

Newcastle upon Tyne YMCA

(Limited by guarantee and not having a share capital)

**Directors' Report and Financial Statements
For the year ended 31 March 2006**



Company Number: 3582739 (England & Wales)

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)

Company Information

Directors	A Greenall	(President)
	Rev J Breslin	(Chairman)
	R M Jackson	(Vice Chairman)
	M S Dormer	(Treasurer)
	J Hunter	
	C Tucker	
	A Proud	
	J Jobes	
	S Wrigg	
Company Secretary	M King	
Company Number	3582739	(England & Wales)
Charity Number	1070578	
Registered Office	592-596 Welbeck Road Walker Newcastle upon Tyne NE6 3AB	
Independent Auditors	Haines Watts Floor 11 Cale Cross House 156 Pilgrim Street Newcastle upon Tyne NE1 6SU	
Bankers	Barclays Bank Plc City Office Percy Street Newcastle upon Tyne	
Solicitors	Sinton & Company The Cube Barrack Road Newcastle upon Tyne	

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Report and Financial Statements
For the year ended 31 March 2006

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Directors' Report
For the year ended 31 March 2006

The Directors present their report and audited accounts for the year ended 31 March 2006.

Reference and administration

Reference and administrative information is detailed on the first page of these financial statements.

Structure, Governance and Management

Governing documents

The charity's full name is Newcastle upon Tyne YMCA. It is a registered charity in the United Kingdom, Charity No 1070578 and a company limited by guarantee, registered in England No 3582739.

The charity's and company's governing documents are its Memorandum and Articles of Association. No changes have been made to these during the past year. A review of the Memorandum and Articles of Association is to be undertaken in 2006/07.

Recruitment and Appointment of Directors

Directors may from time to time appoint any member of the Charity as a Director, whether to fill a casual vacancy or by way of addition to the Board, provided that the individual has been a member for more than six months and that the prescribed maximum is not then exceeded.

There have been no resignations during the year.

Directors are recruited by recommendation, by personal invitation or from those who have been clients of the Association and who wish to engage in the more formal administration of the charity.

All directors receive induction training. This comprises a meeting with the Chair of the Board and Chief Executive who outlines the structure, governance and financial management of the organisation and explains the responsibilities of Directors as charity trustees. New directors also receive an induction pack which contain copies of: the business plan, most recently audited accounts, annual review, structure chart, information about the YMCA Movement and appropriate charity commission information relating to the roles and responsibilities of a charity trustee. New directors visit each site of the YMCA Projects to observe the work done by the organisation and they are attached to one of the sub committees of the Board, which has a direct responsibility for one aspect of the charity's work.

Training is made available on a regional basis through YMCA England for Trustees and Directors are encouraged to access these opportunities.

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Directors' Report Continued ...
For the year ended 31 March 2006

Officers

Alan Greenall was appointed President, James Breslin Chair and Mark Dormer Treasurer. Each position will be held for 12 months.

Organisational structure

The Charity is managed by a Board of Directors and sub-committee structure. Day to day management is devolved to the Chief Executive and Staff team.

Risk Management

During the year the Directors have carried out a full operational risk assessment. This has highlighted areas of strength, weaknesses and threats. The Directors have addressed the weaknesses and threats in the operation, and have contingencies and procedures in place to deal with them.

Objectives and Activities

The objects as set out in the Memorandum of Association are:

"To unite those who regarding Jesus Christ as their God and Saviour according to the Holy Scriptures, desire to be His disciples in their faith and in their life, and to associate their efforts for the extension of His Kingdom.

To lead young people to the Lord Jesus Christ and to fullness of life in Him.

To provide or assist in the provision in the interests of social welfare of facilities for recreation and other leisure time occupation for men and women with the object of improving their conditions of life.

To provide, improve and manage houses and hostels for providing residential accommodation for men and women of all ages and upon terms appropriate to their means".

