Report & Financial Statements
31.03.2021

Contents

Management & Advisers

Board of Management

Name	Profession	Appointed in Year	Resigned in Year
Andrew Knight	HR	Chair (from Sept 2020) Vice Chair and Chair of Audit & Risk (from Sept 2019 to Sept 2020)	
Dianne Bevan	Retired Solicitor	Chair (from Sept 2019 to Sept 2020)	
Heidi Beverstock	Tenant		Resigned March 2021
Keith Abdi	Retired Housing Officer, Tenant		Resigned April 2021
Keith Edwards	Housing	(Chair until Sept 2019)	Resigned AGM 2020
Luke Hodge	IT Specialist		Resigned AGM 2020
Sue Carleton	Tenant	Elected Sept 2019	Resigned January 2021
James Rides	Tenant Participation	Elected Sept 2019	Resigned July 2020
Howard Crackle	Finance/Banking	Elected Sept 2019 Chair of ARC (from Sept 2020)	
Claire Canning	PR & Communications	Elected Sept 2019	
Kathy Brown	Communities	Co-opted March 2020	Resigned AGM 2020
Graeme Tipple	Finance/Banking	Co-opted March 2020 Elected Sept 2020	
Christopher John	Risk	Co-opted March 2020 Elected Sept 2020	
Darrin Davies	Development	Elected Sept 2020	
Aleena Khan	Media; BAME	Elected Sept 2020	
Naomi Mitcheson	Housing	Co-opted Oct 2020	
Betty Mwesigwa	Support	Co-opted Oct 2020	Resigned March 2021
Tarig Sanousi	Tenant; BAME	Co-opted Feb 2021	
Geraint Jones	Digital Transformation	Co-opted March 2021	

Company Secretary:

Lynne Williams (until 26.02.20)
Sarah Cole (from 27.02.20)

Senior Executives:

Current Job Title	Name	Appointed in Year	Resigned in Year
Chief Executive	Helen White	August 2019	
Executive Director, People & Places	Jacqueline Amos	February 2019	July 2020 (Resigned)
Executive Director, Business & Finance	Sarah Cole	December 2019	
Executive Director, People & Places	Joshua Dowdall	January 2020	
Interim Director, Property Services	John Taphouse	February 2020	Post year end April 2021

Management & Advisers

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
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

Report of the Board of Management

For the year ended 31 March 2021

The Board presents its report and audited financial statements for the year ended 31 March 2021.

Principal Activities

The Association's principal activities are the development and management of social housing and providing support services. Taff is a Co-operative and Community Benefit Society registered with charitable rules. As a Registered Social Landlord (RSL), Taff is regulated by the Welsh Government.

Board Members

The Non-Executive Board members and Executive Directors of the Association are set out on the information page. 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 Board are committed to achieving the highest standards of governance in everything it does. Taff has consistently achieved the highest Regulatory Judgement of Standard for Governance (including tenant services) and Standard for Financial Viability, most recently published by Welsh Government in March 2021.

The Board carried out an annual appraisal of its performance and an annual appraisal of individual Board and Committee Members. Each Board and Committee Member (excluding co-optees) is appointed for a fixed term of office of up to three years. Reappointment is possible for up to a maximum of two additional terms. In August 2019 the Board commissioned an external independent formal review of our board and committee effectiveness. That review made recommendations about constitutional, meetings, customer voice and housekeeping matters to improve our governance effectiveness. An Action Plan has been implemented focused on driving robust and effective governance. This includes new Terms of Reference for our Boards and Committees, revised Scheme of Delegation, and updates to key governance documents such as Standing Orders and Code of Conduct.

Taff has adopted the Community Housing Cymru's 'Code of Governance and has committed to uphold it and keep to the high standards expected. Compliance with it is reviewed annually by the Board. Following the implementation of the Governance Improvement Plan Taff complies with all areas of the code.

Board Structure

The Board meets approximately every month and a minimum of 2 sessions each year to consider the strategic direction and the priorities of the Association.

