

YMCA Essex
(Limited by Guarantee)
Charity Registration No. 1054070
Company No. 3171206

YMCA ESSEX

REPORT OF THE TRUSTEES AND AUDITED

CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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YMCA ESSEX

YMCA Essex is one of approximately 80 YMCAs who constitute the YMCA Federation in England and Wales, working with young people and transforming lives throughout the country. Founded in 1844, the Federation is in turn part of the YMCA World Alliance and now reaches more than 60 million people in 119 countries worldwide, working with young men and women regardless of race, religion or culture.

YMCA Essex is a Christian charity rooted in local communities and working with people of all faiths and none to meet the needs of children, young people and their families, and supporting them so they can develop and grow and achieve their goals in life. Our premises at YMCA Chelmsford and YMCA Colchester provide the base for our activities across a wide and expanding area of Essex. We influence the lives of thousands of young people every year through a diverse range of programmes and services focused on their individual needs.

We have established a trading company, 'YMCA Essex (Trading) Ltd' [company number 03041709]. The trading company is a wholly owned subsidiary of the charity and carries out a number of activities which create a surplus to be used for the benefit of the charity, however due to the effects of Co-vid 19 for 2020/21 Trading made a deficit.

OUR AIMS AND OBJECTIVES

In summary, the objectives of YMCA Essex are to enable Christians to come together with people of other faiths and of none in order to help young people with their personal, social, educational and spiritual development, to provide accommodation, and to improve their health and wellbeing through the services and support we can offer them.

These objectives have shaped the Mission, Strapline, Values and Priorities of YMCA Essex:

Our Mission:

***Building Lives, Hope and Futures
for children, young people and families***

Our Strapline:

'Unleashing Potential'

Our Values:

- ***Christian*** – inspired by faith, hope and love
- ***Caring*** – here to help everyone we can
- ***Creative*** – always looking for new opportunities
- ***Committed*** – aiming for excellence in all we do

Our Priorities:

1. ***SERVICES:*** Strengthen and expand our ability to meet the needs of children, young people and families.
2. ***OPERATIONS:*** Implement an adaptive, resilient, sustainable operational model which optimises resources for our Mission.
3. ***PARTNERSHIPS:*** Pursue opportunities for partnership working to increase our impact and effectiveness.
4. ***COMMUNICATIONS:*** Raise our profile and build support for the vital work we do from communities, beneficiaries, donors, funders and commissioners.

We have taken account of the Charity Commission's Public Benefit Guidance in establishing and reviewing our aims and objectives, and in planning and resourcing our activities to achieve them. We offer services to children, young people and families across a wide area of Essex. We work with all people, while focusing especially on those with greater needs and fewer opportunities. We help to give children a better start in life. We provide positive activities, safe places to go, role models and mentors for young people. We help families through difficult times at home, in school, in local communities, in finding somewhere to live, and in work and finding work. We aim to make a real difference to the lives of all those with whom we work.

THE TRUSTEES' AND STRATEGIC REPORT FOR 2020/21

Our Services

We provided a wide range of services, projects and activities during 2020/21 including:

Housing work

At YMCA Colchester we have 44 flats available for rent to homeless young people aged between 16 – 25. They can stay at YMCA Colchester for up to two years and during their tenancy are given support in many areas to help them move on to independent living successfully. Support includes budgeting, claiming benefits, getting into, staying at, and finishing college, finding work and sustaining a job, coping with mental and physical ill health, sexual health advice, rebuilding relationships with family and many other things.

In recent times we have been able to offer a refurbished experience including new fast internet and Wi-Fi, telephony and CCTV, new carpets and interior decoration, and interior space better suited for both socialising and working.

During 2020/21 we had 40 residents move in and out. Of those who moved out 39 moved on positively to social housing, back to family or to private rented accommodation. We continued to work closely with other supported housing providers in Colchester as well as the Youth Enquiry Service and Colchester Borough Homes.

Covid-19 made life for everyone in supported accommodation much more challenging – both for staff and tenants – but we were very proud of the generally positive atmosphere and performance of the project over the various lockdowns. Some days felt quite dark and challenging, but the housing project pulled through.

Community Youth groups

YMCA Essex provides detached, drop-in and outreach youth work in a variety of locations to provide positive activities for young people to build healthy relationships, to be mentored, and to engage in community programmes which reduce anti-social behaviour and promote improved intergenerational engagement.

We support hundreds of young people each week in youth groups, and advertise in schools, on social media and in local areas but most of the young people come along due to hearing great things from their friends.

During Covid-19 the various Youth Groups that we run around the county had to be paused, but through one-to-one and online work we managed to stay in touch with many of the young people. Detached work, funded through a grant sourced by ECVYS, enabled us to continue to support young people in targeted areas who were still present on the street during lockdown and beyond.

Family Support Work and Schools' Work

Family Support - This service works with children, young people and families to make positive impacts and improve children's attendance, behaviour, wellbeing and life inside school and out. We work with 5 secondary and 15 primary schools in the Chelmsford, Maldon and Rayleigh areas for both prevention and intervention. The team also runs workshops at the request of the schools, including on the subjects of team building, communication, self-esteem, self-confidence, homelessness and world poverty. In 2020/21, the Family Support team worked with hundreds of children, young people and their families through referrals from schools. Every referral resulted in improved attendance, behaviour and/or academic achievement.

During the pandemic and subsequent lockdown our support also had to take this into account, and was usually conducted virtually, which we found worked well in most cases. Each child or young person completes a Y-Web soft outcomes monitoring tool which reports on improved emotional, social, domestic

and academic wellbeing. Our mission is to give every young person a voice and to be committed to providing positive change in their life.

Essex County Council FifXtra initiative - YMCA Essex has been supporting Essex County Council's Family Innovation Fund to ensure that young people across Essex receive the right support to help guide them through anxieties, relationship breakdowns, poor health and lifestyle, coping and managing change as well as other effects from Covid-19. We are working together to ensure that coronavirus doesn't stop young people from unleashing their full potential but encourages and empowers them to live their best life.

This project has now been funded for a further year.

Safer Community Youth worker - This role has been supporting hundreds of young people in school assemblies through meditation and spirit-based thinking, small group workshops known as 'The Starting Point' and 1:1 sessions. This is where young people are encouraged to leave everything where it is and start again from this point, focusing on moving forward, forgiveness and positive mindset. They are able to be guided through challenging times using trauma informed care approaches and reflective listening. This work has been conducted almost entirely online and often in very creative ways during lockdown.

Educational Welfare Work - We operate in many schools across Essex offering educational welfare support work, which focuses more on attendance issues as opposed to the Family Support Work but does have some overlap. We are pleased to see this work also serving in Jaywick, which is currently the most deprived ward in Britain.

Childcare Work

Out of School Clubs, and Holiday Clubs - Out of School Clubs continue to be very popular. Children are cared for in a fun and enriching environment to enable them to engage and build positive relationships, enhance experiences, complete homework, and grow their skills and experience to derive the greatest benefit from their education. This wrap around care also continues to be a main support to parents needing extended care either side of school times. We have enhanced our provision across two of our busiest locations to enable us to take more children due to popular demand.