The Charity fulfils these objects by:

- Requiring its Directors and staff to be sympathetic to the Christian aims and purposes of the YMCA Movement.
- Its detached, outreach and project work through which the Charity seeks to provide opportunities for personal, social and spiritual development of young people and for young people to explore issues that affect their lives.
- Its support work with young people living independently in council or private rented accommodation.
- The support given to individual young people referred to the Steps Forward Mentoring Project.
- The work of the Student Project based in Newcastle College (closed in September 2005)

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Directors' Report Continued ...
For the year ended 31 March 2006

Policies

The Charity has an equal opportunities, health & safety and child protection policy in place. The Charity works through the National Council of YMCAs, (umbrella body) to access the Criminal Records Bureau in respect of clearance of all new staff, paid and voluntary, and Board members. All checks are at an enhanced level.

During the year the Board of Directors has reviewed various policies and procedures of the Association, with particular reference to:

- redundancy policies and procedures
- reserves policy
- IT policy

The Board also has established an appeals committee in the event of any internal disputes.

Achievements and objectives

The Association has through its various projects, fulfilled the organisation's mission to:

"Work with young people in the community. The Association is committed to working with young people aged 13-25 years to contribute to their social, physical, educational and spiritual development. There will be a focus on supporting young people at times of their greatest need"

The Association has achieved this through its work in Blakelaw, Kenton Bar, Walker, Byker, Newcastle College and its citywide Steps Forward Mentoring Project.

The Association continues to work in partnership with a wide range of agencies to add value to the services that are available to young people. These include: Depaul Trust, the Newcastle Literacy Trust, the Youth Offending Team, Newcastle College, Rank Foundation, Connexions Tyne & Wear, The Local Authority Play and Youth Service, the Newcastle Sexual Health Project, the East End Partnership and the North West Partnership, the Young Separated Asylum Seekers and Refugees Project, the Regional Youth Work Unit and the Newcastle Council for Voluntary Services. These partnerships and those with other voluntary and statutory agencies improve the quality and level of services to young people accessing the YMCA.

The Association has a strategic development plan in place for the period to 2007. This is supported by an annual plan, which focuses on specific areas of development for each element of the Association.

At the 31 March 2006 the Association employed 17 full time and 3 part time staff, 14 full time and 2 part time staff directly delivering services to young people. During the year, 1 full and 5 part time staff left the employment of the YMCA due to redundancy following the closure of the Student Project when funding received from the Rank Foundation ended. One other staff member left the Association to pursue other career options.

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Directors' Report Continued ...
For the year ended 31 March 2006

Achievements and objectives (continued)

The Association relies very heavily on volunteers to support the delivery of the Steps Forward Mentoring Project. Volunteers are recruited from the community and trained to act as mentors to young people referred to the Project. Working on a one-to-one basis the mentors meet their young people on a regular, sometimes weekly, basis. At the end of the financial year there were 57 mentors matched to young people accessing the Steps Forward Project. Volunteers are also used in the Youth Work Initiative, however, in this case they are usually young people who have been active in the projects and want to engage in a different way through volunteering.

Premises

In July 2005 the Headquarters team and Steps Forward Project moved into the new premises in Welbeck Road, Walker, Newcastle upon Tyne. This has created a significant headquarters building for the organisation with excellent facilities for meetings and training.

In March 2006 a valuation of the property portfolio was carried out by agents appointed by the Board. Due to the revaluation there has been a net gain of £1,337,000 with capital assets showing a net book value of £3,392,069 as at 31 March 2006.

A rent review on premises leased by the University of Northumbria was conducted in November 2005, with an 11.5% increase being achieved and the City Council instituted a period of review on the rent charged on the Byker premises. However, by negotiation, the proposed amount was reduced significantly.

Investments

The Memorandum of Association states that in furtherance of the objects the company shall have the power:

"to invest the monies of the Association not immediately required for its purpose in or upon such investments, security or property as may be thought fit, subject, nevertheless on such conditions (if any) and such consents (if any) as may for the time being be imposed or required by the law and subject also as herein after provided"

"to employ as a professional investment manager any person who is entitled to carry on investment business under the provisions of the Financial Services Act 2000 and to delegate to any such manager the exercise of all or any of their powers of investment on such terms and at such reasonable remuneration as the Association may think fit by subject always to the following conditions:

- i. the delegated powers shall be exercisable only within clear policy guidelines drawn up in advance by the Association and within the powers of investment conferred by the deed.*
- ii. every transaction carried out by the Manager under delegated powers shall be reported to the Association within 14 days.*
- iii. the Association shall be bound to review the arrangements for delegation at least once in every 12 months.*

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Directors' Report Continued ...
For the year ended 31 March 2006

Investments (continued)

The investments held have been acquired in accordance with the powers available to the directors and the value of the investment portfolio has improved in line with stock market performance. As previously reported a review of the reserves policy has taken place.