The Board delegates its responsibility for the day-to-day management and leadership to the Chief Executive, supported by the Executive Directors team. The Board has also established two committees to oversee specific areas of the organisation's work and sets the scope and responsibilities for each in approved terms of reference. Delegation from the Board may allow for decisions to be made or request that a committee consider and provide assurance to support the Board on decision making.

The following two committees, comprised of Board Members, support the work of the Board:

1. Audit & Risk Committee

This committee is made up of 5 members of the Board and is led by the Chair of the committee. They meet four times per year.

The key responsibilities of the Audit & Risk Committee are:

- Provides the board with assurance relating to governance, risk management and internal control
- Has primary relationship with internal and external auditors
- Provides scrutiny over financial reporting and related controls

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

2. Remuneration Committee

This committee is made up of 4 Board members and is responsible for:

- reviewing salary policies along with receiving any benchmarking information for all salaries, and,
- for making recommendations to Board regarding any salary uplifts including the Senor Executive team remuneration for consideration.

Strategic Risks

The delivery of our strategic priorities and the sustainable growth of our business is dependent on effective risk management. It also helps us to deliver our operations in a socially responsible manner. We regularly face business uncertainties and our structured approach to risk management helps us to mitigate key risks and embrace opportunities when they arise.

As with any business, risks and uncertainties are inherent in our business activities. These risks may have a financial, legal, operational or reputational impact. The operating environment for social housing providers, which is shaped by Government policy and budget announcements, remains challenging.

The Board has responsibility for the management of 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.

The Audit and Risk Committee, on behalf of the Board, provides oversight and challenge over our risk management framework including strategic risks, internal controls, and actions to mitigate risk.

The Risk Management Framework addresses how risks are recognised, scored and manged. Our risk management arrangements are intended to mitigate and reduce risk to the lowest extent possible but cannot eliminate all the risks we face. The risk management processes provide reasonable but not absolute assurance against material misstatement or loss.

Key strategic risks identified include the following:

- Rent affordability - increasing financial pressures on our tenants potentially impacts on our ability to raise rents in line with inflation and build homes that meet our viability criteria. This risk is being managed by a Value for Money approach and Money Advice Service for our tenants.
- Treasury management - increased market volatility could result in an inability to manage liquidity effectively and ensure access to sufficient borrowing and adequate security. Consequently, this could lead to breach of loan covenants and regulatory requirements. We follow a Treasury Management Policy which is reviewed and approved by the Board and designed to protect liquidity
- Impacts of the virus - these have been well managed within the Association and support offered to both tenants and colleagues. It is still not certain what further issues could arise from more increases in infection, however, Covid-19 has led to long term changes to how we will be working in future. Taff continues to operate prudently along with using the learning to trial alternative methods of delivering valued services. During the year the Business Plan was updated to cover the impact of Covid –19.
- Serious Health & Safety incident - many of our operations, by their nature, have the potential for loss of life or workplace injuries to employees, contractors, and tenants. Key risk areas include fire, gas, electrical, legionella, asbestos and lifting equipment. Policies and procedures are in place for the systematic control of significant health and safety risks. This includes Management Plans which are documented for key health and safety areas (fire, legionella, fixed wire testing, gas, asbestos, and lone working). Risk assessments are undertaken in relation to key risks.

Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to minimise, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Key elements of control include:

- board approved terms of reference and delegated authorities for Remuneration and Audit & Risk committees
- clearly defined management responsibilities for the identification, evaluation and control of significant risks
- robust strategic and business planning processes
- annual review of the Association's Risk Register by the Audit & Risk Committee
- detailed financial budgets and forecasts for the current year
- formal recruitment, retention, training and development policies for staff and the Board
- established authorisation and appraisal procedures for all significant new initiatives and commitments
- a considered approach to treasury management that is subject to review on an annual basis
- board approved Whistle-Blowing Policy
- self-evaluation

Our People

Taff believe that successful delivery of the Associations' Corporate Plan is based upon a strong resilient and skilled team and empower colleagues through a culture based on trust.