Coronavirus saw a pause in all Out of School Activities but as schools have reopened so have their associated activities. Of particular note are a new model Holiday Club Essex County Council has commissioned us to do across the county over the summer of 2021, reaching 700 children and their families in 13 different locations. The clubs aim to give nutritious meals and exciting activities every day for the children attending, and also provide an opportunity to work closer with their families as well and will go on operating during subsequent school holidays.

We are operating 7 out of school clubs across the city centre of Chelmsford and opened another one in South Woodham Ferrers in September 2021.

Across all our childcare services this year we hope to engage with over 1,000 Essex families.

Nursery - Our Nursery is open Monday to Friday for 51 weeks per year each day from 7:30am-6pm. This is for children aged 3 months to 5 years, and the Nursery has typically served over 40 children each week (at different times of the week, and for different lengths of time). Numbers have reduced more recently due to difficult trading conditions some of which is connected to Co-vid 19, some to the general trading challenges facing all nurseries, and some unique to our city-centre site.

Nursery tried to stay open during the Coronavirus lockdown to support key workers, but low take-up meant it temporarily shut, and then reopened when lockdown began to ease.

The Nursery has a "Good" Ofsted rating which enables us to take 2-year funded children. Staff have continued to work hard to ensure we offer the best possible provision for our children and families.

We are still supporting families referred to us via support workers at Essex County Council and the Women's Refuge. This year our staff have offered additional support to families that have needed help with choosing schools and applying for the schools of preference. This is a service that many parents have expressed was vital for them so we will continue next year with this line of support.

Operations

YMCA Essex is delivering on its vision of expanding across the county to deliver its core offers to local communities. At the time of writing the work spans from Harlow in the West to Dedham in the East. All departments are led by a Manager / Deputy Manager team which gives us the flexibility and resilience we need and contributes to providing cost-effective services with most staff working on the 'frontline'.

Our IT is cloud based running modern versions of Microsoft Windows© and the Office 365© system with Sharepoint© for data management.

Like many YMCAs we have signed the recent Rights and Responsibilities charter which includes a requirement to achieve the equivalent of Trusted Charity status by the end of 2023, and which we are working toward.

The Board and Senior Management have deliberated for some time over whether or not the organisation could become a Real Living Wage employer. One area of challenge has been that margins in childcare work (an important department for YMCA Essex) are so low, and traditionally so have been the pay rates. If pay were increased in this department to the Real Living Wage, how could that be done without necessarily passing on the cost to families whom we serve with our services? Ultimately, we decided that the need to pay the Real Living Wage was too great to ignore, as it is simply deemed the remuneration necessary for an employee to meet every day needs, and as a charity serving the needs of ordinary people the ethical and correct choice has become clear.

Earlier in 2021 a 'stepping-stone' increase was made - even though we were in the heart of Covid-19 and Lockdowns - with a view to making the full increase to the Real Living Wage in October 2021 if financial conditions were not so adverse that such a step would prove unthinkable. We are happy and proud to share that a decision was made by the Board in September 2021 to start paying the Real Living Wage as the YMCA Essex minimum from October 2021, to amend related salaries appropriately, and to move forward as an organisation on this important positive note into the future.

Through our Governance Committee we maintain an up-to-date governance framework for YMCA Essex, and in 2020/21 continued the process of comprehensive, systematic policy review and revision.

Y Housing is the Housing Association made up of 7 participating YMCAs each with properties that offer supported accommodation, and our Colchester property is one of these. Each YMCA has a director on its Board of Trustees and a special buyback arrangement means that the YMCAs can purchase the properties within 25 years of the original purchase date should they become Registered Providers with the Homes and Communities Agency. This has been an exciting development which has ensured the long-term viable future for YMCA supported accommodation in Colchester.

GDPR compliance has been of paramount importance; our data is accessed through Microsoft SharePoint© to help with this. We have also thoroughly reviewed how we handle and control data including ensuring staff know their role in this and the protocols required. Unlike many charities we do not have a large dataset of financial supporters as we operate like something more akin to a social enterprise.

Partnerships

Working with local YMCAs across the country, our national federation of YMCAs in England and Wales has published the Federation Strategy 2017-2021. We endorse the strategy's vision for the YMCA to be:

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

and the strategy's Key Work Areas and Outcomes, to be delivered by YMCA England and Wales, and local YMCAs, working together:

- **Support & Advice** – We believe every person should have someone they can trust
- **Accommodation** – We believe every young person should have a safe place to stay
- **Family Work** – We believe every family should have the support they need to develop and lead more fulfilling lives
- **Health & Wellbeing** – We believe everyone should enjoy the benefits of good health and wellbeing
- **Training & Education** – We believe every young person should be able to fulfil their potential.
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The Chairs and Chief Executives of all the YMCAs in the East of England meet regularly to identify opportunities for us to achieve these aims and objectives in our region, to share experiences and ideas, and to look at how we can extend our impact and generate more resources through working in partnership.

In addition, on 6 June 2019 (the 175th anniversary of the YMCA) YMCA representatives from England and Wales met in London to agree a 'Rights and Responsibilities' charter that described how they could better cooperate, ensure best practice and move forward in unison.

YMCA Essex maintains good working relationships with councillors and senior staff at Essex County Council, Chelmsford City Council, and other local authorities where we are active, and we appreciate their strong support for the YMCA. We were particularly grateful to the City Council for their £25,000 grant in 2020/21.

We work closely with 'Churches Together' in the Chelmsford area and maintain Christian links where we can. The Mylands Youth Club in Colchester is also connected with the Parish Church there. We are developing stronger links with local churches, with our CEO Andy Drake preaching to local congregations on behalf of the YMCA. We also work with other like-minded organisations through 'Citizens-UK' to enable grassroots campaigning for change, seeking for communities to be shaped more by their members than by outside sources.

It should be noted that although the schools and parish councils we work with are, strictly speaking, our clients, in practice we are like partners working together to achieve the same goals. This is borne out in how our pricing for such services typically represent 'at cost' models, and how we sometimes work closely to co-design bespoke solutions.

Communications

One of our key strategic priorities is to raise our profile and build support for the vital work we do from communities, beneficiaries, donors, funders and commissioners.

We have continued to carry out the rebrand in line with the toolkit provided by YMCA England & Wales, and this has been especially helpful in the refresh at Colchester. We continue to innovate and develop a cutting edge feel for our print and electronic media, always seeking to better communicate our mission to existing and new stakeholders.

We publicise our activities through our website including our online news and seasonal e-newsletter which goes out to all subscribers, through leaflets, through the media, and in face-to-face contacts with people through our services, projects and events, and through networking with businesses, public and voluntary sectors. Relationships with local media have led to positive YMCA coverage.

Finance

Our principal sources of income are Housing work, the Nursery, the Out of School Clubs, and - to a lesser extent - the Family Support Programme and Education Welfare Service - all of which operate on a social enterprise model (all surplus is ploughed back into the local work).

The end of year outturn was an overall surplus on unrestricted general funds (before allowing for one off pension deficit adjustment of £32,650) of £3,345 and whilst we would always wish to produce a surplus this does represent challenging changes to our service provision (notably childcare) and the building of capacity within the organisation. We hope to see better performance in the near future, but it is likely the effects of Coronavirus will continue to challenge these attempts.

The Trustees recognise that our financial position is particularly dependent on the level of take-up of our income-generating services, and it will therefore be important for us to maintain and expand those services in the coming years, and to attract further income from additional sources especially to support the costs of our charitable youth work.