Assets

The Charity's assets, both property and cash are being held to carry out its objectives. A valuation of the properties owned by the Charity has been carried out as reported above.

The application of the Charity's funds has been to develop work with young people in a variety of community settings, but with a special emphasis on working with young people living in deprived communities in the city, and those who find themselves in situations of need.

Financial Review

Reserves policy

The Charity currently has a contingency fund which amounts to approximately 8 months running costs. These are invested and any interest or dividend accrued is applied to the work of the charity. The reduction in the value of the investment portfolio is due to the sale of some stocks to underwrite the work of the Association.

Results

The fund balances carried forward at 31 March 2006 show a total of £3,605,728. The majority is represented by freehold property owned by the Association.

An operating revenue deficit amounting to £175,253 is shown on the Statement of Financial Activities.

There are a number of factors that have led to this position. There have been exceptional one-off costs associated with the relocation to the new premises and the revaluation of the other properties. The Association has had to bear the redundancy costs following the closure of the Student Project and the impact of changing patterns of support to the voluntary sector; the end of funding streams which the Association had expected to replace from other sources but has been unable to and the reduction in previously agreed grants.

During the year, once it was identified that funding was not being secured to support the ongoing work of the Association, the Directors instituted a thorough review of the structure and staffing. As a result the Association has reduced its staffing numbers by a further 9 posts, 2 through voluntary redundancy, the remainder being subject to compulsory redundancy.

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Directors' Report Continued ...
For the year ended 31 March 2006

Results (continued)

Two new posts have been created and will start on 1 April 2006 to develop the Positive Futures Project, funded by the Football Foundation and others. Individuals who were in a position of potential redundancy filled both posts.

As a result of this re-organisation and restructuring the Association is set to achieve a breakeven budget in the year 2006/2007, with any new funding supporting activities for young people and new pieces of work for the Association.

The Association relies upon income from the rental of a building in the City leased to the University of Northumbria, interest and dividends from invested capital, charitable donations, the Northern Rock Foundation, the Big Lottery Fund, the Rank Foundation, Connexions Tyne & Wear, the Social Inclusion Fund, the Parenting Fund and other grant making bodies to support its work.

Financial dependency

About one third of the current financial requirements of the charity are met from own sources (rental income, interest and dividends from cash reserves). The remainder is derived from a wide range of sources including Trust and Grant Making Bodies and central and local government funding. The YMCA acknowledges, with gratitude, the support it receives from funding bodies and partners.

Plans for Future Periods

The Newcastle upon Tyne YMCA is committed to maintain its work with young people aged 13-25 years. It will do this through its current community based initiatives. A fund-raising strategy is in place to identify sources of funding to support existing work and any new work that the Association may wish to pursue.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and Charity law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the result for that year. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

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Directors' Report Continued ...
For the year ended 31 March 2006

Directors' responsibilities (continued)

The directors are also responsible for keeping proper accounting records which disclose, with reasonable accuracy and at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Accounting policies

The accounting policies of the charity have not changed during the year.

The Directors confirm that the accounts comply with statutory requirements of the Charity's governing document.

Insurance

The Association has used Bishop Skinner Insurance Brokers Ltd., Newcastle upon Tyne, as the insurance providers for the year.

Indemnity Insurance

The Charity does not hold indemnity insurance cover in respect of the Directors of the Charity.

Political Contributions

The Charity made no political contributions during the year.

Policy of payments of creditors

It is charity/company policy, in respect of all suppliers to settle the terms of payment when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment, and abide by the terms of payment. The accounts show a significant amount of money due to creditors. Much of this sum is made up of grant income received in one year and deferred to the next.

