

Company Registration No. 05051166 (England and Wales)

Charity Registration No. 1102837

Homes England Registration No. 4853

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**



**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

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# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **CHAIR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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As Chairman of Southend YMCA it gives me great pleasure to introduce the Trustees Report which sets out the group's accomplishments for 2017-18. As this is my first Chairman's Report I would like to start by placing on record my thanks to the previous Chair, Ron Wright, for his years of unstinting service to Southend YMCA.

**The challenge is Y we are here:** to meet the needs and aspirations of disadvantaged children and young people in our locality; to work for social justice and further opportunity – all with the aim of positively transforming young lives.

The overarching aim is to for our work to be: *'innovative, resilient, and sustainable' and 'deliver social value'*.

Without the care of the charity, young people on society's margins would have been homeless; they may not have developed the skills, and positive sense of self, that underpins a successful transition to independent adulthood. Without the support of the school, young people may not have established the competencies to succeed in education, or the qualifications to enter further education or the workplace.

In 2018-19, the charity secured a grant from YMCA England (YMCAE) and social investment from CAF bank. This financed the purchase of Newlands (a social housing asset, operating as supported accommodation) comprised of 30 self-contained studio flats and emergency 'crash pad' accommodation. This achievement consolidates a **proven track record as a top performing housing provider** to young people at risk (developed over 20+ years as YMCAE's managing agent). During the year, a Consultant Counselling Psychologist joined our housing team so we can provide a psychologically informed environment and trauma informed care to meet the emotional wellbeing needs of vulnerable residents.

In 2018-19, the school continued to develop its **distinct and effective educational approach** for students at key stage 4 (GCSE). An ethos of acceptance, tolerance and encouragement helped young people to build positive relationships with their peers and those in authority, and to develop new behaviours – all with the aim of academic progress and integration into mainstream society. A broad, rich and deep curriculum was offered, alongside a wealth of support services.

During the year, the charity recruited new Trustees, expanding the Boards' skill set in line with objectives detailed in the Governance Self-Assessment (Charity Governance Code and Homes England Governance and Financial Viability Standard). An enhanced capability and capacity supports the management of risk and the response to opportunity. We also launched a volunteer 'Ambassador' scheme, where active and capable local citizens will fundraise and promote our work to local partners.

Most importantly, we worked with children and young people to co- design and deliver projects which meet their needs and aspirations. Monitoring and evaluation data and quality standards verify that our services are safe, effective; adopt a continuous improvement approach and perform at upper quartile levels.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **CHAIR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **So what are our future plans?**

The Southend YMCA Board (Charity) has set the following priorities for 2018-2021:

- To pursue opportunities to develop housing - particularly affordable and move on. We are developing a pioneering LivShare scheme - which has ecological credentials and can involve young people in a self-build project.
- To establish a Children's Home for young people aged 13-16 with emotional and behavioural difficulties. This brings together proven educational and housing abilities.
- To reposition grant based wrap around projects- building on the learning of all that has gone before.
- To establish a Research and Development Unit (RDU) – in collaboration with YMCA Thames Gateway - to design new services, rooted in evidence based practice.
- To review costs and achieve greater value for money.

In 2018-19, with the generous support of Landaid we will be able to improve the communal spaces at Newlands and create 2 extra bed spaces ('the Homely Project'). Due to the kind support of the Co-op Foundation #iwill – 80 children and young people (aged 10-20) will be able to take part in social action projects to overcome loneliness – addressing an emerging social phenomena.

The School Board has set continuous improvement aims for 2018 - 19. These relate to the recruitment of qualified teaching staff; participating in an international CPD and research project which is concerned with 'Raising Aspirations for Social inclusion' for students with special educational needs (SEN) and enhancing the quality of provision (Ofsted).

Together the charity and school provide a range of safe and effective services to vulnerable children, young people, their families and the wider community which enhance the housing, education and positive activity pathway in Southend and South Essex - it's about **living AND learning** .



Stephen Onslow - Chair of Trustees

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees are pleased to present their annual report together with the consolidated financial statements for the year ending 31<sup>st</sup> August 2018, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Southend YMCA (the group) comprises Southend-On-Sea Young Men's Christian Association (an incorporated Charity) and its subsidiary South Essex Community School Ltd (an Academy Trust and ring fenced entity reporting to the DfE) operating as Southend YMCA Community School.

On 13<sup>th</sup> July 2017, the Charity became a non-profit, private registered provider of social housing (registration number 4853). Trustees warrant that they comply with Homes England Standards which are monitored through a co-regulatory process.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. Applicable UK accounting standards have been followed including the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2014.

### **OBJECTIVES AND ACTIVITIES**

In June 2017, the charity adopted new Memorandum and Articles of Association to expressly allow for the provision of social housing. These conform to the YMCA England Model Memorandum and Articles where members and Trustees are the same person. The size of the Board is limited to 10 persons.

There are five charitable objects: the provision of education; the provision of recreation and leisure; the provision of accommodation including social housing; the relief of need, hardship or distress by reason of social, physical, emotional, spiritual or economic circumstances; and the promotion of a Christian environment. These are detailed in full at section 3.

In shaping goals for the year, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'Public Benefit: Running a Charity' (PB2). There is a clear read across from the charity's legal purpose (objects) to our strategic goals and activities as set out within the '**Standing in the Gap**' strategy (refreshed for 2018-19). The goals are:

- To provide **good quality education, training, and mentoring** which equips young people for employment and inclusion.
- To provide **safe, supported and affordable accommodation** for vulnerable young people to avert homelessness and promote independent living.
- To provide **positive activities**, which enable young people's personal, social and cultural development and active citizenship.
- To provide initiatives which promote **health and well-being** and have a community impact.

A significant positive factor that has affected the achievement of charitable objectives, strategic goals and the delivery of activities is securing funding. The importance of delivering competitive, innovative, high quality services is paramount when bidding for grants and contracts. In 2017-18, the Charity was successful in securing a grant from Children in Need for the Team YP programme – delivery commences in 2018-19.

The Southend YMCA Community School has a single charitable objective:

*'To provide education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them'*

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **ACHIEVEMENTS AND PERFORMANCE**

Southend YMCA's services benefit a **subsection of the public** i.e. children and young people with additional and complex needs. This includes: children and young people who are not in employment or education; who have mental health problems and low self-esteem; who exhibit risk taking behaviours including substance misuse and offending; who come from families with multiple vulnerabilities or are in care, who live in poverty or are homeless. The charity also provides information and advice to persons of all ages.

Trustees assure themselves that all activities will deliver **public benefit** through rigorous scrutiny of plans and performance. Achievements are measured through a suite of Key Performance Indicators (KPIs) and outcomes which are relevant to the specific project for example housing may measure voids and occupancy rates, whereas education will measure qualifications gained both of which are externally benchmarked to set results in a wider context.

The **outcomes** (benefits) for children and young people in 2017-18 included: improved motivation and emotional wellbeing; improved literacy, numeracy and soft skills; better self-care; improved relationships ; reduced alcohol and drug abuse; better physical health; decrease in risk taking behaviour; progression into and retention within education or training (qualifications and awards); new employment opportunities and reduced benefit dependency; increase in ability to live independently, and connection to the community through active citizenship.

The group reports to regulatory bodies (Ofsted and Homes England) and is inspected by auditors and funders. The following quality standards and awards are in place: Matrix (for information, advice and guidance), Investors in People (IIP), Supporting People (QAF level A), the Queens Award for Voluntary Service (the MBE for voluntary groups) and the Decent Homes Standard.

In 2017-18 the group worked directly with c1,600 people and reached thousands through community outreach work including social activities and events. The main activities and benefits are detailed below.