Future Plans and Strategy

There are more than 400,000 children and young people aged 19 or under living in Essex. The potential need and demand for the services provided by the YMCA is therefore huge. Our strategy for the future aims to expand our services both geographically and numerically to meet more of these needs, working alongside other leading YMCAs wherever possible.

Our aim is for Community Hubs to be developed organically across Essex out of which YMCA services and staff can share our particular blend of professionalism and kindness. These Community Hubs would offer and/or be connected to a diverse range of services, from our core work of childcare, youthwork and housing to newer projects involving information, advice and guidance giving, intervention for those facing domestic abuse, outward bound community development work, and so much more. From 2020-2030 these hubs will grow both opportunistically and intentionally.

To undergird the strategy a Capacity Building Plan (CBP) has been put into effect, made possible by a £60k donation and match funding from YMCA Essex reserves. The CBP primarily pays for improved staffing levels over three years, allowing for the Head of Youth and Children's work to take on Business Development, the Youth Manager to backfill, and the employment of the Communications and Events Manager, and some other minor changes. This has been working well and prior to the coronavirus pandemic we were hoping for a break-even year in 2020/21 and then surplus in 2021/22 as new youth, housing and childcare services came on stream as a result of the CBP.

The CBP comes to an end in Q2 2021/22 and we are extremely grateful to the donor who made it possible. There is a direct connection, for instance, between the capacity it has enabled and the organisation now delivering Holiday Clubs across the county for 700 children in receipt of free school meals - an ambitious undertaking we could never have considered 3 years ago.

Alongside these plans we continue to communicate well with our neighbouring YMCAs and seek collaborative work where possible. We remain open to strategic partnerships with other like-minded organisations, and are aware that exciting developments can come from the most unlikely of places.

Conclusion

2020/21 was a challenging year financially but an encouraging year with regard to mission. The unique services we offered to children, young people and families continued to be of the highest standard and operated smoothly despite the challenges. Prior to Covid-19 we were planning to implement changes that would lead us through to surplus, whilst sustaining the excellent output in services and indeed growth within them. The new context has left us tired but resilient, posting a modest £3k surplus, with all of our services intact, and indeed new services now to deliver. Indeed, the new Holiday Clubs are such a big enterprise they alone may grow the organisation by up to 30% within the next year.

Meanwhile we continue to develop our housing portfolio (including with a view to imminently purchasing move-on accommodation, and perhaps even a supported-accommodation focused redevelopment of our Chelmsford site), adjust our childcare offer to achieve profitability in the trading subsidiary, and improve our communications and relationships to help capitalise on the growth opportunities that the current volatile environment is producing.

Turning to the present, it is when we hear the many individual stories of children and young people whose lives have been completely turned around by their involvement with the YMCA, that we know we are making a real difference.

None of this would be possible without all the wonderful people who work for and support the YMCA. We would like to pay tribute to our paid and voluntary staff under the leadership of our Chief Executive, Andy Drake. We have a very professional, talented and committed staff team at the YMCA, who are highly valued for everything they are achieving.

We wish to thank our Treasurer, Finance Committee and the Finance Team for their dedication and hard work in financial planning, monitoring and control for YMCA Essex.

We are very grateful to all the organisations and individuals who have made donations, whether large or small, enabling us to undertake many vital projects and activities. We record our thanks to our fellow Board Members and all the other volunteers who give so much to the YMCA.

Finally, we thank all those who have supported us in prayer and in action during the last year.

GOVERNANCE AND MANAGEMENT

Articles of Association

YMCA Essex is a charitable private company limited by guarantee, incorporated on 12 March 1996 and registered as a charity on 26 March 1996. The charity is governed by its revised Articles of Association adopted on 25 January 2016.

YMCA Essex's charitable objectives, in full, 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;
- 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; and
- 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 circumstances.

Board of Trustees

The Board of Trustees meets quarterly. The Board's purpose is to:

- provide **strategic leadership and support** for YMCA Essex;
- uphold the **Christian faith basis** of YMCA and promote its **mission and objectives**;
- agree **vision and strategy**;
- ensure good **governance and accountability**;
- make best use of **human, financial and property** resources;
- take part in YMCA **events and activities**;
- **encourage, praise and thank** staff and volunteers;
- **promote YMCA** and its work within Essex communities.

Trustees serve on the Board for a maximum of three consecutive three-year terms before taking a break of at least one year.

The Board aims to have a balanced and capable team of Board Members including:

- people who will ensure that the Christian founding principle, values and character of YMCA are sustained, providing Christian leadership for the charity (at least half of our Board Members are committed Christians);
- people with diverse backgrounds and diverse attributes, to help ensure healthy debate and challenge, and to bring a range of views and perspectives to inform decision-making;
- people with connections to communities in different parts of Essex;
- people with the skills, abilities, knowledge and experience needed for the effective working of the Board;
- a balance on the Board between experienced members and those who can offer new thinking and independent challenge.

The Board welcomes applications at any time from people who may be interested in serving as Board Members. When it wishes to strengthen or diversify its membership, it will actively seek candidates with the required skills and attributes by a range of means which may include open advertisement. Following a successful recruitment process, the Board will appoint a new Trustee as a Board Member.

New Trustees receive an induction programme, to familiarise them with the services and operations of YMCA Essex and the work of the wider YMCA movement, and to equip them to fulfil their responsibilities as Trustees for governance, strategy, finance, communication and representing the YMCA effectively. Further training and development opportunities are made available to all Trustees on an ongoing basis.

Committees

The Board has appointed four Committees to assist the work of the Board and the YMCA:

- Finance Committee
- Governance Committee
- Audit Committee
- Board Appeals Committee

Management and Organisation Structure

A scheme of delegation is in place and the Board has delegated the day to day responsibility for the YMCA's services and operations to the Chief Executive and his/her Managers. The Managers each lead one of the five main areas of Childcare & Corporate Services, Youth Work, Housing, and Finance, and Communications, Fundraising and Events. There are over 60 staff and over 20 volunteers working for YMCA Essex in the charity and its subsidiary trading company.

The key responsibilities of the Chief Executive are to:

- Provide Christian leadership to YMCA Essex in accordance with our vision, mission, values, passion and Christian ethos.
- Develop and implement strategies to maximise the impact of YMCA in building lives, hope and futures for children, young people and families.
- Provide strategic and operational leadership for the diverse and multi-faceted activities of YMCA, ensuring effective and legally compliant management, administration and development.
- Support the Board of Trustees to develop and implement strategic direction.
- Provide leadership of all development and fundraising activities and the implementation of long-term viability and sustainability.
- Lead staff teams in providing a professional service in all areas of activity ensuring that the YMCA's aims and purposes are fully met.
- Represent YMCA externally, promoting its services and values.
- Maintain and develop the relationship of YMCA Essex with the wider YMCA Movement.

Risk Management

The Board has a Risk Management Policy, incorporating a Risk Register, and both are reviewed and updated annually. Our strategic risk analysis shows that the YMCA currently faces 4 risks classed as Major within the methodology we have adopted:

- Ensure the **Quality and Competitiveness** of our services and projects.
- **Safeguard the Wellbeing** of the Children, Young People and Adults we work with.
- Increase our **Income** and improve our **Financial Position**.
- Maintain a good **Reputation and Public Support** for YMCA.