Working through a pandemic our people have demonstrated resilience and commitment ensuring we have continued to deliver essential services under challenging circumstances. To support this, we have a strong focus on health, safety, and wellbeing. We have sought to involve colleagues through surveys, team meetings, all colleague briefings, the HWB, and our Staff Forum to ensure they are helping to shape the future of our business. We are proactively encouraging colleagues and supporting them to look after their physical and mental wellbeing. Colleagues are able to access physical and mental health support through our health plans. We also have a team of trained Mental Health First Aiders.

We have invested significantly in technology to support flexible and collaborative working. Laptops and /or appropriate devices have been rolled out to colleagues, supported by a peer led programme of training and support.

We recruit for attitude and skills, placing a strong emphasis on candidates demonstrating the right behaviors. We are also redesigning our recruitment and onboarding services to give candidates and new joiners a welcoming and professional experience throughout. At the very end of the financial year the Board approved a new Fair Pay Framework, this outlines how we will reward our people, ensuring we deliver open and uncomplicated pay methods that are easily understood by colleagues. It is vitally important that our approach to setting pay for Taff colleagues is regarded as fair, transparent and ultimately provides equal pay for equal work.

Equality and Diversity

There is no place for racism in Wales. At Taff, we believe in a fair and just society for all. We will continue to use our voice, our established relationships and influence within the community to create a more equal society. As part of our commitment we have signed both the Zero Racism Wales and Deeds Not Words Pledge and have become a RACE Code accredited organisation.

In June 2020 Tai Pawb put together the Deeds not Words pledge and we have signed up to underline our commitment to change. We know that signing the pledge is the easy bit, now we need to act. Taff has always considered itself to be a diverse and progressive organisation, committed to equality and diversity. Now is the time to admit that our well-intentioned words have not led to real change. We have not done enough to meet our well-meaning aspirations. A quick check of our data tells us we are not diverse or inclusive. We know people of colour are under-represented on our Board, among our colleagues and particularly at senior leadership levels. We know BAME tenants are more likely to be in rent arrears and live in over-crowded properties. We also know that our services are not tailored or flexible enough to understand and meet the needs of the diverse communities we serve.

In November 2020 we made public our commitments via an action plan, co-produced by colleagues, Board members and tenants. Going forward we will be publishing equality data across all diversity strands so we can be clear on areas of inequality and take appropriate action to enable and facilitate change. Taff continues to be an accredited Living Wage Employer.

Review of Business

March 2021 is the end of the fourth year of Taff's five-year Business Plan (Building Foundations for Better Futures). The year saw considerable change within the leadership team, the Board and the external operating environment. As a result, a new Corporate Plan is emerging concentrating our attention on delivering great quality homes and services, and supporting communities to thrive.

To achieve this mission, we are focussing on the following priorities:

- Delivering great homes and services
- Being financially resilient
- Making a difference in the communities we serve
- Enabling colleagues to thrive at work.

1. COVID-19

During the year we have remained focused on maintaining the delivery of essential services whilst ensuring we have the appropriate safeguards in place to protect tenants, service users and colleagues. We continued to monitor the situation closely and made appropriate adjustments to the services we delivered and how we delivered them. We made use of the UK Government's furlough scheme for a few months to mitigate the costs of colleagues involved in paused capital schemes before successfully bringing them back into the business.

As we hopefully begin to emerge from the grips of the pandemic the timing and shape of a recovery remains unclear. There are a wide range of potential outcomes and organisations like Taff Housing that need to plan for a range of eventualities. Although the pandemic has been extremely challenging for our tenants and colleagues, we have been able to make considerable progress on business transformation, most notably with the introduction and roll out of Office 365 and Teams.

Our Tenancy Coaches undertook hundreds of welfare calls during the lockdowns. Initially tenants and service users felt frightened and isolated and appreciated the call, many citing that they had spoken to nobody else during the initial lockdown period. As time progressed the feedback was more positive with people were excited about getting their COVID vaccinations. One tenant said: 'thank you for calling to see how we are and to ask if we need any support, we've been feeling very isolated and it's nice to know that you care'.

2. Value for Money (VFM)

In 2020 we met our target to identify over £200,000 savings to enable us to invest more in building new homes, improving services and in our existing homes. However, Covid-19 restrictions did impact the amount of planned investment work we were able to undertake.

