



TAFF

**Report & Financial Statements
31.03.2020**

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Management & Advisers

Board of Management

Name	Profession	Appointed in Year	Resigned in Year
Andrew Knight	HR	Vice Chair and Chair of Audit & Risk (from Sept 2019)	
Dianne Bevan	Retired Solicitor	Chair (from Sept 2019)	
Heidi Beverstock	Tenant		
Keith Abdi	Retired Housing Officer, Tenant		
Keith Edwards	Housing	(Chair until Sept 2019)	
Samantha Taylor	Finance		Resigned June 2019
Luke Hodge	IT Specialist		
Ibrar Mian	Building Surveyor		Resigned March 2020
Sue Carleton	Tenant	Elected Sept 2019	
James Rides	Tenant Participation	Elected Sept 2019	
Howard Crackle	Finance/Banking	Elected Sept 2019	
Claire Canning	PR & Communications	Elected Sept 2019	
Kathy Brown	Communities	Co-opted March 2020	
Graeme Tipple	Finance/Banking	Co-opted March 2020	
Christopher John	Risk	Co-opted March 2020	

Company Secretary:

Secretary: Kathryn Innes (to 31.10.19)
Lynne Williams (from 01.11.2019 to 27.02.20)
Sarah Cole (from 27.02.20)

Senior Executives:

Current Job Title	Name	Appointed in Year	Resigned in Year
Chief Executive	Helen White	August 2019	
Chief Executive	Elaine Ballard		June 2019 (Retired)
Executive Director, Business & Finance	Kathryn Innes		October 2019 (Resigned)
Executive Director, People & Places	Jacqueline Amos	February 2019	July 2020 (Resigned)
Director, Finance & IT	Sarah Cole	December 2019	
Interim Director, People & Places	Joshua Dowdall	January 2020	
Interim Director, Property Services	John Taphouse	February 2020	

Registered Office

Alexandra House
307-315 Cowbridge Road East
Cardiff CF5 1JD

Registered under the Co-operative and Community Benefits Act 2014 No. 21408R
Taff Housing Association has adopted charitable rules.
Registered by The Welsh Government No. L009

Management & Advisers

Principal Bankers

Barclays Bank PLC
Nationwide Building Society
Co-operative Bank
Dexia Public Finance Bank
Capita
THFC
M&G
Santander Plc
Principality Building Society

Auditors

Bevan Buckland LLP
Chartered Accountants
Langdon House, Langdon Road
SA1 Swansea Waterfront, SA1 8QY

Internal Auditors

Mazars – Risk and Assurance Services
45 Church Street
Birmingham
B3 2RT

Solicitors

Hugh James Solicitors
Blake Morgan

Corporate Governance

Board Of Management

Taff Housing Association is controlled by a voluntary Board of up to 15 members which is ultimately responsible for the Association including the overall strategic direction and aims of the organisation as well as policies, finance and monitoring compliance. All members of the Board are Non-Executive Directors and have the right to cast one vote each with the Executive Directors attending meetings to present reports but holding no voting rights.

Day-to-day operations are delegated to the Senior Executives. The Senior Executives comprise a Chief Executive, an Executive Director of Finance & IT, an Executive Director of People & Places and an Executive Director of Property Services.

The Board are committed to the highest standards of governance and subscribe to Community Housing Cymru's Code of Governance and the UK Corporate Governance Code.

Board Structure

The Board meets approximately every month and a minimum of 1 away day each year to consider the strategic direction and the priorities of the Association. Strategic work is also complimented by a series of Board led workshops and business groups to augment the overall work of the Board.

The following two committees support the work of the Board and comprise of Board Members:

Audit & Risk Committee

This committee is made up of 4 members of the Board and is led by the Chair of Audit & Risk. They meet four times per year.

The key responsibilities of the Audit & Risk Committee are: delegated responsibility from Board for the financial reporting; monitoring external audit, internal audit, risk assurance and controls. It meets with both sets of auditors at least annually and receives reports from the Welsh Government.

Events of a serious financial nature will be reported directly to the Association's Chair. No such events arose during the year.

Remuneration Committee

The Remuneration committee is made up of 4 Board members and is responsible for reviewing salary policies along with receiving the annual benchmarking exercise for all salaries, and, for making recommendations to Board regarding any salary uplifts including the Senior Executive team remuneration for consideration.

Strategic Risk

The Board has responsibility for the management of those risks which may prevent the Association from achieving its objectives. It achieves this through regular review and reporting on key strategic risks to the organisation at Board level; review of Risk Management Framework at Audit Committee bi-annually and ongoing review by senior management team.

Annually, as part of the corporate planning process, the risks are considered and reviewed jointly by Board and the Executive Team. The following process is followed in reaching our conclusions:

- Understanding of the external environment
- Review of previously identified risks
- Review of newly emerging risks having reflected upon changes in service delivery
- An assessment of possible consequences (severity and likelihood)
- Consideration of the likely direction of travel regarding each specific risk (increasing, static or decreasing risk)
- Identification of 'risk owners' within the management team, who are responsible for agreeing actions which mitigate the potential impact of the identified risks

Key strategic risks are identified, discussed and action plans are developed. The Risk interaction is considered in order to understand compound impact of risks occurring in combinations. Major risks, presenting the greatest threats to the Association are reported to the Board monthly and reviewed quarterly by Audit & Risk Committee alongside actions taken to manage those risks.