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Directors' Report Continued ...
For the year ended 31 March 2006

Pension Commitment


The Newcastle upon Tyne YMCA is a member of the multiple employer pension and life assurance scheme run by the YMCA Movement. The scheme has an Independent Board of Trustees. The principle employer is the National Council of YMCA (England). It is a final salary scheme made available to all employees of YMCAs in England, Scotland and Wales. As such each member Association shares a joint and several liability for the pension fund. Newcastle YMCA has offered access to the Pension Scheme to all its employees. The Trustee has advised Newcastle upon Tyne that the pension fund will close to all future accruals and new members on 30 April 2007. Arrangements are being put in place to offer a defined benefit scheme and death in service cover for all staff. Refer to note 7 for additional information.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Haines Watts be re-appointed as auditors of the charity will be put to the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on Behalf of the Board



James Breslin
(Chairman)

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Independent Auditors' Report
to the members of Newcastle upon Tyne Young Men's Christian Association

We have audited the financial statements of Newcastle upon Tyne YMCA for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

The report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As described in the statement of Trustees' Responsibilities, the trustees (who are also the directors of Newcastle upon Tyne YMCA for the purpose of company law) are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts
Chartered Accountants
Registered Auditor

Haines Watts
.....
Floor 11
Cale Cross House
156 Pilgrim Street
Newcastle upon Tyne, NE1 6SU

31 October 2006

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Statement of Financial Activities
For the year ended 31 March 2006

<u>Notes</u>	<u>General Funds</u> £	<u>Capital Fund</u> £	<u>Designated Funds Contingency Fund</u> £	<u>Restricted Funds</u> £	<u>2006 Total</u> £	<u>As restated 2005 Total</u> £
Incoming resources						
Incoming resources from generated funds:						
<i>Voluntary income:</i>						
Donations and grants 2	5,190	-	-	311,281	316,471	302,690
<i>Activities for generating funds:</i>						
Rent received	220,163	-	-	-	220,163	204,645
Investment income	16,736	-	35	-	16,771	22,996
Incoming resources from charitable activities:						
Other income	1,854	-	-	5,790	7,644	9,659
Total incoming resources	<u>243,943</u>	<u>-</u>	<u>35</u>	<u>317,071</u>	<u>561,049</u>	<u>539,990</u>
Resources expended						
Costs of generating funds	-	-	-	-	-	1,819
Charitable activities 3	94,622	-	-	639,229	733,851	621,659
Governance costs 4	390	-	-	2,061	2,451	2,366
Total resources expended	<u>95,012</u>	<u>-</u>	<u>-</u>	<u>641,290</u>	<u>736,302</u>	<u>625,844</u>
Net (outgoing)/incoming resources before other recognised gains and transfers	148,931	-	35	(324,219)	(175,253)	(85,854)
Profit on sale of property	-	-	-	-	-	129,551
Transfers	(300,887)	(4,427)	-	305,314	-	-
Net (outgoing)/incoming resources for the year	<u>(151,956)</u>	<u>(4,427)</u>	<u>35</u>	<u>(18,905)</u>	<u>(175,253)</u>	<u>43,697</u>
Other recognised gains						
Realised gain on revaluation of investments	-	-	4,297	-	4,297	
Unrealised gain on revaluation of investments 9	-	-	22,428	-	22,428	18,942
Revaluation of properties	47,000	1,290,000	-	-	1,337,000	-
Net movement in funds	<u>(104,956)</u>	<u>1,285,573</u>	<u>26,760</u>	<u>(18,905)</u>	<u>1,188,472</u>	<u>62,639</u>
Fund balances at 1 April 2005	310,699	1,730,227	357,425	18,905	2,417,256	2,354,617
Fund balances at 31 March 2006	<u>205,743</u>	<u>3,015,800</u>	<u>384,185</u>	<u>-</u>	<u>3,605,728</u>	<u>2,417,256</u>

The statement of financial activities include all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

There have been no recognised gains or losses other than the surplus for the year.

