,447,121	264,383	5,603	-	13,374,560
At 31 March 2018	11,335,385	1,484,801	155,773	10,272	-	12,986,231

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Investment property

	2019 £
Fair value	
At 1 April 2018	450,000
Net gains or losses through fair value adjustments	59,000
At 31 March 2019	<u>509,000</u>

Investment property comprises 530 Upper Brentwood Road. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the Trustees in August 2019. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties and rental yield.

14 Fixed asset investments

	2019 £	2018 £
Listed investments	2,126,867	2,106,434
Cash	17,373	17,086
	<u>2,144,240</u>	<u>2,123,520</u>

Movements in fixed asset investments

	Listed investments £	Cash £	Total £
Cost or valuation			
At 1 April 2018	2,106,434	17,086	2,123,520
Additions	8,990	(8,990)	-
Valuation changes	112,248	-	112,248
Investment income	68,204	11,776	79,980
Investment management fees	-	(6,508)	(6,508)
Disposals	(169,009)	169,009	-
Transfer to bank	-	(165,000)	(165,000)
At 31 March 2019	<u>2,126,867</u>	<u>17,373</u>	<u>2,144,240</u>
At 31 March 2018	<u>2,106,434</u>	<u>17,086</u>	<u>2,123,520</u>

15 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	290,295	239,860
Equity instruments measured at fair value	2,144,240	2,123,520
Carrying amount of financial liabilities		
Measured at amortised cost	<u>2,529,843</u>	<u>2,606,400</u>

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16	Stocks		2019	2018
			£	£
	Catering stock		7,626	10,621
			<u>7,626</u>	<u>10,621</u>
17	Debtors		2019	2018
	Amounts falling due within one year:		£	£
	Rent arrears		130,813	103,767
	Provision for doubtful debts		(61,177)	(39,451)
			<u>69,636</u>	<u>64,316</u>
	Other trade debtors		209,367	169,380
	Other debtors		11,292	6,164
	Prepayments and accrued income		27,062	30,204
			<u>317,357</u>	<u>270,064</u>
18	Creditors: amounts falling due within one year		2019	2018
			£	£
	Trade creditors		140,296	128,379
	Other taxation and social security		64,819	55,975
	Other creditors		8,988	13,138
	Accruals and deferred income		300,073	218,757
			<u>514,176</u>	<u>416,249</u>
19	Creditors: amounts falling due after more than one year		2019	2018
		Notes	£	£
	Other borrowings	20	1,283,487	1,251,799
	Accrued pension deficit contributions	21	796,999	994,327
			<u>2,080,486</u>	<u>2,246,126</u>

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Loans and overdrafts

	2019	2018
	£	£
Other loans	1,283,487	1,251,799
Payable after one year	1,283,487	1,251,799

The long-term loan is a loan from YMCA England to acquire the freehold of the Roundhouse hostel as part of the merger with YMCA Thames Gateway (South) Limited. The loan is secured by a fixed charge over the freehold of the Roundhouse hostel.

The loan is repayable over 15 years from March 2020, with the first instalment due in 2 years time. Interest is accrued at 2.5% from the inception of the loan.

21 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to expenditure in respect of defined contribution schemes was £96,011 (2018 - £56,878).

Defined benefit schemes

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

The most recent completed three year valuation was as at 1 May 2017. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 3.75% and 2.25% respectively, the increase in pensions in payments of 3.35%, and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.2 years, female 24.1 years, and 24.0 years for a male pensioner, female 26.0 years, retiring in 20 years time.

The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to YMCA Thames Gateway and accordingly no plan assets or liabilities have been 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 as at 1 May 2017 showed that the YMCA Pension Plan had a deficit of £33.6 million. YMCA Thames Gateway will be making monthly contributions of £10,656 from 1 May 2019 subject to 3% increases per annum. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 8 years from 1st May 2019. See note 19 for the long term element of the liability.

In addition to the deficit contributions YMCA Thames Gateway has been making monthly contributions of £1,796 from 1 May 2019 contribution to the pension plan's expenses.