An internal Risk and Assurance team has day-to-day responsibility for auditing and validation of controls and actions identified. They also provide an independent governance resource for Board.

Internal Financial Control

The Board acknowledges it's responsible for ensuring that the Association has in place a system of controls that are appropriate for the various business environments in which the Association operate.

These controls are designed to give reasonable assurance with respect to the following:

- The reliability of the financial information used within the Association;

Corporate Governance

- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposal.

It is also the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable assurance and not absolute assurance against material financial misstatement or loss. Key elements of control include:

- formal policies and procedures in place including the documentation of key systems and rules relating to delegation of authorities, which allows the monitoring of controls and restricts the unauthorised use of the Association's assets;
- forecasts, budgets and management information are prepared which allow the Board to monitor the key business risks, objectives and progress towards financial plans set out in the short, medium and longer term. Regular management accounts are prepared and presented to Board and significant variances are investigated as appropriate;
- experienced and suitably qualified staff take responsibility for important business functions. Annual procedures are in place to maintain standards of performance;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedure by the Board;
- The Board undertake a regular review of the major risks facing the Association;
- the Audit Committee review the reports from management, internal auditors and external audit to provide assurance that control procedures are in place and being followed; and
- self-evaluation

Report of the Board of Management

For the year ended 31 March 2020

The Board of Management presents its report and audited financial statements for the year ended 31 March 2020.

Principal Activities

The Association's principal activities are the development and management of social housing and providing support services.

Statement of Board of Management Responsibilities

The Board of Management is responsible for the preparation of the financial statements in accordance with applicable law, Financial Reporting Standard FRS102 and the Statement of Recommended Practice for registered housing associations.

The Co-operative and Community Benefit Societies Act and Registered Social Housing legislation requires the Board of Management to prepare financial statements for each year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing the financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 'going concern' basis unless it is appropriate to presume that the Association will not continue in business.

The Board of Management is responsible for keeping proper books and records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with Co-operative and Community Benefit Societies Acts.

The Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Association and hence for taking steps for prevention and detection of fraud and other irregularities.

Board of Management

Taff's Board members who served throughout the year and Senior Executives are listed on page 2.

Each member of the Board holds one fully paid share of £1 each in the Association. The Senior Executives hold no interest in the Association's shares and have no legal status as Directors, although they act as Executives within the authority delegated by the Board.

Our People

Taff's strength lies in the quality and commitment of its staff. Taff measures success on outcomes and our performance against shared objectives to deliver excellent service to our Service Users and Tenants.

Taff has a well-developed Human Resources structure which is designed to engage with staff, charting development and ensuring the leaders at Taff coach, develop, support and challenge their teams and encourage and empower staff. Taff believe that successful delivery of the organisation's Business Plan is based upon a strong resilient and skilled team and empower colleagues through a culture based on trust

Recognising the skills shortages in the labour market and difficulties recruiting throughout the sector Taff's People Strategy also encompasses a number of strands to ensure that we can attract, retain and develop. These include leaders at all levels, 'grow your own' to provide career paths internally and an opportunities based culture.

Taff places real value on diversity and relevant training on equality and diversity is part of our core-training programme for all staff. Taff continues to be an accredited Living Wage Employer.

Housing Association Regulatory Judgement

Taff Housing Association was reviewed by Welsh Government in the fourth quarter of the year with our regulatory judgement published in March 2020.

The judgement is based upon:

- the Association's own evaluation of its compliance with the performance standards
- regulatory intelligence gained through on-going, co-regulatory relationship management between Taff and our Regulator

This judgement provides the Registered Social Landlord, its tenants, service users and other stakeholders with an understanding of its financial viability and how well it is performing, at a specific moment in time, in relation to:

- Governance and Service Delivery
- Financial Management

Report of the Board of Management

For the year ended 31 March 2020

Our overall assessment concluded under the Co-Regulation Status – March 2020 that:

Governance and Services - Standard

- Identifies and manages new and emerging risks appropriately

Financial Viability - Standard

- Meets viability requirements and has the financial capacity to deal with scenarios appropriately

The Regulatory Framework has four levels of judgement of which “standard” is the highest and confirms that the Association is being run in an effective manner, deals with operational risks appropriately and meets the Regulator’s financial viability requirements. Additionally, it confirms that effective treasury management is in place and that there is sufficient liquidity at all times.

The ‘standard’ judgement for Financial Viability also confirms that the Board has a clear understanding of liabilities and asset performance and that these deliver value for money across the business.