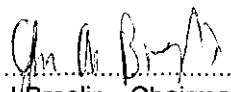
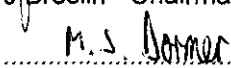
The notes on pages 13 to 22 form part of these financial statements

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Balance Sheet
as at 31 March 2006

	<u>Notes</u>	£	<u>2006</u> £	£	<u>2005</u> £
Fixed Assets					
Tangible assets	8		3,416,129		2,073,251
Investments	9		253,470		305,799
			<hr/>		<hr/>
			3,669,599		2,379,050
Current Assets					
Debtors	10	17,025		44,022	
Cash at bank and in hand		132,047		160,939	
		<hr/>		<hr/>	
		149,072		204,961	
Creditors: amounts falling due within one year	11	(212,943)		(166,755)	
		<hr/>		<hr/>	
Net Current (Liabilities)/Assets			(63,871)		38,206
			<hr/>		<hr/>
Net Assets			3,605,728		2,417,256
			<hr/>		<hr/>
Unrestricted funds					
Designated funds			3,399,985		2,087,652
Unrestricted funds			205,743		310,699
Restricted funds	12		-		18,905
			<hr/>		<hr/>
Total funds			3,605,728		2,417,256
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the management committee on 27/10/06 and signed on its behalf by:


 J Breslin - Chairman

 M S Dormer - Treasurer

The notes on pages 13 to 22 form part of these financial statements

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Analysis of Fund balances between the Net Assets
as at 31 March 2006

	<u>Unrestricted</u> <u>Funds</u> £	<u>Designated Funds</u> <u>Capital</u> <u>Fund</u> £	<u>Contingency</u> <u>Fund</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> <u>Funds</u> £
Fixed assets	400,329	3,015,800	-	-	3,416,129
Fixed asset investment	-	-	253,470	-	253,470
Current assets	18,357	-	130,715		149,072
Current liabilities	(212,943)	-	-	-	(212,943)
Net assets	<u>205,743</u>	<u>3,015,800</u>	<u>384,185</u>	<u>-</u>	<u>3,605,728</u>
Represented by:					
Fund balances	<u>205,743</u>	<u>3,015,800</u>	<u>384,185</u>	<u>-</u>	<u>3,605,728</u>

The notes on pages 13 to 22 form part of these financial statements

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Notes to the Financial Statements
For the year ended 31 March 2006

1. Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Companies Act 1985 and the 2005 Statement of Recommended Practice (SORP) regulations.

The company has not taken advantage of the exemption in FRS 1 from the requirement to prepare a cashflow statement on the grounds that it is a small company.

1.2 Donations and voluntary income

Donations and voluntary income are accounted for gross when received.

1.3 Grants receivable

Grants for immediate expenditure are accounted for when they become receivable.

Grants received for specific purposes are treated as restricted funds.

Grants restricted to future accounting periods are deferred and recognised in those periods.

1.4 Allocation of costs

Costs are allocated between charitable activities and governance costs according to the nature of the cost.

1.5 Investment assets

Investment assets are included in the accounts at their market value. Where held as an ongoing investment they are included as fixed assets. If the investment is to be realised within 12 months it is categorised as a current asset.

1.6 Realised and unrealised gains and losses

All realised gains and losses are recognised in the accounts. Unrealised gains and losses on investment assets are recognised as detailed in note 1.5. Permanent diminution in the value of fixed assets is charged to the Statement of Financial Activities.

1.7 Fixed assets and depreciation

The cost or valuation of fixed assets is written off over their expected useful lives as follows:-

Freehold properties	Nil
Investment properties	No depreciation charged
Motor vehicles	25% reducing balance basis
Fixtures and fittings	25% reducing balance basis
Leasehold improvements	10% reducing balance basis

The buildings will be revalued every five years commencing on 31 March 2006 and undergo impairment tests annually.

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Notes to the Financial Statements
For the year ended 31 March 2006

1.8 Pensions

Contributions are charged to the income and expenditure account as they are incurred.

1.9 Pension Commitment

Newcastle upon Tyne YMCA participates in a multi-employer pension plan for employees of both YMCA England and member YMCAs. The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Newcastle upon Tyne YMCA for the purposes of FRS 17 disclosure.

The cost of the defined pension plan is charged to the Statement of Financial Activities, so as to spread the cost of pensions over the service lives of employees. Pension cost is assessed in accordance with the advice of a qualified actuary. Actuarial surplus and deficits are spread over the average remaining service lives of employees.