**Safe, supported and affordable accommodation** comprised of:

- **Supported housing for young people at risk** - We know the background stories of homelessness are devastating for young people: family relationship breakdown; domestic violence; rejection and destitution. Many young people suffer from trauma due to early life experiences of neglect and abuse, exacerbated by limited or no prior access to mental health services for this reason our team is now lead by a consultant clinical psychologist.
- In 2017-18, (with throughput) we housed 44 children and young people at Newlands. As a result of living in the YMCA young people were more motivated; able to take responsibility for their lives (45% uplift from their entry score); had learnt how to manage money (58% uplift) and a tenancy. These are key preconditions to live as an independent adult in our community. Further key changes included entrance into training and employment and uptake of health and wellbeing services. During the year 13 young people had a planned move on, into a home of their own, exit interviews report 100% scores on improved self-esteem, confidence, optimistic outlook etc.
- **Community housing** – We provide two community properties which are dedicated units for young asylum seekers supported by social care. This service orientates up to 8 young people to an affordable, shared, community space where young people learn to live with others negotiating household rules, tasks and responsibilities.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Education training, and mentoring comprised of:**

- **Glow** - a mentoring and coaching project for children and young people (aged 8 to 19yrs) experiencing emotional distress; social isolation; or displaying risky behaviour. SYMCA used the Triangle 'My Star' tool to assess and track progress. Outcomes showed a 'Big' statistical improvement in 'feelings & behaviour' and 'confidence & self-esteem'. Qualitative feedback from parents and professionals attests to improved familial relationships and school engagement. 79% of young people rated the support they received from mentors as 5 stars with the balance 21% giving 4 stars. In total the project delivered nearly 4,000 hours of support, to c250 individuals.
- **Talent Match** a Mentoring and soft skills development programme for young adults aged 18-24 who have been unemployed for 1+ years and experience a breadth of needs such as: learning difficulties and disabilities (including autism); mental health problem; social agoraphobia; poverty; vulnerable housing; caring responsibilities; substance misuse and offending behaviours. In 2017-18, the project accepted 92 young people onto the programme in addition to existing long term mentees. Cumulatively, 33% young people on the programme have re-entered education and training; 13% volunteering and work placements; 10% achieved apprenticeships/traineeships and 28% entered employment (short and long term).
- The **Southend YMCA Community School** provided an alternative, holistic education to 50 young people (aged 14-16) with social, emotional and behavioural needs. Statistics show that nationally pupils at the end of key stage 4 in alternative provision including pupil referral units achieve lower than their peers within the mainstream school settings. Pupils at Southend YMCA Community School achieve higher than their peers in alternative provision. 2017/18 progress 8 scores evidence: 91.30% pupils gained at least Maths or English GCSE grades 9-1 (A-G); 69% gained both and 74% of Year 11 students gained a C grade through the Prince's Trust Certificate. The average Attainment 8 score per pupil (populated on 23 students) stands at 11.35 significantly higher than East of England and Southend averages (at 5.7 and 6.5).

### **Positive activity enabling personal, social and cultural development, comprised of:**

- **Youth Space** – worked with over 200 young people to identify emerging issues and improve personal resilience and self-belief. The informal learning, youth work offer comprised: positive activity, social action, peer mentoring and effective advice and guidance. 95% of young people reported they were able to access relevant advice and guidance, 93% increased communication and planning skills, 85% were more able to take positive decisions; 84% increased their problem solving skills and coping strategies and 82% felt able to influence decisions affecting their local area.
- **All in Music** All in Music is an inclusive programme nurturing the musical, personal and social development of young people in challenging circumstances furthering their creativity, technical and artistic growth. During the year we continued to upgrade elements of the recording studio to ensure that children and young people have access to contemporary and relevant learning resources. Young peoples' artistic, cultural and self-expression was developed as evidenced through monitoring and evaluation (Youth Music scales). A programme of external performances and events engaged a range of audiences across various venues.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **ACHIEVEMENTS AND PERFORMANCE (continued)**

- **Team YP and START** – are resilience building, personal and social development programmes, using a multi-activity approach to improve mental and physical wellbeing and embed the soft skills which underpin success in education and life. Individual learning plans demonstrate that YP were able to formulate and achieve personal goals and learn new behaviours and skills. 96% of participants on Team YP showed statistically significant progress against distance travelled Children in Need metrics. Team YP was funded by Children in Need for a further period and will benefit 30 young people per year (aged 11-15). Start is a comparable programme provided by Southend YMCA for 24 'Looked After' children aged (11-15). We also offer 1-2-1 mentoring to a further 20 children.

### **Health and wellbeing comprised of:**

- **SOS Bus** – The SOS Bus provided a triage/open access service offering: first aid; information, advice and guidance; and a place of safety for vulnerable persons of all ages using the night time economy in Basildon. Volunteers provided 4,992 hours of support (which has an economic value of £41,483 – based on the national minimum wage). They worked with 866 people, averting the need for emergency services and A&E attendance. The bus also supported 13 large scale community events in Southend such as the carnival, Armed Forces Day and Southend Pride with audiences in the tens of thousands.

In summary the **outcomes (benefits)** for children and young people are captured through a range of qualitative and quantitative monitoring and evaluation tools.

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

Southend YMCA is an **Incorporated Charity** (limited by guarantee) which obtained its charitable status in April 2004. It is affiliated to YMCA England and Wales. This relationship does not impact on the operating Policies adopted by the charity.

Southend YMCA is part of the worldwide movement of YMCA's - the world's oldest voluntary organisation. YMCA's work in 125 countries and are united by a common purpose: working towards social justice and peace for young people and their communities regardless of religion, race, gender or culture.

### **The full charitable objects of Southend YMCA are:**

- *To advance the Christian faith , including by:*
  - a. *Promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people of faith and people of none can work together for the transformation of communities; and*
  - b. *Enabling people of all ages and in particular young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ.*
- *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 people of all ages and in particular young people, with the object of developing their physical, mental or spiritual capacities.*



# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

- *To relieve or assist in the relief of people of all ages and in particular young people, who are in conditions of need, hardship or distress by reason of their social, physical, emotional, spiritual or economic circumstances.*
- *To provide residential accommodation, including social housing, for people of all ages and in particular young people, who are in need, hardship or distress by reason of their social, physical, emotional, spiritual or economic circumstance.*

In order to provide an alternative provision free school the charity set up South Essex Community School Limited (trading as Southend YMCA Community School). The relationship between the School and the Charity is governed through the Memorandum of Association and by a Deed of Agreement.

Whilst Southend YMCA's beneficial area is not limited, we operate as a local charity - in 2017-18 the charity delivered services in the Unitary Borough of Southend on Sea, and Thurrock and Essex (Rochford, Rayleigh, Castle Point, Basildon, Brentwood, Colchester, and Tendering).

As demonstrated via registration with Homes England (HE) (in July 2017) the charity was fully compliant with all HE standards. As required by the HE Accounts Direction Trustees warrant their compliance with the Homes England Governance and Financial Viability Standard. The Board of Southend YMCA is responsible to the Regulator for meeting Regulatory standards (Economic and Consumer) and adopts a 'co-regulatory' approach in line with the Regulator's expectations. This means that whilst the Regulator sets national standards, the responsibility for agreeing, monitoring and scrutinising the local implementation of standards lies with the Board. The mechanism through which this is achieved is an Annual Self-Assessment Report and periodic monitoring via the Housing & Facilities and Finance, Risk & Audit Committees.

The Board of Southend YMCA is committed to delivering best practice in all aspects of governance. In September 2017, the Board adopted the 'Charity Governance Code for Larger Charities'. Skills audits have informed a targeted skills based approach to Board recruitment. In 2016-17, the Board was strengthened with the addition of Trustees who have accountancy, finance and legal (tenancy law) backgrounds. Two trustees joined in 2017-18 with experience of commissioning children's services and politics, policy and networking.

The Board may comprise of not less than 2 and up to 10 members. The Board conducts its business through Board meetings and a number of sub committees which are: Finance Risk and Audit; Housing and Facilities; and Service Development. Each committee has Terms of Reference and is led by a Trustee (Chair) from a relevant background.