As part of that review Taff was required to demonstrate that it had:

- Robust Asset & Liability Register in place;
- Robust scenario testing of business plans undertaken;
- Strong and effective management

Part of the Regulatory Framework is an understanding that all housing associations should strive for continuous improvement and have the capacity to do so. The Regulator has identified key priorities for the sector which includes:

- Effective Board delivering good outcomes
- Effectiveness of Health & Safety performance reporting and monitoring
- Compliance with all regulatory returns
- Good data integrity for Asset Management
- Effective Asset Management Strategy introduced

The Association will through a programme of continuous improvement carry on building on the work already to ensure that its services remain at a high level and evolve with need. These include further development of:

- Co-producing services with tenants and service users
- Embedding a value for money culture
- Review of internal processes

Review of Business

March 2020 is the end of the third year of Taff’s five year Business Plan (Building Foundations for Better Futures). The year saw considerable change within the leadership team and the Board which has led to a change in focus to Vision2020. This concentrated attention on developing the following priorities:

- Asset safety and performance
- A great place to work
- Demonstrating accountability and performance
- All underpinned by financial stability

During the year Taff identified some budgetary challenges in repairs costs and temporary staffing. A revised forecast was issued in November and the team worked together to ensure that this was achieved. Subsequently we had to adjust again to manage the impact of Covid19 on the organisation and its tenants. A successful implementation of Risk Management software allowed risks to be more visible and better monitored and helped in our approach to dealing with the pandemic. The work continues to embed this Risk Management software across the organisation. Part of the task is developing better data and reporting, aided by our new internal audit programme that looks at Data Integrity and Key Controls.

During the year we worked on developing our key performance management suite that covers the link between performance and risk. Clear indicators and commentary are essential for our Board to be able to understand the operational issues within the organisation in order to make better strategic decisions. This work will continue as the focus changes with the changing external environment.

Discussions on Value for Money and Affordability of Rents were two important conversations that Taff had with its tenants. Taff has developed its principles of Value for Money and now has the task of ensuring these are reflected in its policies and buying decisions. Affordability for rent is essential for the sustainability of our tenancies. Taff is rightly proud of its record on evictions and no tenants were evicted for non-payment of rent. A supportive team has worked with tenants and Taff’s rent arrears compare favourably with other similar organisations.

After last year’s Treasury review, Taff commissioned an independent consultant to help us develop a policy that will simplify the administration of our loan portfolio whilst improving the controls and maintaining the low

Report of the Board of Management

For the year ended 31 March 2020

interest rate costs into the longer term.

During this financial year, Taff was on site with 89 new homes in three locations; 52 of these homes were handed into Housing Management for occupation as part of our general housing portfolio in 2020.

Taff continues to work closely with Cardiff Council to meet the housing needs within the community we serve. We provided homes to 35 people on the homeless priority list and in total provided accommodation to an additional 106 individuals. 11 properties were made available to downsizing during the year along with 45 homes being adapted to meet the changing needs of the resident.

Universal Credit has continued to be rolled out across Wales and Taff now has 259 tenants in receipt. The accounts show an increase in arrears which now stands at £283K (3.7%). This underlies the impact of Universal Credit which accounts for 51% of the arrears although only 21% of our tenants pay their rent in this way. We will continue to carefully monitor the impact of Universal Credit on the organisation.

Members will be aware that the Scrutiny Panel continues to assess areas of Taff's services. To date they have delivered reports on our Anti-social Behaviour Service, Rent Collection, Customer Services, Voids and Estate Services. They are currently working on our contractors and procurement. Taff values the views and opinions of our tenants and services users and has increased consultations and opportunities to engage more widely, including through pulse surveys and local engagement events.

Our Repairs team delivered over 4,500 reactive repairs along with installing 80 kitchens and 107 boiler replacements on our properties.

In Support Services we have seen the official launch of our Cardiff Young Persons contract, a partnership with Salvation Army & Church Army which has had a great first year, already supporting over 200 homeless young people. We've further extended our geographical reach into Bridgend with our START service (supporting people leaving prison) and our Vulnerable Persons Resettlement Scheme service, supporting refugee families relocate and settle in Wales. Our 12 support projects operating over 4 Local Authorities have supported over 800 individuals/families over the last year, preventing homelessness, maintaining tenancies and supporting people to live happy, healthy and full lives.

Our Community Investment team along with their

team of 14 volunteers delivered a wide range of services to our tenants and the wider community. This included training for over 203 individuals, 2 community fun days, 5 pop up community consultation events, litter picks, give and gain days as well as supporting our tenant engagement groups.

Review of Financial Performance

The financial result for 2020 was a surplus of £1,238K (2019: £1,160K) before re-measurement gain of the pension liability totalling £854K resulting in a surplus of £2,092K (2019: £95K) before transfers to reserves, and an operating surplus of £2.7M (2019: £2.6M). Operational surplus has improved through better management of costs and increased income as a result of additional properties in management.

Capital and reserves are now £15.0M (2019: £12.9M).