1.10 Fund Accounting

The charity maintains various types of funds as follows:-

Restricted funds – These funds are where the donor has imposed restrictions on the use of the funds which are legally binding.

Unrestricted funds – General unrestricted funds represent funds which are expendable at the discretion of the Directors in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Designated funds – These funds are held for a specific purpose. The directors have decided that setting aside funds in this way is a useful financial discipline which will help the charity make the best use of its resources, even though there is no legal force to the designation.

1.11 Governance Costs

These represent costs incurred attributable to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements. The comparatives have been altered to show the revised format required under 2005 SORP.

Newcastle upon Tyne YMCA
(Limited by guarantee and not having a share capital)
Notes to the Financial Statements
For the year ended 31 March 2006

2. Donations and grants

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Designated</u>	<u>2006</u>	<u>2005</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Total</u>
	£	£	£	£	£
Legacy	5,040	-	-	5,040	4,307
Memberships	150	-	-	150	150
Libraries Project	-	-	-	-	3,000
General Donations	-	-	-	-	550
Play and Youth Services	-	13,625	-	13,625	13,500
Asylum Seekers and Refugee Route	-	15,000	-	15,000	15,000
Rank Foundation	-	16,554	-	16,554	33,712
BIG Lottery Fund	-	41,972	-	41,972	10,424
Foundation Studies	-	30,627	-	30,627	18,611
Northern Rock	-	13,333	-	13,333	40,000
Heritage Lottery	-	16,560	-	16,560	8,260
The Wor House Project	-	16,425	-	16,425	23,845
Parenting Fund	-	45,252	-	45,252	1,161
Social Inclusion Fund	-	51,672	-	51,672	-
Youth Offending Team	-	-	-	-	11,250
Newcastle College	-	5,001	-	5,001	12,000
Included Communities Fund	-	-	-	-	30,000
Other Donations	-	45,260	-	45,260	76,920
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,190	311,281	-	316,471	302,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Newcastle upon Tyne YMCA
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Notes to the Financial Statements
For the year ended 31 March 2006

3. Charitable activities

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>Designated</u> <u>Funds</u>	<u>2006</u> <u>Total</u> <u>Funds</u>	<u>2005</u> <u>Total</u> <u>Funds</u>
	£	£	£	£	£
Salaries	31,632	472,064	-	503,696	460,009
Redundancy payments	-	23,420	-	23,420	-
Travelling and subsistence	2,450	5,257	-	7,707	14,471
IT costs	518	1,450	-	1,968	1,651
Telephone	2,385	6,044	-	8,429	5,913
Legal costs	2,117	-	-	2,117	5,210
Insurance and Affiliation	1,566	8,363	-	9,929	10,436
Staff training and conferences	2,602	6,787	-	9,389	17,762
Depreciation	15,059	6,292	-	21,351	17,253
Rent, rates, light and heat	7,983	8,989	-	16,972	8,930
Bank charges	135	-	-	135	244
Printing, postage, stationery and advertising	2,995	12,585	-	15,580	18,383
Refurbishment and set up costs	11,921	-	-	11,921	3,417
Repairs, renewals and cleaning	1,814	3,359	-	5,173	5,758
Overheads	11,445	2,560	-	14,005	12,097
Project costs	-	45,617	-	45,617	12,245
Programme	-	36,442	-	36,442	27,880
	<u>94,622</u>	<u>639,229</u>	<u>-</u>	<u>733,851</u>	<u>621,659</u>

4. Governance costs

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>Designated</u> <u>Funds</u>	<u>2006</u> <u>Total</u> <u>Funds</u>	<u>2005</u> <u>Total</u> <u>Funds</u>
	£	£	£	£	£
Audit	390	2,061	-	2,451	2,366

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5. Staff Costs and Numbers

Staff costs were as follows:

	2006	2005
	£	£
Wages and salaries	444,130	396,599
Pension costs	37,466	36,075
Social Security costs	35,414	31,235
	<hr/>	<hr/>
	517,010	463,909
	<hr/>	<hr/>

No directors' remuneration or expenses were paid for the services of any person as a director.

No funds have been used to purchase indemnity insurance for the directors, the charity or the auditors.

No employee received emoluments of more than £60,000 (2005: 0).