It is the Board's responsibility to bring independent judgement on matters of strategy, performance, resources and conduct. The Board is able to take professional advice in the furtherance of its duties. Before entering into a loan with CAF bank Trustees took independent advice to comply with Charity Act requirements. Likewise, before letting a long lease and marketing land Trustees took advice from a RICS Surveyor.

All Trustees are required to make a formal declaration of any interests at each meeting and sign a register of Interests. One Trustees receive remuneration in respect of professional services provided to the charity. The pay of senior staff (and all staff) is reviewed annually in line with the pay policy. Southend YMCA pays a fixed rate salary, there is no incremental scale. Trustees may, at their discretion, award a cost of living increase.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

One Trustee resigned during the year.

The Board is ultimately responsible for the charity's system of internal control and for reviewing its effectiveness. Key **internal assurance controls** include:

- Board approved terms of reference, inter-group Deed of Agreement, delegated authorities schedule.
- Risk and liabilities registers and disaster scenario planning.
- Strategic and business planning processes with detailed budgets and forecasts.
- Formal recruitment, retention and training and development policies for staff.
- Options appraisals and procurement of professional technical advice when embarking on major new projects - to meet legislation and regulation.
- Operational policies, procedures and systems.
- Scrutiny of all new initiatives and major commitments.
- Annual audit.
- Keeping proper accounting records, which disclose with reasonable accuracy, at any time the financial position.
- Regular reporting by the Senior Management Team to the Board and its committees on the performance of services in relation to contracts.

The Board recognises that any control system can only manage and not eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against any material misstatement or loss.

### **FINANCIAL REVIEW**

#### **Principle sources of funding**

The principle sources of funding in 2017-18 were grant income, contract income, rental income and donations. Further details are outlined in note 2. The highest area of expenditure was staff costs of £1,331,694.

The total funds held by the group is £3,881,544 including restricted funds of £2,962,611.

The funds held by the main charity comprised £1,443,523. After depreciation the charity made a surplus of £519,550. In August 2018, the charity granted a 199 year lease for a shop for the sum of £95,000 to another local charity.

The funds held by our subsidiary South Essex Community Schools Limited are restricted to the provision of full or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not receive a suitable education unless alternative provision is made for them. At the year-end the school made a surplus of £85,203, had net assets of £2,438,020 of which £6,323 is unrestricted. The school had fixed assets of £2,030,924 - this is mainly the school building which is subject to a covenant and is held in trust for the DFE and cash of £477,748.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **FINANCIAL REVIEW**

#### **Housing properties**

During the year the charity completed the purchase of Newlands, a social housing property previously managed under an agreement with YMCA England. As at 31 August 2018 the charity owned 3 properties including Newlands (a 33 bed social housing unit) and 2 move on flats for asylum seekers (non-social housing) with 7 bed spaces.

#### **Pension costs**

The charity is a member of a closed YMCA pension scheme which has a deficit as explained in note 17.

#### **Principal risks and uncertainties**

The main risks that may prevent the charity from achieving its objectives are reviewed by the Board through the bi-monthly Finance and Risk Committee. The Board maintains a Risk Register which includes an outline of key risks and mitigating actions. The risk policy and register are formally reviewed and updated by the Board. Key risks for 2017-18 included:

- Failure to achieve objectives in the Business plan – specifically to obtain registration as a private registered provider of social housing with HE due to change in Government Policy around social housing. This would have frustrated the ability to buy the Newlands building. This risk has not materialised.
- Failure to consider the impact of the external environment and operating context. Government funding cuts, welfare benefit reforms and oscillating housing rent policy creates uncertainty. Extensive stress testing has calculated the financial impact of various potential deleterious scenarios – mitigating plans have been put in place by the Board.

The risk register also identifies failed fund raising and funding applications; increase in pension deficit and loss of experienced staff as key risk areas. Mitigating actions planned for 2017-18 include increased investment in research and service design; a review of pension liability management strategies with other pension members and a refreshed HR strategy to ensure the right staff are in place.

The Board has 3 covenants with its lender, CAF bank- these are:

<b>Covenant</b>	<b>Target</b>	<b>Achievement</b>	<b>Assessment</b>
Debt service cover	1:1	17:1	✓ exceeds target
Security assets cover	115%	313%	✓ exceeds target
Interest cover	110%	3481%	✓ exceeds target

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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### **FINANCIAL REVIEW (continued)**

#### **Reserve's Policy**

Trustees of the charity have established a Reserves Policy whereby the balance of funds should be 3 - 6 months of the resources expended. This equates from £285,000 to £570,000 for the main charity. This policy is currently being reviewed and a more comprehensive policy will be put into place in 2018-19. The Schools reserves policy is to maintain a level of reserves that is sufficient to meet its future obligations.

The net current assets for the group at year end was £818,642 so is within target. Trustees accept that the level of cash funds is acceptable due to the amount of fixed assets which can provide security for increased working capital or be liquidated in the event of having to wind up the charity. The net book value of fixed assets amount to £4,233,733.

#### **Going concern**

Due to the above levels of reserves the Trustees believe that they would be able to carry on the group's day to day activities in the event of a significant drop in funding whilst considering how funding would be replaced.

On this basis, the board of trustees has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date that the financial statements are signed. For this reason it continues to adopt the going concern basis.

#### **Investment Policy**

Aside from retaining a prudent amount in reserves most of the charity's funds are to be spent in the short to medium term on charitable services for beneficiaries.

Previous capital investment in affordable housing secures a long term return (fulfilling our mission and increasing rental income). This is more favourable than keeping funds on deposit where the return is disappointing. The charity has borrowed to acquire the Newlands asset. This has led to a long term mortgage over a 25 year period.

The charity will also continue to invest in innovation to develop the next generation of services to meet the needs of young people. Trustees have resolved to establish a research and development unit.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

### **Value for Money (VFM)**

The Board is committed to achieving value for money when delivering its purpose and objectives, in accordance with its Business Plan and the Homes England Value for Money Standard and Metrics.

With regard to HE metrics, the findings are:

	<b>Charity only</b>	<b>Acuity median result</b>
<b>Gearing ratio %</b>	17.43%	20.00%
<b>EBITDA MRI Interest cover % *1</b>	3793%	280%
<b>Return on capital employed % *1</b>	20.70%	2.35%
<b>Operating margin % (social housing lettings) *1</b>	54.40%	9.41%
<b>Operating margin % (overall) *1</b>	28.60%	6.00%
<b>Headline social housing cost per unit *2</b>	£15,638	£8,500
<b>Reinvestment % *3</b>	see below	
<b>New supply delivered *3</b>	see below	

The charity is a member of the acuity benchmarking club which enables us to understand our performance in relation to our peer group. It is our aim to further develop and evaluate the metrics that we measure and report in the future.

**\*1** During the year a capital grant (non-government) was received amounting to £585,000 which is recognised in income using the performance model.

**\*2** High headline social housing cost per unit reflects cost of trauma informed care to vulnerable residents.

**\*3** SYMCA became a private registered provider of social housing on 13 July 2017 and have plans to re-invest in Newlands and deliver new supplies. With the support of Landaid in the financial year 2018/19, the charity will conduct work to bathrooms and create two additional bed spaces in the property.

### **REFERENCE AND ADMINISTRATION DETAILS**

The Company is registered under the Companies Act and is a registered charity.

Charity number: 1102836

Company number: 05051166

The Company is a non-profit private registered provider of social housing. Registration no: 4853.