The Association's free cash inflow from operating activities was £2.4M (2019: £3.9M) in the year. Free cash flow is representative of operational efficiency (cash operating surplus before non-capitalised major repairs to our properties) and our ability to reinvest in our property stock and meet capital and interest payments on our borrowings. It is a principal financial metric for the Association and for the Regulator. Interest cover was 168% and historical cost (NBV) 38% with covenant limits of 120% for interest and 55% for historical cost (NBV). The Board are satisfied that the Association comfortably met its lender financial covenants.

The Association's turnover increased on the previous year to £12.2M (2019: £12.0M) driven by an increase in homes that we developed and the annual regulated rental increase.

Investment in Taff properties was £10.0M in the year, including expenditure on maintenance of £2.8M. This cost includes both reactive repairs to our properties and the on-going costs required to continue to maintain both landlord safety compliance and regulatory compliance with WHQS standards of homes.

Interest and financing costs are £1.6M (2019: £1.4M). Included in interest costs are £65K in relation to net interest loss on the defined benefit pension scheme liabilities. The Association has improved its cash management in the year, with the effective use of the Welsh Government Land Loan schemes and timely receipt of Grants which maintained a strong cash position throughout the year and reduced the need for additional borrowing to support development schemes. Net

Report of the Board of Management

For the year ended 31 March 2020

borrowings increased by £4.2M in the year and, the average interest rate was 3.88%.

Key Judgements and Estimates

In preparing the financial statements, the Board has made the following key judgements and estimates:

- Housing Property has a useful economic life of 100 years;
- The Association at the point of adopting FRS102 decided not to opt to revalue the housing properties as at the date of adoption; and
- To rely upon the expertise of SHSP in the assumptions for the pension valuations.

Disclosure of Information to Auditors

In so far as the Board is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board have taken all reasonable steps that they ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint Bevan Buckland LLP as auditors will be proposed at the Annual General meeting on 15th September 2020

By Order of the Board



Sarah Cole
Secretary

30th July 2020

Report of the Independent Auditors to the Members of Taff Housing Association Limited

For the year ended 31 March 2020

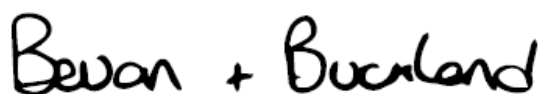
In addition to our audit on the financial statements for the year ended 31st March 2020, we have reviewed the Board's statement of Taff Housing Association ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on pages 4 & 5, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 30th July 2020

Report of the Independent Auditors to the Members of Taff Housing Association Limited

For the year ended 31 March 2020

Opinion

We have audited the financial statements of Taff Housing Association for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

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

- the Boards' use of the going concern basis

of accounting in the preparation of the financial statements is not appropriate; or

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

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or

Report of the Independent Auditors to the Members of Taff Housing Association Limited

For the year ended 31 March 2020

- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 6), the Board is 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 Board 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 Board are responsible for assessing the Association'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 Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements


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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the

Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 30th July 2020

Statement of Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Turnover	3	12,247	12,087
Operating costs	3	(9,556)	(9,520)
Operating surplus		2,691	2,567
Interest receivable		15	13
Interest and financing costs	7	(1,602)	(1,420)
Movement in fair value of investments		134	-
Surplus for the year		1,238	1,160
Other Comprehensive income			
Initial recognition of multi-employer		-	(1,621)
Actuarial gain in respect of pension scheme		854	366
Total Comprehensive income for the year		2,092	(95)

The Association's results relate wholly to continuing activities. The accompanying notes form part of the financial statements were authorised and approved by the Board of Management on 30th July 2020.



Dianne Bevan
Chair



Andrew Knight
Vice Chair



Sarah Cole
Secretary

Statement of Financial Position

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Housing properties	9	110,822	105,104
Other tangible fixed assets	12	1,952	2,232
Investments	11	1,746	1,142
		<u>114,520</u>	<u>108,478</u>
Current assets			
Cash and cash equivalents		3,217	5,139
Trade and other debtors	13	3,756	3,834
		<u>6,973</u>	<u>8,973</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(5,835)	(8,064)
Social housing and other government grants: amounts falling due within one year	17	(760)	(728)
Net current assets / (liabilities)		<u>378</u>	<u>181</u>
Total assets less current liabilities		<u>114,898</u>	<u>108,659</u>
Creditors: Amounts falling due after one year	15	(36,553)	(32,675)
Social housing grant due after one year	17	(61,817)	(60,448)
Pension liability due after one year		-	-
Pension provision – defined benefit liability	24	(1,557)	(2,657)
Total net assets		<u>14,971</u>	<u>12,879</u>
Capital & Reserves			
Share Capital	20	-	-
Revenue Reserves	21	14,716	12,625
Restricted Reserves		255	254
Total Capital and Reserves		<u>14,971</u>	<u>12,879</u>

The financial statements were approved by the Board of Management on 30th July 2020 and signed on its behalf by:



Dianne Bevan
Chair



Andrew Knight
Vice Chair



Sarah Cole
Secretary

Statement of Changes to Reserves

For year ended 31 March 2020

	Restricted Reserves	Revenue Reserve	Total 2020	Total 2019
	£000	£000	£000	£000
As at 1 April 2019	255	12,624	12,879	12,974
Surplus for year	-	2,092	2,092	(95)
Transfers to/from reserves	-	-	-	-
Movement in year	-	2,092	2,092	(95)
As at 31 March 2020	255	14,716	14,971	12,879

Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Net cash generated from operating activities	22	2,438	3,924
Cash flow from investing activities:			
Purchase and development properties		(6,528)	(5,819)
Purchase or other replacement fixed assets		(214)	(130)
Proceeds from sale of properties and other fixed assets			-
Component replacements		(630)	(439)
Investments		(178)	-
Grants received		667	5,581
Interest received		15	13
		(4,430)	3,130
Interest and loan costs paid		(1,684)	(1,278)
New secured loans and drawdowns from existing facilities		17,800	1,415
Loans repaid		(13,608)	(3,710)
Net increase in cash and equivalents		(1,922)	(443)
Cash and cash equivalents at the beginning of year		5,139	5,582
Cash and cash equivalents at the end of year		<u>3,217</u>	<u>5,139</u>
Free cash flow:		2020	2018
For the year ending 31 March		£000	£000
Net cash generated from operating activities	22	2,438	3,924
Interest and loan costs paid		(1,684)	(1,278)
Interest received		15	13
Adjustments for reinvesting in existing properties:			
Purchase or other replacement fixed assets		(214)	(130)
Component replacements		(630)	(439)
Free cash generated before loan repayments		(75)	2,090
Loans repaid		(13,608)	(3,710)
Free cash generated after loan repayments		<u>(13,683)</u>	<u>(1,620)</u>

Notes to the Financial Statements

For the year ended 31 March 2020

1. Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord.

2. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General Information and basis of accounting

The financial statements have been prepared in accordance with UK generally accepted Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Taff Housing Association is a public benefit entity, as defined in FRS102 and applies the relevant paragraphs prefixed 'PBE' in FRS102.

Property, plant and equipment – housing properties

Housing properties are stated at cost less depreciation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives, a full year's depreciation is charged in the year the properties are transferred into management. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years
Kitchen	15 years
Bathrooms	25 years
Heating systems	15 years
Lifts	25 years

Solar Panels 25 years

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of £615K for Alexandra House Offices, of each asset a full year's depreciation is charged on the year purchased and depreciated on a straight-line basis, over its expected useful life, as follows:

Freehold Offices	50 years
Leasehold land and building	50 years
Furniture, fixtures & fittings	5-20 years
Vehicles	5 years
Computer equipment	3 years
Other plant & equipment	3 years

Investment Property

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social benefit are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the

Notes to the Financial Statements

For the year ended 31 March 2020

intention of generating a capital gain and/or a commercial rental return it is accounted for as an investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and include in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is one received and that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future

related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected life of the components. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Government grants are recognised as revenue when the grant proceeds are received or receivable. Where a grant imposes specified future performance-related conditions it is recognised as revenue when the performance-related conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability. Where government grant is provided for the construction of housing properties within a specific scheme, then the performance related condition is met when the construction of the housing properties is complete.

Donations or acquisition of land or other asset at below market value

Where a donation of land and/or other asset is received or land and/or assets are acquired at below market value from a government source, this is accounted as a non-monetary government grant. The difference between fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their market value from a third party does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the

Notes to the Financial Statements

For the year ended 31 March 2020

capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserves to the restricted reserves.

A special reserve has been created for re-investing funds transferred from Young Women's Housing Association.

Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the

substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Pensions

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme (SHPS).

The Association participates in an industry-wide multi-employer defined benefit pension scheme where the scheme assets and liabilities are separately identified for each employer. The scheme is accounted for in accordance with

Notes to the Financial Statements

For the year ended 31 March 2020

FRS102 with the deficit re-valued each year and additional liability is recognised in the Statement of Financial Position. The assumptions made in calculating the deficit is reviewed annually by the Board for reasonableness have sought advice from a specialist.

All calculations are extracted using the SHPS scheme model for valuing.

Defined contribution scheme

The Association participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids). Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met. Turnover from affordable housing rent is recognised in complete weeks only.

Supported housing and other managing agents

Where the Association has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the outstanding balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is

no right of set-off.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS102 are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Notes to the Financial Statements

For the year ended 31 March 2020

Financial Transactions

Public benefit entity concessionary loans

Where loans are made or received between the Association and another party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public entity parent, these loans are treated as concessionary loans and are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets, liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Association have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in SORP.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting

accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provision is made for dilapidations, aborted development schemes and redundancy costs. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

Notes to the Financial Statements

For the year ended 31 March 2020

3. Particulars Of Turnover, Operating Costs And Operating Surplus

	Year ended 31 March 2020			Year ended 31 March 2019		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	8,138	(5,872)	2,266	7,693	(5,637)	2,056
Supported housing	2,600	(2,101)	499	2,510	(2,011)	499
Total From Lettings	10,738	(7,973)	2,765	10,203	(7,648)	2,555
Support Services	1,068	(1,069)	(1)	1,118	(1,130)	(12)
Other Activities	441	(389)	52	766	(557)	209
Development Admin.	-	(125)	(125)	-	(185)	(185)
Total	12,247	(9,556)	2,691	12,087	(9,520)	2,567