Number of employees

The average number of employees during the year was:

2006	2005
Number	Number
25	26
<hr/>	<hr/>

6. (Deficit)/surplus for the year

The (deficit)/surplus is stated after charging:-

	2006	2005
	£	£
Depreciation of tangible fixed assets	21,351	17,253
Auditors' remuneration	2,451	2,368
	<hr/>	<hr/>

Newcastle upon Tyne YMCA
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7. Pension Scheme

Newcastle upon Tyne YMCA participates in a contributory pension plan providing defined benefits based on final pensionable pay for both employees of YMCA England and member YMCAs. The assets of the YMCA Pension Plan are held separately from those of Newcastle upon Tyne YMCA and at the year end these were invested in pooled funds operated by Northern Trust, Legal and General and Schroder. Northern Trust manage the Plan's equities and bonds, Legal & General and Schroder manage property units only. The contributions are determined by a qualified actuary on the basis of triennial valuations using the project unit method.

The most recent completed three year valuation was as at 1 May 2005. The assumptions used which have the most significant effect on the results of the valuation are those relating to the pre-retirement investment yield of 7.0% per annum, the post-retirement investment yield of 5.0% and the rate of earnings increase of 5.25% per annum. The result of the valuation showed that the actuarial value of the assets was £34.3m. This represented 57% of the benefits that had accrued to members, after allowing for expected future increases in earnings. However, under Section 56 of the Pensions Act 1995, the Minimum Funding Requirement (the MFR) funding level was 89%. During the year ended 31 March 2006 contributions for employees were 8% of salary and the employer contributions were 14.4%.

As from 1 July 2006 the employer's contribution rate will increase to 26% with the employee rate remaining at 8%.

The plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Newcastle upon Tyne YMCA for the purposes of FRS17 disclosure.

After taking professional advice and having consideration to the various options open to them, YMCA England in its capacity as Principal Employer in the YMCA Pension Plan and in conjunction with the Trustee of the YMCA Pension Plan, made the recommendation that the YMCA Pension Plan should close to new members and future benefits accruals. After consultation with members and participating YMCA employers, the Trustee of the YMCA Pension Plan informed Newcastle upon Tyne YMCA on 8 May 2006 that they would adopt the recommendation and that the YMCA Pension Plan will close with effect from 30 April 2007.

The last valuation, prepared as at 1 May 2005, showed that the YMCA Pension Plan had a deficit of £26.5million. Negotiations are continuing as to how this is to be allocated between participating YMCA employers. In addition, Newcastle upon Tyne YMCA may have over time liabilities in the event of the non-payment by other participating YMCAs of their share of the YMCA Pension Plan's current deficit. It is not possible currently to quantify the potential amount that Newcastle upon Tyne YMCA may need to pay in the future.

Newcastle YMCA is currently reviewing its pension arrangements and will have a new money purchase scheme in place by 1 May 2007, and will provide additional death in service benefits to all staff.

Pension contributions payable for the year ended 31 March 2006 amounted to £37,466 (2005: £36,075).

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8. Tangible fixed assets

	<u>Freehold Properties</u> £	<u>Motor Vehicles</u> £	<u>Fixtures Fittings & Equipment</u> £	<u>Leasehold Improvements</u> £	<u>Total</u> £
Cost or valuation					
At 1 April 2005	2,241,296	15,401	73,569	64,251	2,394,517
Additions	23,652	-	3,577	-	27,229
Disposals	-	-	-	-	-
Revaluations	1,337,000	-	-	-	1,337,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	3,601,948	15,401	77,146	64,251	3,758,746
Depreciation					
At 1 April 2005	246,880	8,904	51,563	13,919	321,266
Disposals	-	-	-	-	-
Charge for year	7,039	1,624	6,396	6,292	21,351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	253,919	10,528	57,959	20,211	342,617
Net book value					
At 31 March 2006	3,348,029	4,873	19,187	44,040	3,416,129
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	1,994,416	6,497	22,006	50,332	2,073,251
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The freehold properties were re-valued on 31 March 2006 by Sanderson Wetherall Chartered Surveyors and Property Consultants. All of the valuations were based on the current market value.