**Registered office:** 85 Ambleside Drive, Southend on Sea, SS1 2FY.

**Auditors:** Stephenson Smart & Co, 36 Tyndall Court, Commerce Road, Lynch Wood, Peterborough, PE2 6LR.

### **Directors and Trustees**

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year end were as follows:

#### **Trustees**

Sally Carr (appointed 27.01.2015)

Simon Ling-Locke (appointed 29.01.2011)

Ron Wright (appointed 20.02.2004)

Stephen Phillip Onslow (appointed on 05.05.2017)

Kerry Bland (appointed on 29.04.2017)

James Brooks (appointed on 06.06.2017)

Julie Cushion (appointed 02.01.2018)

Ross Gerrie (appointed 03.01.2018)

Rev. Simon Roscoe (resigned 01.09.2017)

## **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

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#### **REFERENCE AND ADMINISTRATION DETAILS (continued)**

Board Associates who have been appointed as trustees after the year end were:  
Philip Stepney (appointed 25.09.2018)

#### **The Key Management Personnel were:**

Syrie Cox – Chief Executive Officer Southend YMCA  
Louise Duff – Chief Finance Officer Southend YMCA  
John Levy – Housing and Facilities Manager  
Andrew Snell – HR Officer  
Sacha Edwards - Positive Activity Manager  
John Bastin – Community Health and Wellbeing Manager  
Paul Scott – Economic Inclusion Officer  
Claire O'Connor - Business Development Manager

#### **Our advisers**

Auditors: Stephenson Smart, 36 Tyndall Court, Commerce Road, Lynchwood, Peterborough PE2 6LR.  
Bankers: Barclays Bank, 127 High St, Southend-on-Sea SS1 1LH.  
Solicitors: Bates Wells & Braithwaite, 10 Queen Street Place, London EC4R 1BE  
and Winkworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB.  
HR advisors: HR Initiatives, the Nexus Building, Broadway, Letchworth, Garden City, Hertfordshire, SG6 9BL.

#### **Trustees responsibilities in relation to the financial statements**

The charity Trustees (who are also the directors of Southend on Sea Young Men's Christian Association for the purposes of Company law) are responsible for preparing a Trustees annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standards as reflected in FRS 102 and applicable laws.

Company law requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing the 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 and the Statement of Recommended practice (SORP) Accounting by Registered Social Housing Providers Update 2014 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 charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Trustees responsibilities in relation to the financial statements (continued)**

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

**Statement of disclosures to our auditors**

In so far as the Trustees are aware at the time of approving the annual report:

There is no relevant audit information of which the group's auditors are unaware, and; the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed by order of the Board of Trustees



.....  
Stephen Onslow (chair)  
Date 20<sup>th</sup> Feb 2019

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinion**

We have audited the financial statements of Southend-On-Sea Young Men's Christian Association (Limited by guarantee) and its subsidiary for the year ended 31 August 2018 which comprise a Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2018 and of the group's 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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.



**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Other information**

The trustees 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 misstatement, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 12 to 13, 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 directors 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 directors are responsible for assessing the group's and the parent charity'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 directors either intend to liquidate the group or the parent charity or to cease operations, or to have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the charity's trustees, 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 charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Kerry Hilliard ACA FCCA CTA (Senior Statutory Auditor)**  
for and on behalf of Stephenson Smart & Co  
Registered Auditor  
36 Tyndall Court  
Commerce Road  
Lynchwood  
Peterborough  
PE2 6LR

Date: 25 February 2019

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**


**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Year ended 2018 £	Year ended 2017 £
Turnover	2	2,641,814	1,952,269
Operating expenditure			
Operating costs	2	(2,079,119)	(2,029,521)
<b>Operating (deficit)/surplus</b>	2	562,695	(77,252)
Gain/(loss) on disposal of property, plant and equipment	4	37,931	-
Interest receivable	5	495	350
Interest payable	6	(15,368)	-
<b>Surplus/(Deficit) before tax</b>		585,753	(76,902)
Taxation		-	-
<b>Surplus/(Deficit) for the year</b>		585,753	(76,902)
Actuarial gain/(loss) in respect of pension schemes		19,000	45,000
<b>Total comprehensive income for the year</b>		604,753	(31,902)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

All of the above amounts relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 20th Feb 2019

  
.....  
**S Onslow**  
Chairman

  
.....  
**J Cushion**  
Director

Company Registration No. 05051166 (England and Wales)  
Charity Registration No. 1102837  
Homes England No. 4853

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**GROUP AND CHARITY STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2018**

		Group		Charity	
		31.8.2018	31.8.2017	31.8.2018	31.8.2017
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets - housing properties	9	1,629,875	387,517	1,629,875	387,517
Other tangible fixed assets	10	2,603,858	2,620,290	572,934	595,358
		<u>4,233,733</u>	<u>3,007,807</u>	<u>2,202,809</u>	<u>982,875</u>
<b>Current assets</b>					
Trade and other debtors	11	150,326	116,814	97,863	110,051
Cash at bank and in hand		1,016,371	858,381	538,622	395,037
		<u>1,166,697</u>	<u>975,195</u>	<u>636,485</u>	<u>505,088</u>
<b>Creditors: amounts falling due within one year</b>	12	(348,055)	(337,766)	(262,940)	(229,545)
<b>Net current assets/(liabilities)</b>		<u>818,642</u>	<u>637,429</u>	<u>373,545</u>	<u>275,543</u>
<b>Total assets less current liabilities</b>		<u>5,052,375</u>	<u>3,645,236</u>	<u>2,576,354</u>	<u>1,258,418</u>
<b>Creditors: amounts falling due after one year</b>	13	(1,132,831)	(334,445)	(1,132,831)	(334,445)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme liability	17	(38,000)	(34,000)	-	-
<b>TOTAL NET ASSETS</b>		<u><b>3,881,544</b></u>	<u><b>3,276,791</b></u>	<u><b>1,443,523</b></u>	<u><b>923,973</b></u>
<b>RESERVES</b>					
Income and expenditure reserve		947,710	397,591	941,387	393,060
Restricted reserve	20	2,933,834	2,879,200	502,136	530,913
		<u><b>3,881,544</b></u>	<u><b>3,276,791</b></u>	<u><b>1,443,523</b></u>	<u><b>923,973</b></u>

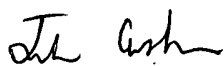
The net movement in funds for the year for the charity only was net surplus of £519,550 (2017: deficit of £524). The charity's income was £1,773,970 (2017: £1,192,570) less expenditure of £1,254,420 (2017: £1,193,094) and actuarial losses of £nil (2017: £nil).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 20th Feb 2019

  
.....

**S Onslow**  
Chairman

  
.....

**J Cushion**  
Director

**Company Registration No. 05051166 (England and Wales)**  
**Charity Registration No. 1102837**  
**Homes England No. 4853**

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**GROUP AND CHARITY STATEMENT OF CHANGES IN RESERVES  
AS AT 31 AUGUST 2018**

<b>Group</b>	<b>Income and expenditure reserve £</b>	<b>Restricted reserve £</b>	<b>Restricted fixed asset reserve £</b>	<b>Total £</b>
Balance as at 1 September 2016	391,328	843,818	2,073,547	3,308,693
Total comprehensive income for the year	(31,902)	-	-	(31,902)
Transfer of restricted expenditure from unrestricted reserve	38,165	14,799	(52,964)	-
Balance at 31 August 2017	397,591	858,617	2,020,583	3,276,791
Total comprehensive income for the year	604,753	-	-	604,753
Transfer of restricted expenditure from unrestricted reserve	(54,634)	44,293	10,341	-
Balance at 31 August 2018	947,710	902,910	2,030,924	3,881,544

<b>Charity</b>	<b>Income and expenditure reserve £</b>	<b>Restricted reserve £</b>	<b>Restricted fixed asset reserve £</b>	<b>Total £</b>
Balance as at 1 September 2016	388,943	535,554	-	924,497
Total comprehensive income for the year	(524)	-	-	(524)
Transfer of restricted expenditure from unrestricted reserve	4,641	(4,641)	-	-
Balance at 31 August 2017	393,060	530,913	-	923,973
Total comprehensive income for the year	519,550	-	-	519,550
Transfer of restricted expenditure from unrestricted reserve	28,777	(28,777)	-	-
Balance at 31 August 2018	941,387	502,136	-	1,443,523