4. Particulars Of Income And Expenditure From Social Housing Lettings

	General Needs Housing	Supported Housing	2020	2019
	£000	£000	£000	£000
Income				
Rents receivable	7,030	1,236	8,266	7,811
Service charge income	455	494	949	908
Amortised government grant	653	75	728	685
Income from supported housing	-	795	795	799
Turnover from Social Housing Lettings	8,138	2,600	10,738	10,203
Expenditure				
Management	1,286	1,216	2,502	2,260
Service charge	662	431	1,093	943
Maintenance	2,474	339	2,813	2,990
Bad debts	115	12	127	58
Depreciation of housing properties	1,335	103	1,438	1,397
Operating Costs	5,872	2,101	7,973	7,648
Operating Surplus on Social Housing Activities	2,266	499	2,765	2,555
Void losses	26	5	31	38

Notes to the Financial Statements

For the year ended 31 March 2020

5. Directors Remuneration And Transactions

	2020 £	2019 £
Directors who are executive staff members		
Wages and salaries	287,770	248,820
Social security costs	23,555	30,893
Other pension costs	25,960	17,888
Other benefits in kind	361	322
	<u>337,646</u>	<u>297,923</u>
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	<u>78,603</u>	<u>97,447</u>

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply.

The number of Directors who were employed as executive staff members during the year who received remuneration over £60K including pension contributions is shown below. The remuneration includes compensation for loss of office paid to Directors in the year:

Salary Band (£)	2020 No.	2019 No.
60,001 – 70,000	2	-
70,001 - 80,000	-	1
80,001 - 90,000	2	1
100,001 - 110,000	-	1
	<u>4</u>	<u>3</u>
Board Members	£	£
Wages and salaries	-	-
Social security	-	-
Other pension costs	-	-
	<u>-</u>	<u>-</u>

Costs of £270 were incurred during the year for committee expenses (2019: £780).

Notes to the Financial Statements

For the year ended 31 March 2020

6. Staff Costs

	2020	2019
	£000	£000
Wages and Salaries	4,073	3,778
Social Security Costs	333	336
Pension and PHI Costs	246	324
	<u>4,652</u>	<u>4,438</u>

There was no staff who received emoluments including pension contribution, in excess of £60,000 during the year.

The average number of staff employed during the year was:

	No.	No.
Full time equivalent	145	147
Actual	169	161

7. Interest & Financing Charges

	2020	2019
	£000	£000
Loans repayable by instalments	796	654
Loans repayable other than by instalments	616	623
Defined Benefit Pension Deficit	65	84
Cost of arranging loans	125	59
	<u>1,602</u>	<u>1,420</u>

8. Operating Surplus

Operating surplus for the year is stated after charging/ (crediting):

	2020	2019
	£000	£000
Housing properties		
Grant amortisation	(727)	(685)
Depreciation	1,709	1,592
Audit fees – statutory audit	14	14
Operating Lease expenses: DLO Vehicles	-	-

Notes to the Financial Statements

For the year ended 31 March 2020

9. Tangible Fixed Assets - Housing Properties

	Housing properties held for letting	Housing properties in the course of construction	Total 2020	Total 2019
	£000	£000	£000	£000
Cost:				
As at 1 April 2019	114,972	6,886	121,858	115,705
Transferred on completion	7,289	(7,289)	-	-
Additions	629	6,526	7,155	6,461
Disposals	(204)	-	(204)	(308)
As at 31 March 2020	122,686	6,123	128,809	121,858
Depreciation:				
As at 1 April 2019	16,754	-	16,754	15,722
Charge for year	1,437	-	1,437	1,340
Disposals	(204)	-	(204)	(308)
As at 31 March 2020	17,987	-	17,987	16,754
Net Book Value:				
As at 31 March 2020	104,699	6,123	110,822	105,104
As at 31 March 2019	98,218	6,886	105,104	99,983

Net housing property value comprises:

Freeholds			109,616	103,889
Leaseholds			31	31
Short leaseholds			1,175	1,184
			110,822	105,104

Fixed charges have been granted in favour of the Welsh Government on all properties to secure Social Housing Grant where grant funding has been received.