There are also 8 risks classed as Moderate:

- Safeguard **Business Continuity** for all our services and operations.
- Recruit, develop and retain the **Staff and Volunteers** we need.
- Ensure the **Health and Safety** of all involved in our activities.
- Seek, Respond and adapt well to **Change and New Opportunities**.
- Ensure the effective **Governance** of the YMCA
- **Fulfil our Mission** to children, young people and families.
- Implement effective **Financial Controls** and **Fraud Prevention** measures.
- Manage staff fairly and effectively through our **Human Resources** policies and procedures.

Coronavirus Pandemic

The Covid-19 pandemic presented a unique, unprecedented, and uncertain risk to the services, operation and finances of YMCA Essex. Service delivery and staffing arrangements were adapted to enable our mission to be fulfilled to the best of our ability during the crisis, whilst protecting the charity's financial position and its ability to recover as the situation improved.

The pandemic had differing effects on the various areas of the charity. For Housing the impact was more on the wellbeing of staff and tenants rather than at a financial level. Changes to work practises and patterns, for example members of the senior management team providing weekend cover rather than sessional staff, meant that most services continued to be provided and resulted in financial savings.

Youth clubs ceased during lockdown, but online work meant that contact with club members continued. Family support work continued with this being carried out virtually, offering an alternative method of contact which has continued for some as lockdown eased and face to face meetings returned. The Fifxtra initiative began to ensure young people across Essex received the support to cope with the effects of Co-vid and funding has been received to continue this in 21/22.

Trading, and in particular Out of School Clubs, were hardest hit by the pandemic. All Out of School activities stopped when schools were shut during lockdown and staff were placed on furlough. As schools reopened so have the breakfast and after school clubs, with numbers continuing to increase as lockdown measures ease and are getting back to pre-covid levels in several clubs. Nursery was shut for a short time during lockdown as numbers dropped but reopened when lockdown began to ease, moving back to normal attendance. We have made some minor changes, such as outsourcing food supply rather than producing in house, so that we can easily scale up and down the operation without commensurate costs and problems with staffing and facilities.

The reduction in income for Trading of £291k was partially offset by furlough receipts of £145k, grants of £64k re business relief and youth losses, and operational savings in housing of £90k.

Losses sustained within Trading were symptomatic of wider Covid-19 issues in the sector and there is no underlying problem with our business model or future business planning. Trading turnover reduction is linked to school closures which is not anticipated to happen in the future, so we believe the Trading environment for childcare is now back on track - receipts in recent months and demand for the new school year bear this out. This confidence is reflected in the loan YMCA Essex (Charity) made to Trading to cover the 20/21 shortfall and which is likely to be paid back within 24 months due to the resurgent trading conditions.

The Board is satisfied that the above risks are being consistently and effectively managed and mitigated and considers that the resultant risk profile is acceptable and appropriate in relation to the YMCA's objectives and responsibilities. The nature of the services which the YMCA provides to service users, and the environment within which the charity operates, mean that we will inevitably face risks due to factors beyond our control. We are willing to tolerate higher risks if they can be justified by the potential benefits for children, young people and families.

NHF Code of Governance and YMCA England and Wales Governance and Financial Viability Standard

YMCA Essex seeks to comply with the National Housing Federation code of governance so as to better prepare for becoming a Registered Provider of Housing in due course. The most recent self-assessment indicates that we satisfy over 95% of the code criteria, and it is felt that even if we do not become a Registered Provider for some time, achieving this high level of compliance with the Code has strengthened the governance and capability of the organisation.

YMCA Essex also complies with the YMCA England and Wales Governance and Financial Viability Standard.

Related Parties

YMCA Essex is a part of the national federation of YMCAs in England and Wales, and is affiliated to YMCA England and Wales, which is the national organisation responsible for representing and equipping local YMCAs. We support its vision and overall strategy and seek to play our part in delivering them in a way which is appropriate for our local context.

YMCA Essex (Trading) Ltd is a wholly owned subsidiary of the YMCA Essex charity, whose principal activities are the provision of Nursery care and Out of Schools work, and room hire facilities. The Directors of the trading company are the Board Members who are on the charity's Finance Committee together with the Chief Executive and the Head of Finance.

YMCA Essex receives an annual grant for work in the Chelmsford area from Chelmsford City Council, which has non-voting representation at Board meetings. We contract with a large number of schools for our Out of School clubs and Schools Work programmes.

YMCA Blackburn (known as Y Housing) is a Housing Association whose stock is entirely made up of YMCA Housing Projects, with YMCA Colchester being one of them. Each YMCA associated with Y Housing in this way has a representative on the Board, and typically the CEO, as in our case.

Remuneration and Remuneration Levels

'Remuneration' includes salary, pension, leave, and other financial and non-financial employment benefits.

The Board has a Remuneration Policy which is reviewed annually to provide a framework for all remuneration decisions. In 2020/21 our Chief Executive received a remuneration of £67,123.

The Trustees do not receive any remuneration.

The overall objective of our Remuneration Policy is to offer fair remuneration to attract, develop and retain staff with the right abilities, skills and competencies to lead, manage, support and/or deliver our services to the community.

In deciding on pay levels for staff, the following factors may be taken into account. These factors are not exclusive and any decision will inevitably include an element of discretion on the part of the Trustees.

- Our Vision and Strategy and how this may affect the number and nature of roles for which we need to employ or recruit staff.
- Affordability in relation to the YMCA's financial position.
- The need to recruit and retain high quality, competent staff.
- The level of responsibilities associated with each job role, in relation to leadership, decision-making, service delivery, staff supervision, management of finance and resources, contacts and relationships, and job context.
- Any significant increase in responsibilities.
- The type of skills, experience and competencies that each job role needs, and their link to remuneration.
- Information about comparable roles and pay rates particularly in the charitable sector.
- The wider remuneration package including leave and other benefits.
- The need for consistency and fairness in remuneration between jobs within YMCA Essex.
- Equality of pay amongst people doing similar roles.
- The rate of inflation and other economic factors.
- The 'National Living Wage' set by Government, and the 'Living Wage' recommended by the Living Wage Foundation.
- The likely effect on the charity's reputation, viability and public standing.

FINANCIAL INFORMATION

Funds and Reserves Policy

The charity has various funds available to finance its activities. These are as follows:

(a) Unrestricted funds

These are funds expendable at the discretion of the Trustees in furtherance of the charity's objects. Such funds may be designated by the Board for a particular project or purpose. The general fund is the amount of unrestricted funds that has not been designated. The Board have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commissioners and they believe that the charity should hold financial reserves because:

- it has no guaranteed regular funding,
- it requires protection against, and the ability to continue operating, despite catastrophic or lesser but damaging events.

The Trustees believe that the minimum level of general funds should be the equivalent of three months' essential operating costs calculated and reviewed annually. As at the end of March 2021, the general fund stood at £100,555.

(b) Designated funds

As shown on the balance sheet, the majority of unrestricted funds are held in the form of fixed assets, and as such these funds are not available to support other activities. The Board have therefore created a designated fund representing the value of fixed assets held (see note 12). In addition, the Board have also recognised the problems caused when existing funding for projects finishes and until new sources of funding are secured. We have created a Youth Work fund to allow projects to continue during these periods. We also have a replacement fund which is monies set aside for on-going maintenance and improvement of the buildings.