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2018**

		<b>Group</b>	
		<b>31.8.2018</b>	<b>31.8.2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net cash flow from operating activities</b>	<b>23</b>	<b>48,133</b>	<b>138,880</b>
Interest paid		(15,368)	-
		<u>32,765</u>	<u>138,880</u>
<b>Cash flow from investing activities</b>			
Interest income		495	350
Purchase of tangible fixed assets		(798,863)	(23,097)
Proceeds from sale of tangible fixed assets		92,647	-
<b>Net cash flow from investing activities</b>		<u>(705,721)</u>	<u>(22,747)</u>
<b>Cash flow from financing activities</b>			
Proceeds from issue of new long-term loans		850,000	-
Repayment of long term loans		(19,054)	-
<b>Net cash flow from financing activities</b>		<u>830,946</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		<b>157,990</b>	<b>116,133</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>858,381</b>	<b>742,248</b>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>1,016,371</b></u>	<u><b>858,381</b></u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		1,016,371	858,381
<b>Cash and cash equivalents at the end of the year</b>		<u><b>1,016,371</b></u>	<u><b>858,381</b></u>

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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### **LEGAL STATUS**

Southend-on-Sea Young Men's Christian Association (the charity) is a private company limited by guarantee incorporated in England under the Companies Act 2006, registered with the Homes and Communities Agency as a private registered provider of social housing and is a registered charity. The registered office is 85 Ambleside Drive, Southend-on-Sea, Essex.

Southend-on-Sea Young Men's Christian Association has one subsidiary; South Essex Community School (Limited by Guarantee), registered under the Companies Act 2006 and an exempt charity (an Academy Trust) reporting to the Secretary of State.

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of accounting**

The Group's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014.

The financial statements comply with the Companies Act 2006, the Housing Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The subsidiary undertaking is an Academy Trust. Consideration has also been given to the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018, where this is deemed appropriate in order to give a true and fair view.

The charity constitutes a Public Benefit Entity as defined by FRS 102.

#### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102.

- the requirement to present a statement of cash flows and related notes;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosure exemptions available in FRS 102;
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company because their remuneration is included in the totals for the group as a whole.

#### **1.2 Basis of consolidation**

The Group financial statements consolidate the financial statements of the charity and its subsidiary South Essex Community School (Limited by Guarantee). The results of the subsidiary have been consolidated on a line-by-line basis for the year ended 31 August 2018. The South Essex Community School is a subsidiary of the main charity under section 1162 (2) (b) of the Companies Act 2006. The section defines "parent undertaking" and "subsidiary undertaking" for the purposes of the Companies Acts. An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if it is a member of the undertaking and has a right to appoint or remove a majority of its board of directors. The results of South Essex Community School are shown in note 22. In accordance with section 408 of the companies Act 2006, no individual financial statements have been prepared for the parent company.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1. ACCOUNTING POLICIES (continued)**

#### **1.3 Going concern**

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. As a result of this assessment, no significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### **1.4 Judgements and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The following judgements and experts have had the most significant effect on the amounts recognised in the financial statements:

##### Housing related support income

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the charity when considering the income to be recognised.

##### Government and other grants taken to income

Where entitlement to income is subject to fulfilling performance related conditions, judgement is applied in some situations to determine the stage of completion and the related income to be recognised, rather than deferred.

##### Cost allocation

Judgement is required in determining and applying the basis of regulated social housing activity and activities other than social housing costs.

##### Categorisation of housing and other properties

The group has undertaken a detailed review of the intended use of all properties. In determining the intended use, the group has considered if the asset is held for social benefit or to earn commercial rentals.

##### Tangible fixed assets

Depreciation is charged on tangible fixed assets over their estimated useful lives, taking into account residual value if appropriate. The actual lives of the assets and their residual values are assessed annually and may vary depending on a number of assumptions.

##### Pension benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

##### Present value of Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1. ACCOUNTING POLICIES (continued)**

#### **1.5 Turnover**

Turnover represents rental income and service charges receivable, programme activities income, donations and local authority and other revenue grants receivable. Rental income is recognised when the property is let, net of voids. Service charge income and costs are recognised on an accruals basis. Housing Related Support income is recognised as it falls due under the contractual arrangement with the administering authorities.

General Annual Grant relating to the academy trust is recognised in full in the Statement of Comprehensive Income in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants relating to the academy trust are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted reserves.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Comprehensive Income in the period in which it is receivable, where receipt is probable and it is measurable.

#### Housing Properties

Housing properties are those held for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less accumulated depreciation and impairment losses. The cost of properties is their purchase price together with incidental costs of acquisitions, improvements and revaluation.

#### Investment income

Investment income is accounted for on a receivable basis.

#### Government and other capital grants

Government and other capital grants include grants receivable from HE, YMCA England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model.

Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant fund.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

#### Other grants

Grants received from non-government sources, whether 'capital' or 'revenue' grants, are recognised using the performance method. If there are no specific performance requirements then the grants are recognised when receivable. Income received in advance of the performance conditions being met is deferred and included in creditors.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1. ACCOUNTING POLICIES (continued)**

#### Other income

Income from other activities includes income from fundraising events, hire of facilities, first aid training, bus hire and project match funding.

Income is receivable in exchange for goods and services and is recognised when entitlement has occurred.

#### **1.6 Non-exchange transactions**

Where the charity receives or acquires land or other assets at below market value from a third party that does not meet the definition of a government source, the increase in value between fair value and cost is recognised in the Statement of Comprehensive Income once any performance related conditions are met. The related asset is recognised in the Statement of Financial Position at fair value.

#### **1.7 Depreciation of housing properties**

Major components of housing properties are identified and treated as separable assets and are depreciated on a straight line basis over their expected economic useful lives at the following rates:

Property structure	100 years
Roof	27 or 50 years
Windows and external doors	31 or 40 years
Kitchens	14 or 20 years
Bathrooms	20 or 30 years
Boilers	10 or 16 years

Freehold land is not depreciated.

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

#### **1.8 Other tangible fixed assets and depreciation**

Other tangible fixed assets are stated at cost less accumulated depreciation. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Statement of Financial Position at cost and depreciated over their expected useful economic life.

For assets held by the academy trust, where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset reserve in the Statement of Comprehensive Income and carried forward in the Statement of Financial Position. Depreciation on the relevant assets is charged directly to the restricted reserve in the Statement of Comprehensive Income. Where tangible fixed assets have been acquired with restricted funds, depreciation on such assets is charged to the Income and Expenditure Reserve.

This treatment has been applied to present a true and fair view in accordance with the Academies Accounts Direction 2016-17.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Other tangible fixed assets and depreciation (continued)**

Depreciation has been provided at the following rates:

Freehold buildings	50 years straight line
Fixtures and fittings	20% / 25% reducing balance
Music, sports and office equipment	25% reducing balance
Computer equipment	3 years straight line
Motor vehicles	25% reducing balance
Kitchen extension	50 years straight line
Music room extension	6 years straight line

Other freehold land is not depreciated.

**1.9 Impairment**

Housing properties

Reviews for impairment of housing properties are carried out when a trigger event has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally an individual property level whose cash income can be separately identified.

Following a trigger event for impairment, an impairment test is performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties.

The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the charity as the existing property.

Other fixed assets

At each reporting period end date, the group 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).

**1.10 Taxation**

The charity and its subsidiary undertaking are exempt from corporation tax on their charitable activities.

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1. ACCOUNTING POLICIES (continued)**

#### **1.11 Reserves**

##### Income and expenditure reserves

Income and expenditure reserves are incoming resources receivable or generated in furtherance of the general objectives of the group without specified purpose and are available as general reserves.

##### Restricted reserves

Restricted reserves represent income received where the funder or other source of the income have imposed restrictions as to how the reserves shall be used. The nature and purpose of restricted reserves is set out in the notes to the financial statements.