The historic cost of freehold properties are as follows:

<u>Freehold Property</u>	<u>Cost or Valuation</u> £	<u>Net book value</u> £
Investment properties	3,250,000	3,015,800
Head Office	231,948	227,309
Direct charitable use	120,000	104,920
	<hr/>	<hr/>
	3,601,948	3,348,029
	<hr/>	<hr/>

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Notes to the Financial Statements
For the year ended 31 March 2006

9. Investments	<u>2006</u> £	<u>2005</u> £
Quoted investments		
Balance at 1 April 2005	305,799	286,845
Additions at cost	-	-
Disposals at market value	(74,793)	-
Interest on cash deposits	36	12
Net unrealised investment gain	22,428	18,942
	<hr/>	<hr/>
Balance at 31 March 2006	253,470	305,799
	<hr/>	<hr/>

The investments are made up of the following portfolios as at 31 March 2006:-

Narrow range total portfolio	<u>2006</u> £	<u>2005</u> £
Eurobonds	57,511	84,965
	<hr/>	<hr/>
Wide range total portfolio	<u>2006</u> £	<u>2005</u> £
Permanent Interest Bearing Shares	61,188	80,813
United Kingdom Unit Trusts	116,599	121,193
Eurobonds	18,136	18,223
Cash	36	605
	<hr/>	<hr/>
	195,959	220,834
	<hr/>	<hr/>

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For the year ended 31 March 2006

10. Debtors	<u>2006</u> £	<u>2005</u> £
Accounts and other creditors	16,722	41,444
Staff loans	303	2,578
	<hr/> 17,025	<hr/> 44,022

Included in staff loans are amounts due after more than one year of £Nil (2005: £288).

11. Creditors: amounts falling due within one year

	<u>2006</u> £	<u>2005</u> £
Accruals and other creditors	8,515	15,889
Deferred income	204,428	150,866
	<hr/> 212,943	<hr/> 166,755

Deferred income is split as follows:

At 1 April 2005	150,866
Amounts released from opening balance	(150,866)
Additions to deferred income	204,428
	<hr/>
At 31 March 2006	204,428
	<hr/>

Newcastle upon Tyne YMCA
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Notes to the Financial Statements
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12. Funds

Grants and donations are received towards the projects operated by Newcastle upon Tyne YMCA. These are the Byker Project, Walker Project, Student Project, Blakelaw Project, Steps Project, Rank Foundation Project and Wor House Project, Parenting Route Project and Sports, Health and Fitness project. These funds are disclosed as being restricted.

Two designated funds exist within the Newcastle upon Tyne YMCA. The capital fund relates to the investment properties at Ellison Place and Ovingham Gardens. This is on the basis that the properties are subject to a long term lease and it is unlikely that the YMCA could dispose of the assets.

The contingency fund represents the level of resources necessary to ensure the Association can sustain its current detached youth work operations for a period of 12 months, and meet its obligations to staff, should employment need to be terminated. The current fund represents approximately 8 months of running costs and further transfers will be made to this fund as and when future surpluses arise. The Steps Forward project, being externally funded, does not have an impact on this contingency fund.

Movements on restricted funds are summarised below:-

Restricted funds

	<u>Balance</u>	<u>Movement in funds</u>		<u>Transfer from</u>	<u>Balance</u>
	<u>2005</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>Unrestricted Funds</u>	<u>2006</u>
	£	£	£	£	£
Walker Project	-	25,420	(91,739)	66,319	-
Byker Project	-	15,094	(92,725)	77,631	-
Student Project	-	71,810	(113,453)	41,643	-
Blakelaw Project	-	8,905	(90,925)	82,020	-
Steps Forward Project	-	76,166	(109,688)	33,522	-
Rank Foundation Project	12,464	-	(12,464)	-	-
Wor House Project	6,441	16,425	(22,866)	-	-
Parenting Route Project	-	45,252	(45,252)	-	-
Sports, Health & Fitness Project	-	57,999	(62,178)	4,179	-
	<u>18,905</u>	<u>317,071</u>	<u>(641,290)</u>	<u>305,314</u>	<u>-</u>

13. Financial Commitments

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings	
	2006	2005
	£	£
In over 5 years	<u>2,000</u>	<u>2,000</u>