In December 2019 we established VFM principles:

- We listen to tenants and focus on what matters to them
- We make the best use of our resources to achieve our objectives
- When we buy any works, goods, or services we get the best deal possible in terms of quality, price, and community benefit
- We balance both the social and business aspects of our work
- We know how our costs compare to others

During 2020/21 a full review of services and resources was carried out with a target of reducing operating costs by £200,000. This was a target set within the preparation of the 30-year Business Plan for 2020/21. Notable savings include:

- New Procurement policies and tendering contracts made £100,000 savings in the year on windows and doors contracts
- Upskilled team to carry out FRA (Fire Risk Assessments) action, EPC certificates and asbestos reinspection with annual saving of £75k on external consultants
- Review of Ty Enfys services and increased the service charge to cover costs by £50k per year

Our principles aim to help us assess our VFM performance. During the year a number of corporate initiatives have been undertaken as we seek to improve VFM and ensure our services are efficient and effective.

- Affordability - new rent policy linking rents to local earnings, to ensure affordability, value for money, transparency and engagement in our rents and service charges.
- Service Charge - internal review of costs including aims to develop out service charges, ensure effective and efficient service delivery and procured services offer VFM. Initially this was planned to see an overall decrease in service charges of 10%. This has not been achieved; however, service charges have been capped in the meantime to maintain affordability and we continue to seek further savings
- New Procurement Policy - this policy sets out the framework to:
  - Ensure that all works carried out for the Association achieve the required standards of design and that components and workmanship are of the required quality, by use of the appropriate documentation and quality control methods
  - Provide a range of procurement measures appropriate for all variations of work and services, and suitable for different values of work being commissioned
  - Support our commitment to spending and investing wisely, generating savings to increase resources and bring additional benefits to our community
- Asset Management Strategy - to make a step change in the capability and effectiveness of the assets and compliance function
- HouseMark - to gain clearer understanding of our operating costs and performance by using HouseMark benchmarking service. Benchmarking should enable us to understand our costs and performance in comparison with others' so that we can make better informed business decisions
- Tenant Satisfaction Survey - in depth independent customer service survey using tenant feedback to shape future services
- New repairs scheduling system - currently being implemented. This scheduling system enables efficiencies and improved customer service reducing resources through automated processes and allocation of time slots reducing traveling time and increasing productivity
- New Tenant Portal/App - more efficient customer service to tenants increasing tenant satisfaction and user experience, enabling tenants to access our services on a digital platform that is easy to use and offers a high degree of functionality, reducing the contact via phone or in person and enable tenants to interact with our services on a 24/7 basis at a time that suits them
- New Phone System - currently being implemented. This will improve customer services experience by using technology to manage incoming calls
- Communication - increased communication to tenants using digital channels, on social media and pulse surveys:
  - changing the use of language to be jargon free
  - gathering valuable feedback from tenants

- breaking down language barriers, enabling tenants to communicate in their own community language

- We are committed to continuing to reduce our operating costs. Investment in digital technology is planned to increase efficiencies and reduce cost, whilst improving customer services.

3. Homes

During this financial year, Taff was on site with 51 new homes in two locations; 39 of these homes were handed into housing management for occupation as part of our general housing portfolio in 2021.

4. Rents

Affordability of our homes appears more of a concern for our tenants now than at any time before. The need to offer affordable homes as well as invest in business-critical areas is a balancing act. Taff continues to work closely with Cardiff Council to meet the housing needs within the community we serve.