10. Units In Management

	Units at 1 April 2019	New Build	Sales	Transfers	Units at 31 March 2020
General needs	1,211	52	-	-	1,263
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	175	-	-	-	175
	1,440	52	-	-	1,492

Notes to the Financial Statements

For the year ended 31 March 2020

11. Tangible Fixed Assets – Investments

	Shares	Freehold Property	Total 2020	Total 2019
	£000	£000	£000	£000
As at 1 April 2019	-	1,142	1,142	1,142
Additions/(Disposals) in year	-	179	179	-
Reclassification of asset in year	-	291	291	-
Revaluation in year	-	134	134	-
As at 31 March 2020	-	1,746	1,746	1,142

The freehold interests in the Retail Unit at St Canna Court, Llys Saltmead, Hayes Place and Alexandra House, all at Cowbridge Road East, Cardiff held by Taff Housing Association Limited were valued as at 31 March 2020 by Chris John & Partners, professional external valuers. Properties are stated at fair value primarily derived using comparable recent market transactions on arm's length terms. **The surveyors have confirmed that there has been no significant change in the market value during the year.**

The relationship between Chris John & Partners and Taff Housing Association Limited complies with the RICS guidelines.

12. Tangible Fixed Assets - Other

	Freehold Offices	Plant, furniture & equipment	Housing furniture & equipment	Computer equipment	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000
COST						
As at 1 April 2019	3,113	521	710	1,182	5,526	5,396
Additions	-	12	147	125	284	130
Reclassification of asset in the year	(291)	-	-	-	(291)	-
Disposals	-	-	-	-	-	-
As at 31 March 2020	2,822	533	857	1,307	5,519	5,528
DEPRECIATION						
As at 1 April 2019	1,101	425	657	1,112	3,295	3,042
Charge for year	89	49	45	89	272	252
Disposals	-	-	-	-	-	-
As at 31 March 2020	1,190	474	702	1,201	3,567	3,294
NET BOOK VALUE						
As at 31 March 2020	1,632	59	155	106	1,952	2,232
As at 31 March 2019	2,012	96	54	70	2,232	2,354

Charges have been granted on the Freehold Offices to secure an overdraft facility and term loan facility. The Board have considered the carrying value of Alexandra House and any possible impairment and consider that with the reclassification of some costs to Fixtures and Fittings, along with the necessary adjustment to depreciation charge, the carrying value reflects the operational value to the organisation of the property.

Notes to the Financial Statements

For the year ended 31 March 2020

13. Debtors:

	2020	2019
	£000	£000
Due within one year		
Rent and service charge receivables	641	422
Provision for bad and doubtful debts	(213)	(124)
	428	298
Housing Finance Grant	62	51
Prepayments and accrued income	386	216
Other debtors	186	461
	1,062	1,026
Due after one year		
Housing Finance Grant	2,694	2,808
	<u>3,756</u>	<u>3,834</u>

14. Creditors: Due within one year

	2020	2019
	£000	£000
Trade creditors	473	453
Loan capital repayments	1,015	1,542
Land loan repayments	2,615	2,050
Loan interest	102	124
Rents received in advance	96	125
Accruals & deferred income	554	1,205
Grants received in advance	578	2,084
Recycled capital grants	26	26
Capital expenditure on housing properties	215	329
Pension deficit	-	-
Other creditors	161	126
	<u>5,835</u>	<u>8,064</u>

15. Creditors: Due after one year

	2020	2019
	£000	£000
Loans	37,033	32,879
Costs of raising loans	(480)	(204)
	<u>36,553</u>	<u>32,675</u>

Housing loans were secured by specific charges on the Association's housing property. Rates of interest during the year ranged from 0.77% to 10.82%.

Notes to the Financial Statements

For the year ended 31 March 2020

	2020	2019
	£000	£000
Loans repayable by instalments fall due as follows:		
Within one year or less	3,630	3,592
Between one and two years	2,076	7,582
Between two and five years	10,052	4,921
In five years or more	10,433	13,654
In more than one year	22,561	26,157
Total housing loans	26,191	29,749
Repayable otherwise than by instalment:		
In more than five years	14,472	6,722

16. Social Housing Grant

Gross Grant Creditor

	2020	2019
	£000	£000
As at 1 April 2019	72,958	67,839
SHG receivable in the year	2,128	5,119
Housing Property Disposals	-	-
As at 31 March 2020	75,086	72,958

Amortisation

	2020	2019
	£000	£000
As at 1 April 2019	11,782	11,097
Credit for the year	727	685
As at 31 March 2020	12,509	11,782
Net Grant Creditor as at 31 March 2020	62,577	61,176

17. Social Housing Grant - Creditors:

	2020	2019
	£000	£000
Amounts falling due:		
Within one year or less	760	728
Between one and two years	762	762
Between two years and five years	2,286	2,286
In five years or more	58,769	57,400
	61,817	60,448
Total grant creditor	62,577	61,176

Notes to the Financial Statements

For the year ended 31 March 2020

18. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £12,509,000 (2019: £11,782,000) representing the amount of social housing and capital grant amortised through the Statement of Comprehensive Income.

The Association is a member of a multi-employer pension scheme SHPS. The Association has been notified by the Pensions Trust that the estimated employer debt on withdrawal from the SHPS scheme (pension deficit) based on the financial position of the scheme as at 30 September 2019 was £13.5M.

19. Related Party Transactions

Board Member Related Party Transactions During the Year:

The Association provided rented accommodation to three Board members that are tenants during the year (2019 - 3) and charged rent to those members on the Association's standard terms.