The next full actuarial valuation is due as at 1 May 2020.

In addition, YMCA Thames Gateway 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 YMCA Thames Gateway may be called upon to pay in the future.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

23 Revaluation reserve

	2019	2018
	£	£
At beginning of year	4,738,545	4,841,557
Depreciation transfer	(103,012)	(103,012)
At end of year	<u>4,635,533</u>	<u>4,738,545</u>

The revaluation reserve arose on the adoption of FRS 102 in 2015/16. The operating properties were revalued and under the FRS 102 transitional rules were carried forward at deemed cost. Each year a transfer is to be made in respect of the additional annual depreciation charge resulting from the revaluation.

24 Other designated reserves

	Pension reserve	Designated reserves	Total
	£	£	£
At 1 April 2017	(1,084,743)	8,665,322	7,580,579
Net movement in reserves for the year	90,416	(565,319)	(474,903)
At 31 March 2018	<u>(994,327)</u>	<u>8,100,003</u>	<u>7,105,676</u>
Net movement in reserves for the year	197,328	486,347	683,675
At 31 March 2019	<u>(796,999)</u>	<u>8,586,350</u>	<u>7,789,351</u>

The pension reserve reflects the long term element of the deficit reduction payments due on the defined benefit pension scheme. See note 19.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 Designated funds

	Brought forward £	Transfers £	Carried forward £
Investment revaluation reserve	18,363	98,946	117,309
Property asset fund	8,081,640	387,401	8,469,041
	<u>8,100,003</u>	<u>486,347</u>	<u>8,586,350</u>

Investment revaluation reserve - this reserve is the difference between the cost and current market value of revalued investment assets.

Property asset fund - this fund represents the original cost of the land and buildings, net of depreciation charged. In combination with the property revaluation reserve, it represents the net book value of properties held.

26 Restricted funds - 2019

	Brought forward £	Incoming resources £	Resources expended £	Carried forward £
Miscellaneous special funds	45,360	23,954	(61,789)	7,525
	<u>45,360</u>	<u>23,954</u>	<u>(61,789)</u>	<u>7,525</u>

Restricted funds - 2018

	Brought forward £	Incoming resources £	Resources expended £	Carried forward £
Miscellaneous special funds	7,692	157,254	(119,586)	45,360
	<u>7,692</u>	<u>157,254</u>	<u>(119,586)</u>	<u>45,360</u>

Miscellaneous special funds - this is the aggregate balance of a number of small restricted funds for projects run by the YMCA.

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	9,996	9,996
Between two and five years	24,291	34,287
	<u>34,287</u>	<u>44,283</u>

28 Related party transactions

There were no disclosable related party transactions during year (2018: £500).

29 Cash generated from operations

	2019 £	2018 £
Surplus for the year after tax	271,764	30,088
Adjustments for:		
Finance costs	31,688	30,906
Investment income	(79,979)	(75,055)
Investment management fees	6,508	7,208
Fair value gains and losses on foreign exchange contracts and investment properties	(59,000)	-
Depreciation and impairment of tangible fixed assets	356,356	330,711
Unrealised loss/(gain) on fixed asset investments	(112,248)	10,122
Unwinding of pension discount	29,794	32,171
Movements in working capital:		
Decrease/(increase) in stocks	2,995	(2,406)
(Increase) in debtors	(47,293)	(50,040)
(Decrease)/increase in creditors	(10,713)	18,345
Cash generated from operations	<u><u>389,872</u></u>	<u><u>332,050</u></u>

YMCA THAMES GATEWAY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

30 Residential units under management

	2019	2018
	Number	Number
The number of hostel accomodation bed spaces in management	194	194
The number of units of housing accomodation in management:		
George Williams House	10	10
Red Triangle House	4	4
Hedley House	8	8
Church View	10	10
Brookfield Court	3	3
Defiance Walk	40	40
Sarah Turnbull House	43	43
Total	<u>312</u>	<u>312</u>