Restricted fixed asset reserves are resources which are applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

#### **1.12 Pension costs and other post retirement benefits**

The charity 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 the charity.

As described in note 17 the charity has a contractual obligation to make pension deficit payments of £7,366 per annum over the period to April 2027, accordingly this is shown as a liability in note 12 to these accounts. In addition, the charity is required to contribute £1,299 per annum to the operating expenses of the Pension Plan and these costs are charged to the Statement of Comprehensive Income as made.

Retirement benefits to employees of the subsidiary are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the subsidiary.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the subsidiary in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the subsidiary in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the scheme instructions, benefit charges, settlements and curtailments.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Pension costs and other post retirement benefits (continued)**

They are included as part of the staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of comprehensive income incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

For defined contribution pension schemes the amount charged to the Statement of Comprehensive Income is the contributions payable in the year.

**1.13 Leases**

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

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

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

**1.14 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.

**1.15 Financial instruments**

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.16 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**2. TURNOVER, EXPENDITURE, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT)**

	2018 £	2017 £
<b>Income from Social Housing Lettings *</b>		
Rents receivable excluding service charges	161,085	162,531
Service charges receivable	219,983	169,334
Capital grants receivable	585,000	-
<b>Other social housing activities *</b>	166,461	164,047
<b>Total</b>	<b>1,132,529</b>	<b>495,912</b>
<b>Activities other than social housing</b>		
Voluntary income	17,982	33,635
Activities for generating funds	46,612	112,664
Training	77,769	82,017
Community Impact	13,333	73,468
Positive Activities	246,565	189,273
Economic Inclusion	200,800	205,251
	<b>603,061</b>	<b>696,308</b>
<b>Total Charity Income</b>	<b>1,735,590</b>	<b>1,192,220</b>
<b>Educational operations (South Essex Community School Limited)</b>		
DfE/ESFA grants	530,365	442,076
Other government grants	27,067	10,000
Other funding	287,706	296,296
Donations and capital grants	57,357	7,604
Catering	3,729	4,073
<b>Total Income for Group</b>	<b>2,641,814</b>	<b>1,952,269</b>

\* The charity registered as a private registered provider of social housing with the Homes and Communities Agency on 13 July 2017. In July 2017, income from social housing lettings and other social housing activities includes income receivable prior to the date of registration.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**2. TURNOVER, EXPENDITURE, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) (continued)**

	Social housing activities £	Activities other than social housing £	2018 £	2017 £
Income	1,132,529	1,509,285	2,641,814	1,952,269
Operating expenditure	(516,042)	(1,563,077)	(2,079,119)	(2,029,521)
<b>Operating surplus</b>	<b>616,487</b>	<b>(53,792)</b>	<b>562,695</b>	<b>(77,252)</b>
Void losses			5,256	11,672

**3. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT**

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group 2018 No of units £	2017 £	Charity 2018 No of units £	2017 £
<b>Social housing</b>				
General housing: - affordable rent	8	8	8	8
Supported housing	33	33	33	33
<b>Total owned</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**4. OPERATING SURPLUS**

The operating surplus is arrived at after charging/(crediting):

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Depreciation on housing properties	28,357	6,135	28,357	6,135
Depreciation of other tangible fixed assets	74,864	94,348	22,424	27,288
Profit on disposal of housing properties	37,931	-	37,931	-
Operating lease rentals: office equipment	6,348	4,873	3,813	3,813
Auditors' remuneration: Fees payable to the Charity's auditors: for the audit of the financial statements for other services	9,000 6,594	9,000 8,940	9,000 6,594	9,000 8,940
Fees payable to the component auditors: Audit of the accounts of subsidiaries	6,200	6,200	-	-
Total audit services	21,794	24,140	15,594	17,940

**5. INTEREST RECEIVABLE**

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Interest received	495	350	449	350
	495	350	449	350

**6. INTEREST AND FINANCING COSTS**

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Interest on bank loans	15,368	-	15,368	-
	15,368	-	15,368	-



**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**7. STAFF COSTS**

	2018 £	2017 £
Wages and salaries	1,142,659	1,019,258
Social security costs	93,792	86,445
Other pension costs	95,243	119,318
	<u>1,331,694</u>	<u>1,225,021</u>

In addition to the above, contributions to the operating expenses of the YMCA Pension Plan of £1,256 were made (2017: £1,169).

The average monthly number of employees expressed as full time equivalents during the year was as follows:

	2018	2017
Housing and support	5	5
Training	2	2
Community impact	2	2
Positive activities	4	5
Economic inclusion	6	6
Management and administration	4	4
South Essex Community School	18	17
	<u>41</u>	<u>41</u>

The full time equivalent number of employees receiving annual remuneration excluding employers pension contributions in excess of £60,000 are:

£60,001 to £70,000	1	-
£70,001 to £80,000	1	1

The emoluments of the highest paid director, the chief executive was as follows, excluding employer pension contributions.

	2018 £	2017 £
Salary (including employers national insurance)	64,805	64,110
Payment in lieu of annual leave (including employers national insurance)	11,479	9,160
	<u>76,284</u>	<u>73,270</u>

The total remuneration of key management personnel including any employer pension contributions was £512,990 (2017: £478,243).

The chief executive is a member of the multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The charity does not make any further contribution to an individual pension arrangement for the chief executive.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**8. TRUSTEES REMUNERATION, BENEFITS AND EXPENSES**

During the period one trustee was reimbursed expenses totalling £138 (2017: £nil).

The principal of South Essex Community School Limited receives remuneration in respect of services they provide undertaking the roles of head teacher under their contracts of employment, and not in respect of their services as a trustee. The CEO of Southend YMCA receives remuneration in respect of services they provide undertaking the role of CEO under their contract of employment, and not in respect of their services as a trustee of the school. No other trustees received remuneration from Southend YMCA.

**9. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES**

<u>Group and charity</u>	<b>Social housing properties</b>	<b>Total housing properties</b>
	<b>£</b>	<b>£</b>
<b>COST</b>		
At 1 September 2017	410,055	410,055
Additions	1,325,431	1,325,431
Disposals	(58,107)	(58,107)
At 31 August 2018	1,677,379	1,677,379
<b>DEPRECIATION</b>		
At 1 September 2017	22,538	22,538
Charge	28,357	28,357
Disposals	(3,391)	(3,391)
At 31 August 2018	47,504	47,504
<b>NET BOOK VALUE</b>		
At 31 August 2018	1,629,875	1,629,875
At 31 August 2017	387,517	387,517

*Social housing assistance:*

*At 31 August 2018 there is no accumulated social housing grant receivable, however the estimated amount of outstanding Social Housing Grant transferred to the charity in connection with the purchase of 'Newlands' during the financial year is £874,363.*

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**10. TANGIBLE FIXED ASSETS - OTHER**

<u>Group</u>	Land and buildings £	Academy Trust Land and Buildings £	Music, Sports & Office Equipment £	Fixtures, Fittings and Computer £	Motor Vehicles £	Total Fixed Assets £
<b>COST</b>						
At 1 September 2017	626,839	2,094,783	82,510	337,632	135,991	3,277,755
Additions	-	29,582	-	28,850	-	58,432
Disposals	-	-	(1,540)	(14,424)	-	(15,964)
At 31 August 2018	626,839	2,124,365	80,970	352,058	135,991	3,320,223
<b>DEPRECIATION</b>						
At 1 September 2017	85,867	102,664	75,775	269,139	124,020	657,465
Charge	10,057	34,987	1,684	25,143	2,993	74,864
Disposals	-	-	(1,540)	(14,424)	-	(15,964)
At 31 August 2018	95,924	137,651	75,919	279,858	127,013	716,365
<b>NET BOOK VALUE</b>						
At 31 August 2018	530,915	1,986,714	5,051	72,200	8,978	2,603,858
At 31 August 2017	540,972	1,992,119	6,735	68,493	11,971	2,620,290

The Secretary of State for Education holds a legal charge over the school site. At 31 August 2018 the net book value of the school site included within freehold land and buildings was £1,986,714 (2017: £1,992,119).