In November, members agreed in principle to migrate our rents towards a Living Rent Framework, while working within our 30-year Business Plan assumptions. This was a significant divergence from our normal rent setting processes. Throughout December and January we consulted tenants on our rent setting process for the forthcoming financial year. We received 145 responses to our pulse survey, feedback can be summarised as the following:

- General support for the principle of basing rent levels on local income
- General support for freezing rent levels for properties that are outside our affordability framework
- A small majority (60%) in favour of increasing rent levels on properties that fall within the affordability framework
- A significant minority (33%) who felt their rent was not affordable, which represents a significant increase from previous years
- People in full or part time work thought our rent was unaffordable at a slightly higher rate (37%)
- A higher proportion of people living in larger homes are in full and part time work
- Respondents were asked to leave comments on the questions asked. We received 156 separate comments – many of which outlined the financial difficulties being faced by our tenants. 'I worry about how I will pay my rent', 'I am struggling as it is' and 'it is hard to find the money if I work' being representative of many concerns outlined

Following the tenant consultation and an assessment of business need, the Board approved the following approach:

- Freezing rent levels for all properties that sit outside of the Living Rent Framework
- Increasing rent levels for properties within the Living Rent Framework up to a maximum of CPI + 1% + £2/week
- Limiting rent increases on our one bed homes to CPI only (0.5%) in recognition of affordability concerns
- An increase in our total rent charge on our 'general need' homes of 1.3%
- An increase in our total rent charge on our 'intermediate rent' homes of 0.7%
- A review of our assumptions set out in our 30-year Business Plan and assessment of the impact of modelling future rent increases to CPI only from 2022/23

5. Supported Housing

In Support Services we have continued to deliver part of the Cardiff Young Persons contract, in partnership with Salvation Army & Church Army, supporting hundreds of young people threatened with homelessness. We've further expanded our services geographically in Bridgend with our START service (supporting people leaving prison) and our Vulnerable Persons Resettlement Scheme service, supporting refugee families to relocate and settle in Wales. Unfortunately, our Forensic Service was decommissioned by Cardiff Council as they incorporated this into their existing services. Our 11 support projects operate over 4 Local Authorities have supported hundreds of individuals/families during a very challenging year, preventing homelessness, maintaining tenancies and supporting people to positively manage their homes and their lives.

6. Community Investment

Our Community Investment activities have been reduced due to Covid, with no community events, direct training or activities being able to take place. However, we have supported the Grangetown Pavilion Project by installing a new kitchen and made welfare calls to our tenants during periods of lockdown. We secured agreement from Cardiff Council to expand our Allotment site, providing vital access to green space for many local residents and tenants. We also secured funding to employ two Community Inclusion Coaches to work directly with tenants who needed help during the year. We also introduced a new approach to Community Benefits, ensuring all contractors make valued contributions to local communities via our Procurement Policy.

7. Operational Performance

Throughout the year Taff have worked to develop a robust performance management framework across the whole business that is scrutinised at monthly Business Intelligence meetings. We have also joined HouseMark in order to assess how we compare to other organisations.

We have maintained arrears below 4%, with an overall increase from 3.52% to 3.83% and collection rates at 100% of expected income. Our planned maintenance programmes have been affected with reductions in replacement kitchens, bathrooms and boilers and for at least 9 months of the year, only emergency and urgent works being completed.

Review of Financial Performance

The financial result for 2021 was a surplus of £1,082K (2020: £1,238K) before re-measurement loss of the pension liability totalling £2,469K resulting in a total comprehensive deficit of £1,387K (2020: Income £2,092K). Our operating surplus of £2,548K (2020: £2,691K). Operational surplus has decreased through restrictions on income and increased costs in maintenance.

Capital and reserves have been reduced by the increased pension liability and are now £13,584K (2020: £14,971K).

The Association's net cash inflow from operating activities was £3,031K (2020: £2,438K) in the year. Free cash flow was £(153K) after loan repayments (2020: £(13,683K)) is representative of our ability to meet capital and interest payments on our borrowings, however, it fluctuates with refinancing that was done last year. It is a principal financial metric for the Association and for the Regulator.

Taff's strictest limits are 120% for interest cover and 55% for historical cost gearing (NBV). The Board are satisfied that the Association comfortably met its lenders financial covenants.

The Association's turnover increased on the previous year to £12,399K (2020: £12,247) driven by the annual regulated rental increase.

Investment in Taff properties was £3,687K in the year, including capitalised expenditure on maintenance of £598K. This cost includes the on-going costs required to continue to maintain our homes to a good standard (WHQS (Welsh Housing Quality Standard)) and for landlord safety compliance.