(c) Restricted funds

These are funds donated for specific purposes that are within the wider objects of the charity. The major restricted funds held at the year-end is for the Capacity Building Project for which we received a grant of £60,000 from the Candap Trust in May 2018, and to which we matched funding of £90,000 from YMCA Essex free reserves.

Other funds represent donations for the activities as detailed in note 13 to these accounts. The Board consider that YMCA Essex has sufficient assets to meet its obligations as they arise on both the designated and restricted funds.

(d) Investment Policy

Where possible all restricted funds are placed on short-term deposit. Due to the nature of our activities, these funds may be required at short notice.

(e) Pension Deficit

YMCA Essex recognises possible concern relating to its participation in a defined benefit pension scheme. Appropriate action has been taken. The scheme was closed to new members in 2007, and the link to final salary broken in 2011. Additional contributions continue to be made to reduce the deficit. As part of the YMCA federation, the multi-employer pension scheme is run by an independent Trustee board with employer representation through the Principal Employer, National Council of YMCAs. The pension scheme Trustee obtains an actuarial valuation every three years and we have considered the implications to the charity's finances from the latest available actuarial valuation. We have reviewed the charity's ability to continue to deliver its charitable objectives by ensuring budgets, forecasts and plans are available and include the impact of deficit repayments.

YMCA Essex benefits from the pension scheme Trustee and the Principal Employer seeking suitable specialist profession advice both to manage the scheme and in the continuing effort to explore ways of reducing the overall pension deficit.

The notes to the Accounts include an accounting policy, and further detail regarding the pension commitment is in note 15.

Subsidiary Undertaking

The accounts consolidate the results of the charity and its subsidiary YMCA Essex (Trading) Ltd. whose principal activities are the provision of Nursery care and Out of Schools work, and room hire facilities. Its performance is shown in note 4 to these accounts and is considered to be satisfactory considering the effects of the coronavirus.

Fixed Assets

Movements in the fixed assets are detailed in note 8.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of YMCA Essex for the purposes of Companies Act 2006) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are required to:

- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and its subsidiaries and enable them to ensure that the financial statements comply with the Companies Act 2006;
- prepare financial statements for each financial year which give a true and fair view of the state of the group's and the charity's affairs and of the surplus or deficit for the year, and to comply with the regulations made by the Secretary of State.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities', issued by the Charity Commission;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are also responsible for safeguarding the assets of the charity and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

The Trustees confirm that so far as they are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charity's auditors are unaware, and that they have taken all steps to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Liability of Members

The liability of members is limited to £1 in the event of the charity being wound up with insufficient funds to meet its debts.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to appoint the auditors THP Limited and authorising the Trustees to agree their remuneration will be proposed at the first Board meeting in 2022.

Signed on behalf of the Board of Trustees

Mr Mike Bromfield
Chair

Date: 

23/11/2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YMCA ESSEX (Limited by Guarantee)

Opinion

We have audited the consolidated financial statements of YMCA Essex (Limited by Guarantee) (the 'charitable company') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and Group's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YMCA ESSEX (Limited by Guarantee)

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with trustees and other management, and from our commercial knowledge and experience of the sector in which the Group operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Companies Act 2006, Charities Act and SORP requirements, General Data Protection Regulations (GDPR), Anti-bribery, Employment and Health and Safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YMCA ESSEX (Limited by Guarantee)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with Charities Commission and any other relevant regulators as required.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Shahid Hameed ACA FCCA (Senior Statutory Auditor)
For and on behalf of THP Limited
Chartered Accountants and Statutory Auditors
34-40 High Street
Wanstead
London E11 2RJ

Date: 7/12/2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | Unrestricted | | Restricted | 2021 Total £ | 2020 Total £ |
|--|-------|------------------|----------------|-----------------|--------------------|--------------------|
| | | General | Designated | | | |
| | | £ | £ | £ | | |
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Rental income | | 623,929 | - | - | 623,929 | 604,035 |
| Voluntary income | | 6,437 | - | - | 6,437 | 8,171 |
| Grants receivable | | 47,803 | - | - | 47,803 | 25,000 |
| Furlough grant | | 55,163 | - | - | 55,163 | - |
| Activities for generating funds | | 1,105 | - | - | 1,105 | 5,205 |
| Income of trading subsidiary | 4 | 353,408 | - | - | 353,408 | 644,881 |
| Interest receivable | | 1,296 | - | - | 1,296 | 5,981 |
| Incoming resources from charitable activities: | | | | | | |
| Youth training | | 102,455 | 3,095 | 32,271 | 137,821 | 154,330 |
| Miscellaneous Income | | 2,785 | - | - | 2,785 | 6,746 |
| TOTAL INCOMING RESOURCES | | 1,194,381 | 3,095 | 32,271 | 1,229,747 | 1,454,349 |
| RESOURCES EXPENDED | | | | | | |
| Cost of generating funds: | | | | | | |
| Expenditure of trading subsidiary | 4 | 387,626 | - | - | 387,626 | 481,036 |
| Charitable activities: | | | | | | |
| Childcare services | | 87,438 | - | - | 87,438 | 104,482 |
| Youth and other services | | 510,868 | 9,997 | 74,410 | 595,275 | 702,219 |
| Premises | | 196,584 | - | - | 196,584 | 253,117 |
| | | 794,890 | 9,997 | 74,410 | 879,297 | 1,059,818 |
| Governance costs | | 8,520 | - | - | 8,520 | 11,500 |
| TOTAL RESOURCES EXPENDED | 5 | 1,191,036 | 9,997 | 74,410 | 1,275,443 | 1,552,354 |
| Net INCOMING/(OUTGOING) RESOURCES | | 3,345 | (6,902) | (42,139) | (45,696) | (98,005) |
| Pension deficit | 15 | (32,650) | - | - | (32,650) | - |
| NET INCOMING/(OUTGOING) RESOURCES AFTER PENSION DEFICIT | | (29,305) | (6,902) | (42,139) | (78,346) | (98,005) |
| Transfer (from)/to Designated Funds | 12 | 2,226 | (2,226) | - | - | - |
| Transfer (from)/to Restricted Funds | 13 | | - | - | - | - |
| FUND BALANCES AT 1 APRIL 2020 | | 127,634 | 949,575 | 156,794 | 1,234,003 | 1,332,008 |
| FUND BALANCES AT 31 MARCH 2021 | | 100,555 | 940,447 | 114,655 | 1,155,657 | 1,234,003 |

All recognised gains and losses are included above.