<u>Charity</u>	Land and buildings £	Academy Trust Land and Buildings £	Music, Sports & Office Equipment £	Fixtures and Fittings £	Motor Vehicles £	Total Fixed Assets £
<b>COST</b>						
At 1 September 2017	626,839	-	82,510	208,641	135,991	1,053,981
Additions	-	-	-	-	-	-
Disposals	-	-	(1,540)	(14,424)	-	(15,964)
At 31 August 2018	626,839	-	80,970	194,217	135,991	1,038,017
<b>DEPRECIATION</b>						
At 1 September 2017	85,867	-	75,775	172,961	124,020	458,623
Charge	10,057	-	1,684	7,690	2,993	22,424
Disposals	-	-	(1,540)	(14,424)	-	(15,964)
At 31 August 2018	95,924	-	75,919	166,227	127,013	465,083
<b>NET BOOK VALUE</b>						
At 31 August 2018	530,915	-	5,051	27,990	8,978	572,934
At 31 August 2017	540,972	-	6,735	35,680	11,971	595,358

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**11. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	38,336	-
Rent and service charges receivable	12,881	10,221
Less provision for bad debts	(1,003)	(1,003)
Other debtors	61,493	68,903
Prepayments and accrued income	38,619	38,693
	<b>150,326</b>	<b>116,814</b>

<b>Charity</b>	<b>2018 £</b>	<b>2017 £</b>
Rent and service charges receivable	12,881	10,221
Less provision for bad debts	(1,003)	(1,003)
Other debtors	47,366	64,291
Amounts due from subsidiary and associated undertakings	-	8,470
Prepayments and accrued income	38,619	28,072
	<b>97,863</b>	<b>110,051</b>

**12. CREDITORS - AMOUNTS DUE FALLING WITHIN ONE YEAR**

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Bank loan	24,159	-
Trade creditors	60,573	64,021
Rent and service charges received in advance	2,466	4,674
YMCA pension deficit agreement plan	5,563	5,191
Deferred capital grant (note 15)	2,838	2,838
Other taxation and social security	13,929	13,500
Other creditors	88,605	76,074
Accruals and deferred income	149,922	171,468
	<b>348,055</b>	<b>337,766</b>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**12. CREDITORS - AMOUNTS DUE FALLING WITHIN ONE YEAR (continued)**

<b>Charity</b>	<b>2018 £</b>	<b>2017 £</b>
Bank loan	24,159	-
Trade creditors	60,276	64,021
Rent and service charges received in advance	2,466	4,674
YMCA pension deficit agreement plan	5,563	5,191
Deferred capital grant (note 15)	2,838	2,838
Other taxation and social security	13,929	13,500
Other creditors	23,449	23,303
Accruals and deferred income	130,260	116,018
	<b>262,940</b>	<b>229,545</b>

Group accruals and deferred income includes the following deferred income:

<b>Group and Charity</b>	<b>2018 £</b>	<b>2017 £</b>
Basildon District Council	-	3,333
Big Lottery	23,840	-
Community Commissioning	-	1,667
Essex Community	-	1,667
Essex County Council	6,600	-
Essex Police	1,667	-
Heartbeat	-	3,000
Princes Trust	19,825	7,851
Start to Glow	-	8,750
Southend Borough Council	15,102	17,525
Supporting People	11,219	11,219
Youth Awards	-	1,891
Youth Music	-	28,405
Other	4,636	5,758
	<b>82,889</b>	<b>91,066</b>

**13. CREDITORS - AMOUNTS DUE FALLING AFTER ONE YEAR**

<b>Group and Charity</b>	<b>2018 £</b>	<b>2017 £</b>
Bank loan	806,787	-
YMCA pension deficit agreement plan	56,991	62,554
Deferred capital grant (note 15)	269,053	271,891
	<b>1,132,831</b>	<b>334,445</b>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**14. DEBT ANALYSIS**

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Bank loan repayable by instalments:				
Within one year	24,159	-	24,159	-
In one year or more but less than two years	26,971	-	26,971	-
In two years or more and less than five years	81,731	-	81,731	-
In five years or more	698,085	-	698,085	-
	<u>830,946</u>	<u>-</u>	<u>830,946</u>	<u>-</u>

**Security**

The bank loan is secured by fixed charges on individual properties.

The bank loan is repayable over 25 years from the date of drawdown being 27 November 2017 in monthly instalments at rates of interest ranging from the greater of 2% pa over the Bank of England base rate or 2% pa.

**15. DEFERRED CAPITAL GRANT**

Group and Charity	2018	2017
	£	£
At 1 September 2017	274,729	277,567
Released to income in the year	(2,838)	(2,838)
At 31 August 2018	<u>271,891</u>	<u>274,729</u>

**16. LEASE COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases for each of the following periods is as follows:

Group	2018	2017
	£	£
Within one year	6,348	4,873
Between one and five years	10,336	10,783
	<u>16,684</u>	<u>15,656</u>
Charity	2018	2017
	£	£
Within one year	3,813	3,813
Between one and five years	5,911	9,723
	<u>9,724</u>	<u>13,536</u>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. PENSION AND SIMILAR OBLIGATIONS**

**YMCA Pension Plan**

The charity 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 The Southend-on-Sea Young Men's Christian Association and at the year end these were invested in the Mercer Dynamic De-risking Solution, 40% matching portfolio and 60% in the growth portfolio and Schroder (property units only).

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

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

The valuation prepared as at 1 May 2017 showed that the YMCA Pension Plan had a deficit of £33.6 million. The charity has been advised that it will need to make monthly contributions of £614 from 1 May 2018. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the Pension Plan. The current recovery period is 9 years commencing 1 May 2018.

**Repayable**

	Within one year £	One to two years £	Two to five years £	After five years £	More than one year £	Total 2018 £	Total 2017 £
As at 31 August 2018	5,563	5,953	20,389	30,649	56,991	62,554	
As at 31 August 2017	5,191	5,563	19,105	37,886	62,554		67,745

In addition, the charity 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 the charity may be called upon to pay in the future.

**Charity defined contribution scheme**

The charity also operates a defined contribution scheme, the assets of which are held separately from those of the charity. The charge for the period to the income and expenditure account in relation to this scheme is £12,843 (2017: £11,995). Contributions for employees were a minimum of 5% of salary and the employer contributions were 5%.

## **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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#### **17. PENSION AND SIMILAR OBLIGATIONS (continued)**

##### **Other multi-employer defined-benefit schemes**

The employees of the South Essex Community School Limited belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are Multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016. The pension costs payable to the TPS in the period amount to £40,601 (2017: £37,406).

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

##### **Teachers Pension Scheme**

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

###### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,000 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.