Interest and financing costs are £1,453K (2020: £1,602K). Included in interest costs are £33K in relation to net interest loss on the defined benefit pension scheme liabilities. The Association has maintained a strong cash position throughout the year with a reduced need for additional borrowing to support delayed development schemes. Net borrowings increased by £1,271K in the year and, the average interest rate was 3.56%.

Taff makes use of a revolving credit facility with its principal bankers, and this means that the statement of financial position has current negative liabilities due to the flexibility given to the timing of payment of outstanding creditors.

The remeasurement of our pension liability has created a deficit in the year. This is a reflection of future payments that Taff will need to make to balance the pension scheme.

Board are satisfied that there are no going concern issues.

Report of the Board of Management
For the year ended 31 March 2021

Statement of Board's Responsibilities

The Board of Management is responsible for the preparation of the financial statements in accordance with applicable law 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.

Disclosure of Information to Auditors

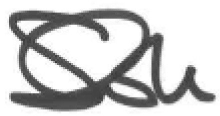
In so far as the Board is aware:

- 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 appoint Beevers & Struthers as auditors will be proposed at the Annual General meeting on 27 July 2021.

By Order of the Board



Sarah Cole
Company Secretary

24th June 2021

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

For the year ended 31 March 2021

In addition to our audit on the financial statements for the year ended 31st March 2021, 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 5 & 6, in our opinion the Board 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

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

Date: 24th June 2021

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

For the year ended 31 March 2021

Opinion

We have audited the financial statements of Taff Housing Association Limited for the year ended 31 March 2021 which comprise the statement of comprehensive income, the 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 2021 and of the 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 Board’s 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 Board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. 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 parent association has not kept proper accounting records; or
- the parent financial statements are not in agreement with the books of account; or
- 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 10), 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;

  - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
  - The recognition of development and maintenance expenditure in the correct period;
  - The rationale of any major fund flows during the period;
  - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the association, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

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

Date: 24th June 2021

Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Turnover	3	12,399	12,247
Operating costs	3	(9,851)	(9,556)
Operating surplus		2,548	2,691
Interest receivable		2	15
Interest and financing costs	7	(1,453)	(1,602)
Movement in fair value of investments		(15)	134
Surplus for the year		1,082	1,238
Other Comprehensive income			
Initial recognition of multi-employer		-	-
Actuarial (loss)/gain in respect of pension scheme		(2,469)	854
Total Comprehensive income for the year		(1,387)	2,092

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 24th June 2021.

Andrew Knight
Chair

W. Howard Crackle
Audit & Risk Committee Chair

Sarah Cole
Secretary

Statement of Financial Position
For the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Housing properties	9	112,895	110,822
Other tangible fixed assets	12	1,748	1,952
Investments	11	1,881	1,746
		116,524	114,520
Current assets			
Cash and cash equivalents		4,768	3,217
Trade and other debtors	13	3,838	3,756
		8,606	6,973
Current liabilities			
Creditors: amounts falling due within one year	14	(8,994)	(5,835)
Social housing and other government grants: amounts falling due within one year	17	(803)	(760)
Net current (liabilities) / assets		(1,191)	378
Total assets less current liabilities		115,333	114,898
Creditors: Amounts falling due after one year	15	(35,777)	(36,553)
Social housing grant due after one year	17	(62,243)	(61,817)
Pension liability due after one year		-	-
Pension provision – defined benefit liability	24	(3,729)	(1,557)
Total net assets		13,584	14,971
Capital & Reserves			
Share Capital	20	-	-
Revenue Reserves	21	13,329	14,716
Restricted Reserves		255	255
Total Capital and Reserves		13,584	14,971

The financial statements were approved by the Board of Management on 24th June 2021 and signed on its behalf by:

Andrew Knight
Chair

Howard Crackle
Audit & Risk Committee Chair

Sarah Cole
Secretary

Statement of Changes to Reserves
For year ended 31 March 2021

	Restricted Reserves	Revenue Reserve	Total	Total
			2021	2020
	£000	£000	£000	£000
As at 1 April 2020	255	14,716	14,971	12,879
Surplus/(Loss) for year	-	(1,387)	(1,387)	2,092
Transfers to/from reserves	-	-	-	-
Movement in year	-	(1,387)	(1,387)	2,092
As at 31 March 2021	255	13,329	13,584	14,971

Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021	2020
		£000	£000
Net cash generated from operating activities	22	3,031	2,438
Cash flow from investing activities:			
Purchase and development properties		(3,151)	(6,528)
Purchase or other replacement fixed assets		(56)	(214)
Proceeds from sale of properties and other fixed assets		200	
Component replacements		(611)	(630)
Investments		(5)	(178)
Grants received		2,112	667
Interest received		2	15
		1,522	(4,430)
Interest and loan costs paid		(1,240)	(1,684)
New secured loans and drawdowns from existing facilities		2,550	17,800
Loans repaid		(1,279)	(13,608)
Net increase in cash and equivalents		1,553	(1,922)
Cash and cash equivalents at the beginning of year		3,217	5,139
Cash and cash equivalents at the end of year		4,770	3,217

Free cash flow:		2021	2020
For the year ending 31 March		£000	£000
Net cash generated from operating activities	22	3,031	2,438
Interest and loan costs paid		(1,240)	(1,684)
Interest received		2	15
Adjustments for reinvesting in existing properties:			
Purchase or other replacement fixed assets		(56)	(214)
Component replacements		(611)	(630)
Free cash generated before loan repayments		1,126	(75)
Loans repaid		(1,279)	(13,608)
Free cash generated after loan repayments		(153)	(13,683)

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 2018 (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
Roofs	60 years
Windows	25 years
Doors	25 years
Electrical Re-wires	30 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 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 or 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 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 recoded 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 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.

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.

3. Particulars of Turnover, Operating Costs and Operating Surplus

	Year ended 31 March 2021			Year ended 31 March 2020		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	8,410	(6,049)	2,361	8,138	(5,872)	2,266
Supported housing	2,607	(2,275)	332	2,600	(2,101)	499
Total From Lettings	11,017	(8,324)	2,693	10,738	(7,973)	2,765
Support Services	1,140	(1,133)	7	1,068	(1,069)	(1)
Other Activities	242	(163)	79	441	(389)	52
Development Admin.	-	(231)	(231)	-	(125)	(125)
Total	12,399	(9,851)	2,548	12,247	(9,556)	2,691

4. Particulars of Income and Expenditure From Social Housing Lettings

	General Needs Housing	Supported Housing	2021	2020
Income	£000	£000	£000	£000
Rents receivable	7,224	1,248	8,472	8,266
Service charge income	500	486	986	949
Amortised government grant	686	75	761	728
Income from supported housing	-	798	798	795
Turnover from Social Housing Lettings	8,410	2,607	11,017	10,738
Expenditure				
Management	1,354	1,290	2,644	2,502
Service charge	630	403	1,033	1,093
Maintenance	2,646	467	3,113	2,813
Bad debts	32	3	35	127
Depreciation of housing properties	1,387	112	1,499	1,438
Operating Costs	6,049	2,275	8,324	7,973
Operating Surplus on Social Housing Activities	2,361	332	2,693	2,765
Void losses	42	8	50	31

5. Directors Remuneration and Transactions

	2021 £	2020 £
Directors who are executive staff members		
Wages and salaries	406,830	287,770
Social security costs	42,322	23,555
Other pension costs	29,451	25,960
Other benefits in kind	273	361
	478,876	337,646

Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	98,281	78,603

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 (£)	2021 No.	2020 No.
60,001 – 70,000	-	2
70,001- 80,000	1	-
80,001 - 90,000	3	2
100,001 - 110,000	1	-
	5	4

Board Members

Costs of £18 were incurred during the year for committee expenses (2020: £270).