CHARITY AND CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | | | TOTAL 2021 | | TOTAL 2020 | |
|--|-------|-----------------|-------------------|------------------|------------------|------------------|------------------|
| | | Restricted £ | Unrestricted £ | Charity £ | Group £ | Charity £ | Group £ |
| FIXED ASSETS | | | | | | | |
| Tangible assets | 8 | - | 828,532 | 828,532 | 828,532 | 830,758 | 830,758 |
| Investments | 9 | - | 2 | 2 | - | 2 | - |
| | | | <u>828,534</u> | <u>828,534</u> | <u>828,532</u> | <u>830,760</u> | <u>830,758</u> |
| CURRENT ASSETS | | | | | | | |
| Debtors | 10 | - | 105,828 | 105,828 | 67,773 | 158,407 | 55,722 |
| Cash at bank in hand | | 114,655 | 474,523 | 589,178 | 613,444 | 475,402 | 624,400 |
| | | <u>114,655</u> | <u>580,351</u> | <u>695,006</u> | <u>681,217</u> | <u>663,809</u> | <u>680,122</u> |
| CREDITORS: | | | | | | | |
| Amounts falling due within one year | 11(a) | - | (226,256) | (226,256) | (240,442) | (138,874) | (178,944) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>114,655</u> | <u>1,182,629</u> | <u>1,297,284</u> | <u>1,269,307</u> | <u>1,325,695</u> | <u>1,331,936</u> |
| CREDITORS: | | | | | | | |
| Amounts falling due after more than one year | 11(b) | - | (113,650) | (113,650) | (113,650) | (97,933) | (97,933) |
| NET ASSETS | | <u>114,655</u> | <u>1,068,979</u> | <u>1,183,634</u> | <u>1,155,657</u> | <u>1,227,762</u> | <u>1,234,003</u> |
| FUNDS HELD | | | | | | | |
| Unrestricted funds: | | | | | | | |
| General fund | | - | 128,532 | 128,532 | 128,532 | 121,393 | 121,393 |
| Retained in subsidiary | | - | - | - | (27,977) | - | 6,241 |
| Total | | <u>-</u> | <u>128,532</u> | <u>128,532</u> | <u>100,555</u> | <u>121,393</u> | <u>127,634</u> |
| Designated fund | | - | 222,059 | 222,059 | 222,059 | 231,187 | 231,187 |
| Restricted funds | 13 | 114,655 | - | 114,655 | 114,655 | 156,794 | 156,794 |
| Revaluation reserve | 8 | - | 718,388 | 718,388 | 718,388 | 718,388 | 718,388 |
| | | <u>114,655</u> | <u>1,068,979</u> | <u>1,183,634</u> | <u>1,155,657</u> | <u>1,227,762</u> | <u>1,234,003</u> |

These accounts were approved by the Board and authorised for issue on 23/11/2021 and signed on its behalf by:


Mr Michael Minta – Treasurer


Mr Mike Bromfield – Chair

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Cash Generated from Operating Activities (see below) | (12,252) | 14,936 |
| Cash Flows from Investing Activities | | |
| Interest received | 1,296 | 5,981 |
| Sale of tangible fixed assets | - | - |
| Purchase of tangible fixed assets | - | (5,336) |
| | 1,296 | 645 |
| Increase/(decrease) in cash and cash equivalents in the year | (10,956) | 15,581 |
| Cash and cash equivalents at the beginning of the year | 624,400 | 608,819 |
| Total cash and cash equivalents at the end of the year | 613,444 | 624,400 |

Reconciliation of Net Incoming Resources to Cash
Generated from Operating Activities

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Net incoming resources | (78,346) | (98,005) |
| Add back depreciation charge | 2,226 | 3,185 |
| Deduct interest income shown in investing activities | (1,296) | (5,981) |
| Decrease/(increase) in debtors | (12,051) | 103,736 |
| Increase/(decrease) in creditors | 77,215 | 12,001 |
| Net cash generated from operating activities | (12,252) | 14,936 |

Note to Statement of Cash Flows

The company's cash flow statement reflects the presentation requirements of FRS 102, under which the cash flow statement reconciles to cash and cash equivalents.

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

YMCA Essex is a company limited by guarantee and incorporated and domiciled in England. The Charity's registered number and registered office address can be found on page 1.
The functional and presentation currency of YMCA Essex and its subsidiary is the pound sterling.

2. ACCOUNTING POLICIES

i. Basis of preparing the financial statements

The financial statements of the charity, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the non-depreciation of freehold property as explained in note 2.iv. The Trustees have decided to adopt the presentation of the Statement of Financial Activities rather than the Income and Expenditure account as required by the Companies Act as they consider that this more accurately reflects the operations of the charity.

ii. Basis of Consolidation

These financial statements incorporate the audited financial statements of YMCA Essex and its subsidiary undertaking, YMCA Essex (Trading) Ltd., who has the same year end, consolidated on a line by line basis. Common expenses have been allocated between the operations based upon estimated use.

The results of the trading subsidiary are detailed in note 4 to the financial statements. The consolidated balance sheet represents the total assets and liabilities of the group. As permitted by section 408 of the Companies Act 2006, the income and expenditure account of the parent charity is not presented as part of these financial statements. The balance sheets of the Charity and Group are both shown on page 18.

iii. Charitable Expenditure and Support Costs

The YMCA Essex operates a childcare, youth and community centre based at its premises in Victoria Road. Colchester division provides supported accommodation for young people. Charitable expenditure comprises the costs of programmes operated. No valuation is placed on the services provided by volunteers without whom the programmes could not operate. Support costs comprise the costs of running the building less those costs allocated to the trading activities. Management and administration expenses comprise administrative costs and common overheads, which cannot be allocated to specific activities.

Governance costs are expenditure incurred on the operation of the charity as opposed to any specific activity and comprise Board expenses and audit costs.

iv. Fixed Assets and Depreciation

The Trustees consider that the freehold property is maintained in such a way that the residual value is at least equal to its net book value. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account. The trustees perform annual impairment reviews in accordance with the requirements of the Financial Reporting Standard 102 to ensure that the recoverable amount is not lower than the carrying value.

Other fixed assets are stated at cost less depreciation. The cost of furniture and equipment valued over £2,500 is written off over five years on a straight-line basis from the date of acquisition, Electrical equipment is written off over four years on a straight-line basis.

v. Covenants and Donations

Covenants and donations are recognised when received. No account has been taken of funds pledged but not received at the balance sheet date. Funds with restricted use are separately identified and are shown in Note 13 to the Accounts.

vi. Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at this value less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

- vii. Debtors
No general provision is made against debtors. Known bad debts are written off and specific provision is made for any considered doubtful of collection.
- viii. Grants and Legacies Receivable
Income from grant and legacies is included in income when these are receivable, except when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods.
Where these relate to specific items of expenditure these have been included within restricted funds.

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to profit and loss so as to match them with the expenditure to which they relate.
- ix. Taxation
The Charity is exempt from tax on income and gains within Section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.
- x. Pension Contributions
The charity contributes to a defined contribution scheme on behalf of its employees. Contributions made during the year are shown in note 6.
- xi. Unlisted Investments
Investments are stated at historical cost.
- xii. Related Party Exemption
The Group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with the group companies.
3. INCOMING RESOURCES
The statement of financial activities contains details of all the income of the charity. All income arose in the United Kingdom.

Rental income is accounted for on a receivable basis.

Income received from charitable activities represents mainly Youth Training funds and is accounted for on a receivable basis.

The turnover of the trading subsidiary represents the gross value of goods sold and services provided. Fees billed in advance for nurseries and out of school clubs are deferred according to the expected start date of the services provided.
4. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY
YMCA Essex has a wholly owned trading subsidiary "YMCA Essex (Trading) Ltd." (company registration number 03041709) which is incorporated in the United Kingdom. This operates the childcare programme and room hire facilities on behalf of the charity. Its results for the year ended 31 March 2021 and 2020 are detailed below. The operating profits for the previous year, under a deed of covenant, were covenanted to YMCA Essex.