**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. PENSION AND SIMILAR OBLIGATIONS (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution for the year ended 31 August 2018 was £21,000 (2017: £12,000), of which employer's contributions totalled £16,000 (2017: £9,000) and employees' contributions totalled £5,000 (2017: £3,000). The agreed contribution rates for future years are 17.1% for employers and are a scale between 5.5% and 12.5% for employees. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	(207,000)	(173,000)
Fair value of plan assets	169,000	139,000
	<u>(38,000)</u>	<u>(34,000)</u>
Deficit	<u>(38,000)</u>	<u>(34,000)</u>

The amounts recognised in the statement of financial activities are:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current service cost	39,000	25,000
Past service cost	-	47,000
Interest cost	-	1,000
	<u>39,000</u>	<u>73,000</u>
Actual return on plan assets	<u>9,000</u>	<u>24,000</u>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. PENSION AND SIMILAR OBLIGATIONS (continued)**

Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	(173,000)	(32,000)
Current service cost	(39,000)	(25,000)
Interest cost	(4,000)	(5,000)
Contributions by scheme participants	(5,000)	(3,000)
Actuarial losses/(gains)	14,000	21,000
Liabilities assumed/(extinguished) on settlements	-	(129,000)
Closing defined benefit obligation	<u>(207,000)</u>	<u>(173,000)</u>

Changes in the fair value of the share of scheme assets:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	(139,000)	(17,000)
Interest income	(4,000)	(4,000)
Contributions by employer	(16,000)	(9,000)
Contributions by scheme participants	(5,000)	(3,000)
Actuarial losses/(gains)	(5,000)	(24,000)
Settlement prices received/(paid)	-	(82,000)
Closing fair value of scheme assets	<u>(169,000)</u>	<u>(139,000)</u>

Principal actuarial assumptions at the balance sheet date:

	<b>2018</b>	<b>2017</b>
RPI increases	3.3%	3.5%
CPI increases	2.3%	2.6%
Future salary increases	3.8%	4.1%
Future pension increases	2.3%	2.6%
Discount rate	2.6%	2.5%

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. PENSION AND SIMILAR OBLIGATIONS (continued)**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>At 31 August</b>	
	<b>2018</b>	<b>2017</b>
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

The group's share of the assets in the scheme was:

	<b>Fair value at 31 August</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Equities	108,000	91,000
Gilts	9,000	9,000
Corporate bonds	10,000	5,000
Property	15,000	13,000
Cash	6,000	4,000
Alternative assets	15,000	11,000
Other managed funds	6,000	6,000
Total market value of assets	<u>169,000</u>	<u>139,000</u>

The actual return on scheme assets was £9,000 (2017: £24,000).

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**18. NON-EXCHANGE TRANSACTIONS**

During the financial year the charity purchased housing property from The National Council of Young Men's Christian Associations (YMCAE). The fair value of the property at the date of acquisition was £1,325,431 and the agreed purchase price was £715,000 plus solicitor fees.

In accordance with section 34 of FRS 102 the Newlands assets has been recognised in the Statement of Financial Position at fair value (EUV-SH) and the income equivalent of the difference between the amount paid and the fair value of the asset, being £585,000 has been recognised in capital grants in the Statement of Comprehensive Income.

**19. CAPITAL COMMITMENTS**

	2018	2017
	£	£
<b>Group and charity</b>		
<b>Capital expenditure</b>		
Expenditure authorised but not provided in the accounts	-	1,300,000
	-	1,300,000

The above commitment related to the purchase of the Newlands site. The purchase was completed in 2018 and financed by a grant for an amount of £585,000 and bank borrowings of £715,000.

**20. MOVEMENT IN RESTRICTED RESERVES**

	As at 01.09.2017	Movement in the year	As at 31.08.2018
	£	£	£
Residents fund	10,000	(1,853)	8,147
Eco Hub Fund	495,589	-	495,589
The National Lottery Community Fund	-	(700)	(700)
Y exchange	4,423	(4,423)	-
YMCA - TYP	7,858	(3,580)	4,278
Talent Match South East	-	(11,810)	(11,810)
Music grants	9,939	(3,307)	6,632
Youthspace	3,104	(3,104)	-
<b>South Essex Community School:</b>			
Commissioning Fund	348,276	73,081	421,357
Pupil Premium	3,428	(3,428)	-
Other grants	10,000	7,417	17,417
Pension	(34,000)	(4,000)	(38,000)
Restricted fixed assets funds	2,020,583	10,341	2,030,924
<b>Total Restricted Reserves</b>	<b>2,879,200</b>	<b>54,634</b>	<b>2,933,834</b>

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**20. MOVEMENT IN RESTRICTED RESERVES (continued)**

**Restricted Funds**

These funds represent the accumulated surpluses from funds available for a specific purpose:

**Residents' Fund**

Contributed to by various sources for the provision of immediate temporary relief to young people in crisis situations.

**SOS Bus**

Contributed to by various sources for the provision of an emergency late night facility for vulnerable people.

**Glow**

Funded by Essex County Council to provide coaching and mentoring services to young people.

**Eco Hub**

Funded by European Regional Development Fund through EEDA & EPP for the refit and development of a dilapidated building, transforming it into a fit for purpose multi-use Eco Hub.

**Y exchange**

Recreational project supporting young people to become independent through a range of skills and make a positive contribution to the community.

**YMCA - Team YP**

Funded from various streams to offer a resilience programme. (including Children in Need, Southend Borough Council)

**Talent Match South East**

Funded by Big Lottery and Prince's Trust on a five year budget to provide mentoring for young people enabling their journey into employment.

**YMCA - Music**

Funded from various streams to offer a music programme to aid learning and skills. (including Youth Music)

**Big Potential**

Funded by Big Potential for Southend YMCA to work with consultants in securing capital funding.

**The National Lottery Community Fund**

Four year project from December 2015. Funding to enable young volunteers to devise and implement intergenerational and campaign type events benefiting their communities.

**Better Start - Pre school alliance**

ABSS funding for a breastfeeding project.

**21. CONTROL**

There is no ultimate controlling party.

**SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION  
(LIMITED BY GUARANTEE) AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

**22. PARTICULARS OF SUBSIDIARY**

The charity is a member of South Essex Community School (Limited by Guarantee) and has the right to appoint or remove a majority of its board members. South Essex Community School (Limited by Guarantee) therefore falls within the definition of a subsidiary found in section 1159(1)(b) of the Companies Act 2006.

The subsidiary's results as extracted from the statutory financial statements for the year ended 31 August 2018 are outlined below:

	2018 £	2017 £
Incoming resources from charitable activities - Educational operations	845,138	748,372
Incoming resources from charitable activities - Other income	61,132	11,677
Resources expended	(821,067)	(791,427)
	<u>85,203</u>	<u>(31,378)</u>

The aggregate of the assets, liabilities and reserves were:

	2018 £	2017 £
Fixed Assets	2,030,924	2,024,932
Current Assets	530,211	478,577
Current Liabilities	(123,115)	(150,691)
	<u>2,438,020</u>	<u>2,352,818</u>

**23. RECONCILIATION OF NET MOVEMENT IN RESERVES TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Group 2018 £	2017 £
Surplus/(Deficit) for the year	604,753	(31,902)
Depreciation of housing properties	28,357	6,135
Depreciation of other fixed assets	74,864	94,348
Profit on sale of housing property	(37,931)	-
Interest payable	15,368	-
Interest received	(495)	(350)
Non-exchange transaction - capital grant	(585,000)	-
(Increase) in debtors	(33,512)	(4,105)
(Decrease)/Increase in creditors	(18,271)	74,754
<b>Net cash generated from operating activities</b>	<u><u>48,133</u></u>	<u><u>138,880</u></u>

# **SOUTHEND-ON-SEA YOUNG MEN'S CHRISTIAN ASSOCIATION (LIMITED BY GUARANTEE) AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **24. RELATED PARTY TRANSACTIONS**

During the year, legal fees amounting to £1,873 (2017: £nil) were incurred from Duncan Lewis (Solicitors) Ltd, a company in which K Bland is an employee. Costs incurred were for fees in relation to a resident court appearance.

During the year, consultancy costs amounting to £nil (2017: £21,172) were incurred from Cogent Ventures Limited, a company in which J Brooks is a director. Costs incurred were for consultancy fees in relation to the application to register with HE. All costs from Cogent Ventures Limited were incurred prior to J Brooks being appointed as trustee on 6 June 2017.

All transactions were conducted under normal market conditions.

Southend YMCA is the parent entity in the group and ultimate controlling party. The group has taken advantage of the exemption available under Section 33 of FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

#### South Essex Community School

Owing to the nature of the school's operations and the composition of the school's board of trustees being drawn from public local and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the school's financial regulations and normal procurement procedures.

### **25. MEMBERS**

The Board of trustees are the only members of the YMCA. The company is limited by guarantee, having no share capital and, in accordance with the Memorandum of Association; every member is liable to contribute a sum of £1 in the event of the company being wound up.