The Association purchased services to the value of £10,276 from B2B Services of which Luke Hodge is a Director.

All transactions which took place in the year occurred on an "Arm's Length" basis.

Senior Officer Related Party Transaction:

There were no senior officer related party transactions in the year.

20. Share Capital

	2020	2019
	No.	No.
Shares of £1 each fully paid		
As at 1 April 2019	165	142
Issued during the year	7	23
Cancelled in year	(15)	-
As at 31 March 2020	<u>157</u>	<u>165</u>

21. Reserves

	Restricted Reserves				Revenue Reserve	Total	Total
	Capital	Furniture	Recyclable SHG	General			
	£000	£000	£000	£000	2020	2019	
As at 1 April 2019	255	1,522	26	11,076	12,879	12,974	
Surplus for year	-	-	-	2,092	2,092	(95)	
Transfers to/from reserves	-	57	-	(57)	-	-	
Movement in year	-	57	-	2,035	2,092	(95)	
As at 31 March 2020	<u>255</u>	<u>1,579</u>	<u>26</u>	<u>13,111</u>	<u>14,971</u>	<u>12,879</u>	

Notes to the Financial Statements

For the year ended 31 March 2020

22. Cash Flow From Operating Activities

	Notes	2020 £000	2019 £000
Surplus		2,092	(95)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	9	1,709	1,592
Government grants amortised in year	17	(727)	(685)
Debtors		(327)	(153)
Creditors		(941)	624
Provisions		(50)	(21)
Adjustment for investing or financing activities:			
Gain on disposal of properties, plant and equipment	7	-	-
Interest receivable		(15)	(13)
Interest and financing costs		1,684	1,420
Movement in fair value of investments		(133)	(366)
Re-measurement of pension liability		(854)	1,621
Net cash generated from operating activities		2,438	3,924

23. Analysis of Net Debt

	At 1 April 2019 £000	Cashflow £000	Other Non Cash £000	At 31 March 2020 £000
Cash	5,139	(1,922)	-	3,217
Borrowings				
Debt due within 1 year	(3,592)	(38)	-	(3,630)
Debt due after 1 year	(32,879)	(4,154)	-	(37,033)
Total borrowings	(36,471)	(4,192)	-	(40,663)
Net Debt	(31,332)	(6,114)	-	(37,446)

Notes to the Financial Statements

For the year ended 31 March 2020

24. Pension Costs

Taff Housing Association participates in the Social Housing Pension Scheme (SHPS) (the scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	2020 £000s	2019 £000s
Fair value of plan assets	10,708	10,281
Present value of defined benefit obligation	12,265	12,938
Surplus (deficit) in plan	(1,557)	(2,657)
Defined benefit asset (liability) to be recognised	(1,557)	(2,657)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2019 to 31 March 2020 £000s
Defined benefit obligation at start of period	12,938
Current service cost	65
Expenses	12
Interest expense	334
Member contributions	15
Actuarial losses (gains) due to scheme experience	50
Actuarial losses (gains) due to changes in demographic assumptions	77
Actuarial losses (gains) due to changes in financial assumptions	(899)
Benefits paid and expenses	(327)
Defined benefit obligation at end of period	12,265

Reconciliation of opening and closing balances of the fair value of plan assets

	Period from 31 March 2019 to 31 March 2020 £000s
Fair value of plan assets at start of period	10,281
Interest income	269
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	82
Employer contributions	388
Member contributions	15
Benefits paid and expenses	(327)
Fair value of plan assets at end of period	10,708

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was £351,000.

Notes to the Financial Statements

For the year ended 31 March 2020

Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)

	Period from 31 March 2019 to 31 March 2020 £000s
Current service cost	65
Expenses	12
Net interest expense	65
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	142

Defined Benefit Costs recognised in Other Comprehensive Income (OCI)

	Period from 31 March 2019 to 31 March 2020 £000s
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	82
Experience gains and losses arising on the plan liabilities - gain (loss)	(50)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(77)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	899
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	854
Total amount recognised in Other Comprehensive Income - gain (loss)	854

Key Assumptions

	2020 % per annum	2019 % per annum
Discount Rate	2.35%	2.60%
Inflation (RPI)	2.55%	3.20%
Inflation (CPI)	1.55%	2.20%
Salary Growth	2.55%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Notes to the Financial Statements

For the year ended 31 March 2020

25. Financial Commitments

Capital commitments are as follows:

	2020	2019
	£000	£000
Contracted less certified	2,366	6,894
Funded by:		
Social Housing Grant	122	-
Cash at bank/existing loan facilities	2,244	6,894
	<u>2,366</u>	<u>6,894</u>
Authorised by the Board of Management but not contracted	9,458	10,378
Funded by:		
Social Housing Grant	5,448	6,020
Cash at bank/existing loan facilities	4,010	4,358
	<u>9,458</u>	<u>10,378</u>

26. Post Balance Sheet Events

There were no events requiring reporting between the balance sheet date and the date on which these financial statements were approved.