YMCA Essex
(Limited by Guarantee)
Charity Registration No. 1054070
Company No. 3171206
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

PROFIT AND LOSS ACCOUNT

| | 2021 | 2020 |
|---|----------|-----------|
| | £ | £ |
| Turnover | 222,267 | 644,881 |
| Cost of sales | 304,262 | 387,652 |
| Gross profit/(loss) | (81,995) | 257,229 |
| Administrative costs | (83,364) | (93,384) |
| Other operating income | 131,141 | - |
| Operating (loss)/profit | (34,218) | 163,845 |
| Amount covenanted to YMCA Essex | - | (163,845) |
| Retained profits at 1 April 2020 | 6,241 | 6,241 |
| Retained in subsidiary at 31 March 2021 | (27,977) | 6,241 |
| | ===== | ===== |
| AGGREGATE SHARE CAPITAL AND RESERVES | (27,975) | 6,243 |
| | ===== | ===== |

The subsidiary's registered office address is the same as the Registered Office address of YMCA Essex.

Losses sustained in trading subsidiary were symptomatic of wider Covid-19 issues in the sector and there was no underlying problem with our business model or future business planning. Turnover reduction is linked to school closures which is not anticipated to happen in the future, so we believe the Trading environment for childcare is now back on track - receipts in recent months and demand for the new school year bear this out.

5. RESOURCES EXPENDED

| | Trading Subsidiary | Charitable Activities | Governance | 2021 Total | 2020 Total |
|--|-----------------------|--------------------------|--------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Costs directly allocated to activities | | | | | |
| Staff costs | 276,070 | 346,436 | - | 622,506 | 658,254 |
| Other direct costs | 28,192 | 8,478 | - | 36,670 | 171,828 |
| Support costs allocated to activities | | | | | |
| <u>Premises</u> | | | | | |
| Heat and light | 4,262 | 26,508 | - | 30,770 | 41,278 |
| Repairs | 3,676 | 20,484 | - | 24,160 | 75,000 |
| Rates and insurance | - | 11,207 | - | 11,207 | 17,854 |
| Cleaning | 10,420 | 22,514 | - | 32,934 | 24,714 |
| Rent | - | 115,876 | - | 115,876 | 115,154 |
| <u>Administration</u> | | | | | |
| Office salaries and pensions | 60,539 | 189,259 | - | 249,798 | 243,948 |
| Pensions admin charge | - | 3,578 | - | 3,578 | 2,682 |
| Training | - | 4,298 | - | 4,298 | 11,570 |
| IT costs | - | 12,623 | - | 12,623 | 10,764 |
| Stationery and advertising | 611 | 2,810 | - | 3,421 | 7,526 |
| Telephone and licences | 3,856 | 9,019 | - | 12,875 | 12,110 |
| Fees and licences | - | 16,335 | - | 16,335 | 19,708 |
| Sundry expenses | - | - | - | - | 10 |
| Depreciation | - | 2,226 | - | 2,226 | 3,185 |
| Legal & Professional fees | - | 1,181 | - | 1,181 | 7,666 |
| Fundraising costs | - | 2,058 | - | 2,058 | 1,295 |
| Profit on Sale of assets | - | - | - | - | - |
| Auditors remuneration | - | - | 8,520 | 8,520 | 11,500 |
| Cyclical Provision | - | - | - | - | - |
| TOTAL RESOURCES EXPENDED | 387,626 | 794,890 | 8,520 | 1,191,036 | 1,436,046 |
| | ===== | ===== | ===== | ===== | ===== |

Premises costs are allocated on floor area and Administration costs are allocated on estimated usage.

YMCA Essex
(Limited by Guarantee)
Charity Registration No. 1054070
Company No. 3171206
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

| | 2021 | | 2020 | |
|-----------------------|----------------|----------------|----------------|----------------|
| | Charity £ | Group £ | Charity £ | Group £ |
| 6. STAFF COSTS | | | | |
| Wages and salaries | 475,186 | 783,722 | 516,136 | 875,526 |
| Social Security costs | 35,767 | 63,840 | 40,045 | 68,307 |
| Pension contributions | 19,157 | 19,157 | 20,709 | 20,709 |
| | <u>530,110</u> | <u>866,719</u> | <u>576,890</u> | <u>964,542</u> |
| | ===== | ===== | ===== | ===== |

One employee earned over £60,000 per annum.

The average number of employees was 60 (2020 total was 80).

In addition the charity uses the services of 20+ volunteers. No valuation has been made for the assistance upon which the YMCA Essex relies to provide many of its services. A further 10 volunteers acted as trustees on the Board. No Trustees have received any remuneration or have had expenses reimbursed. Key management includes the Trustees, the Chief Executive and members of the senior management team. The compensation paid to key management for employee services is £245,232 (2020: £244,211).

| | 2021 £ | 2020 £ |
|--------------------------------|--------------|--------------|
| 7. NET INCOMING RESOURCES | | |
| This is stated after charging | | |
| Depreciation (owned assets) | 2,226 | 3,185 |
| Auditors' remuneration – audit | 5,500 | 5,500 |
| – other services | 3,020 | 6,000 |
| | <u>=====</u> | <u>=====</u> |

| 8. GROUP FIXED ASSETS | Premises | Furniture & Equipment | Computer Equipment | Motor Vehicles | Total |
|-------------------------|----------------|-----------------------|--------------------|----------------|----------------|
| Cost or Valuation | £ | £ | £ | £ | £ |
| At 1 April 2020 | 825,000 | 44,490 | 29,432 | 1,200 | 900,122 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 31 March 2021 | <u>825,000</u> | <u>44,490</u> | <u>29,432</u> | <u>1,200</u> | <u>900,122</u> |
| Depreciation | | | | | |
| At 1 April 2020 | - | 39,732 | 29,432 | 200 | 69,364 |
| Charge for the year | - | 1,926 | - | 300 | 2,226 |
| Eliminated on disposals | - | - | - | - | - |
| At 31 March 2021 | <u>-</u> | <u>41,658</u> | <u>29,432</u> | <u>500</u> | <u>71,590</u> |
| Net book value | | | | | |
| At 31 March 2021 | <u>825,000</u> | <u>2,832</u> | <u>-</u> | <u>700</u> | <u>828,532</u> |
| | ===== | ===== | ===== | ===== | ===== |
| At 31 March 2020 | <u>825,000</u> | <u>4,758</u> | <u>-</u> | <u>1,000</u> | <u>830,758</u> |
| | ===== | ===== | ===== | ===== | ===== |

The property was fair valued, as a one-off revaluation, on the basis of existing use value at 31 March 2016, by Elwell Taylor, Chartered Surveyors of 65 New London Road, Chelmsford, Essex CM2 0ND. On transition to FRS 102, the charity has taken the revalued amount as the deemed cost and therefore further revaluations are not required.

Cost or valuation at 31 March 2021 is represented by:

| | |
|-------------------|----------------|
| Valuation in 2016 | £ |
| Cost | 718,388 |
| | <u>181,734</u> |
| | <u>900,122</u> |
| | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9. INVESTMENTS – Unlisted at Cost

The company owns two ordinary shares, being all the Issued Share Capital of YMCA Essex (Trading) Ltd., a company registered in England. This company operates the trading activities as described in Note 4.

| 10. DEBTORS | 2021 | | 2020 | |
|-----------------------------------|----------------|---------------|----------------|---------------|
| | Charity £ | Group £ | Charity £ | Group £ |
| Trade debtors | 25,261 | 32,206 | 45,628 | 54,742 |
| Other debtors and prepayments | 35,567 | 35,567 | 980 | 980 |
| Loan to YMCA Essex (Trading) Ltd. | 45,000 | - | 111,799 | - |
| | <u>105,828</u> | <u>67,773</u> | <u>158,407</u> | <u>55,722</u> |
| | ===== | ===== | ===== | ===== |

The above loan relates to money lent to trading subsidiary during the year. Interest is charged at a fixed rate of 3% and the balance is repayable over 2 years from inception.

| 11. (a) CREDITORS: Amounts falling due within one year | 2021 | | 2020 | |
|--|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ |
| Trade creditors | 10,097 | 12,487 | 2,873 | 6,307 |
| Other creditors and accruals | 177,845 | 211,022 | 119,609 | 156,245 |
| Pension deficit | 16,933 | 16,933 | 16,392 | 16,392 |
| Amount due to YMCA Essex (Trading) Ltd. | 21,381 | - | - | - |
| | <u>226,256</u> | <u>240,442</u> | <u>138,874</u> | <u>178,944</u> |
| | ===== | ===== | ===== | ===== |

The Other Creditors and Accruals include £116,150 of VAT collected on service charges since YMCA Essex has applied to register for VAT. Should VAT registration not be successful, the money will be returned to tenants.

| 11. (b) CREDITORS: Amounts falling due more than one year | 2021 | | 2020 | |
|---|----------------|----------------|---------------|---------------|
| | £ | £ | £ | £ |
| Pension deficit | 113,650 | 113,650 | 97,933 | 97,933 |
| | <u>113,650</u> | <u>113,650</u> | <u>97,933</u> | <u>97,933</u> |
| | ===== | ===== | ===== | ===== |

12. DESIGNATED FUNDS

| | Balances 31 March 20 | Income | Expenditure | Net Transfer | Balances 31 March 21 |
|--------------------------------|-------------------------|--------------|----------------|-----------------|-------------------------|
| | £ | £ | £ | £ | £ |
| Fixed assets fund | 830,758 | - | - | (2,226) | 828,532 |
| New Projects | 78,423 | 580 | (6,805) | - | 72,198 |
| IT – Replacement fund | 448 | - | (448) | - | - |
| Informal Youth Work | 8,085 | - | - | - | 8,085 |
| Replacement Fund Colchester | 30,140 | - | (2,744) | - | 27,396 |
| Friends of Chelmsford YMCA | 1,721 | - | - | - | 1,721 |
| Colchester Bike Shed Fund | - | 2,515 | - | - | 2,515 |
| | <u>949,575</u> | <u>3,095</u> | <u>(9,997)</u> | <u>(2,226)</u> | <u>940,447</u> |
| | ===== | ===== | ===== | ===== | ===== |

The fixed assets fund represents the value of the general funds held within in the fixed assets (including revaluation reserve) used by the charity, as such these are not available to support the other activities. The replacement fund is monies set aside for ongoing maintenance and improvements of the building. The Board have also designated funds to allow for the continuation of youth work projects once existing funding sources run out and to allow time for securing future funding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

13. RESTRICTED FUNDS

The charity has received the following amounts, which may only be used for specific purposes.

| | Balances 31 March 2020 £ | Income £ | Transfers | Salaries £ | Materials/other £ | Balances 31 March 2021 £ |
|--------------------------|-----------------------------------|---------------|-----------|-----------------|----------------------|-----------------------------------|
| Capacity Building Plan | 88,196 | | | (56,833) | (84) | 31,279 |
| Childcare services | 17,108 | 1,000 | - | - | - | 18,108 |
| Youth and other services | 51,490 | 31,271 | - | (10,181) | (7,312) | 65,268 |
| Other funds | - | - | - | - | - | - |
| Grants | - | - | - | - | - | - |
| TOTAL ALL FUNDS | 156,794 | 32,271 | - | (67,014) | (7,396) | 114,655 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Capacity Building Plan

Capacity Building Plan funds relate to £60,947 grant and £90,000 YMCA Essex's contribution in 2018-19 towards a project which primarily pays for improved staffing levels over three years. Further details are given in Trustees Report.

Childcare Services

This funding includes donations that are specifically identified for Childcare.

Youth and other Services – Youth Work

There are a number of Restricted Funds within the Youth Work area, funding derives from various sources, including Essex County Council, Chelmsford City Council, Christian Spiritual Worker, Housing Project Colchester, Outreach (Comic Relief), Park Project, Rotary Club and other restricted funds. These funds enable us to provide a wide range of services and programmes for young people. These funds are monitored in various ways and their restriction is that funds can only be used for the specific purpose for which they were granted.

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2021 are represented by:

| | UNRESTRICTED | | RESTRICTED | TOTAL FUNDS |
|--------------------------|--------------|------------|------------|-------------|
| | General | Designated | | |
| | £ | £ | £ | £ |
| Fixed Assets | - | 828,532 | - | 828,532 |
| Net assets/(liabilities) | 100,555 | 111,915 | 114,655 | 327,125 |
| | 100,555 | 940,447 | 114,655 | 1,155,657 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

15. PENSION COMMITMENT

Accounting Policy:

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

Pension Note:

YMCA Essex participated in the contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA Pension Plan are held separately from those of YMCA Essex and at the year end these were invested in De-risking Solutions.

The most recent completed three-year valuation was as at 1 May 2020. Placing a value of the plan's liabilities requires a number of assumptions to be made about the future. Such assumptions include how long members might live after retiring and the return that will be generated by the plan's assets. After taking advice from the plan actuary the Trustee of YMCAs in England has adopted what they consider to be 'prudent' funding assumptions, having regard to the Employer's covenant and to financial market conditions. The Trustee's assumptions are prudent in that they are deliberately cautious about the future. Using such assumptions increases the target funding reserves and reduces the risk that the combination of the accumulated assets and future contributions will prove to be inadequate. The result of the valuation showed that the actuarial value of the assets was £146.1m. This represented 79% of the benefits that had accrued to members.

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

The valuation prepared as at 1 May 2020 showed that the YMCA Pension Plan had a deficit of £36 million. YMCA Essex has been advised that it will need to make monthly contributions of £1,360 from 1 May 2021. 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 approximately 8 years.

The latest valuation has shown that the pension recovery period needs to be extended by 2 years. Accordingly, these accounts reflect additional 2 years pension deficit charge and the recovery period above has been extended from 6 years to 8 years.

The Company has capitalised the pension deficit liability and these accounts include a provision of £130,583 (2020: £114,325) which represents approximately 8 remaining years.

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

16. ULTIMATE CONTROL

The group is ultimately controlled by the Board of Trustees.

17. RELATED PARTY TRANSACTIONS

During the year YMCA Essex paid rent totalling £115,876 (2020: £115,154) to Blackburn YMCA for the use of premises in Colchester, owned by Blackburn YMCA. The Chief Executive of YMCA Essex is a member of the board of trustees of Blackburn YMCA.

18. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the entity's accounting policies

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

There are no specific judgements, apart from those involving estimates as detailed below, that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates can differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of tangible assets and note 2 for the depreciation policy in respect of each class of asset.