6. Staff Costs

	2021 £000	2020 £000
Wages and Salaries	4,309	4,073
Social Security Costs	354	333
Pension and PHI Costs	251	246
	4,914	4,652

There were no staff members that 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	147	145
Actual	169	169

7. Interest & Financing Charges

	2021	2020
	£000	£000
Loans repayable by instalments	582	796
Loans repayable other than by instalments	719	616
Defined Benefit Pension Deficit	33	65
Cost of arranging loans	119	125
	1,453	1,602

8. Operating Surplus

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

	2021	2020
	£000	£000
Housing properties		
Grant amortisation	(761)	(727)
Depreciation	1,499	1,437
Audit fees – statutory audit	14	14
Operating Lease expenses: DLO Vehicles	-	-

9. Tangible Fixed Assets – Housing Properties

	Housing properties held for letting £000	Housing properties in the course of construction £000	Total 2021 £000	Total 2020 £000
Cost:				
As at 1 April 2020	122,686	6,123	128,809	121,858
Transferred on completion	6,395	(6,395)	-	-
Additions	598	3,089	3,687	7,155
Disposals	(533)	-	(533)	(204)
As at 31 March 2021	129,146	2,817	131,963	128,809
Depreciation:				
As at 1 April 2020	17,987	-	17,987	16,754
Charge for year	1,499	-	1,499	1,437
Disposals	(418)	-	(418)	(204)
As at 31 March 2021	19,068	-	19,068	17,987
Net Book Value:				
As at 31 March 2021	110,078	2,817	112,895	110,822
As at 31 March 2020	104,699	6,123	110,822	105,104

Net housing property value comprises:

	2021	2020
Freeholds	112,581	109,616
Leaseholds	31	31
Short leaseholds	283	1,175
	112,895	110,822

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 2020	New Build	Sales	Transfers	Units at 31 March 2021
General needs	1,263	36	(1)	-	1,298
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	175				175
	1,492	36	(1)	-	1527

11. Tangible Fixed Assets – Investments

	Freehold Property £000	Total 2021 £000	Total 2020 £000
As at 1 April 2020	1,746	1,746	1,142
Additions/(Disposals) in year	6	6	179
Reclassification of asset in year	144	144	291
Revaluation in year	(15)	(15)	134
As at 31 March 2021	1,881	1,881	1,746

The freehold interests in the retail units at Llys Saltmead, St Canna Court, Hayes Place and Alexandra House, all those at Cowbridge Road East, Cardiff held by Taff Housing Association Limited were valued as at 31 March 2021 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 relationship between Chris John & Partners and Taff Housing Association Limited complies with the RICS guidelines.

12. Tangible Fixed Assets - Other

	Freehold Offices £000	Plant, furniture & equipment £000	Housing furniture & equipment £000	Computer equipment £000	Total 2021 £000	Total 2020 £000
COST						
As at 1 April 2020	2,821	533	858	1,307	5,519	5,526
Additions	-	-	51	197	248	284
Reclassification of asset in the year	(144)	-	-	-	(144)	(291)
Disposals	-	(18)	-	-	(18)	-
As at 31 March 2021	2,677	515	909	1,504	5,605	5,519
DEPRECIATION						
As at 1 April 2020	1,190	474	701	1,202	3,567	3,295
Charge for year	90	44	43	131	308	272
Disposals	-	(18)	-	-	(18)	-
As at 31 March 2021	1,280	500	744	1,333	3,857	3,567
NET BOOK VALUE						
As at 31 March 2021	1,397	15	165	171	1,748	1,952
As at 31 March 2020	1,631	59	157	105	1,952	2,232

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.
During the year offices at Lower Cathedral Road have been reclassified to investment properties.

13. Debtors:

	2021	2020
Due within one year	**£000**	**£000**
Rent and service charge receivables	656	641
Provision for bad and doubtful debts	(223)	(213)
	433	428
Housing Finance Grant	63	62
Prepayments and accrued income	564	386
Other debtors	146	186
	1,206	1,062
Due after one year		
Housing Finance Grant	2,632	2,694
	3,838	3,756

14. Creditors: Due within one year

	2021	2020
	£000	**£000**
Trade creditors	369	473
Loan capital repayments	2,058	1,015
Land loan repayments	3,665	2,615
Loan interest	99	102
Rents received in advance	113	96
Accruals & deferred income	806	554
Grants received in advance	1,422	578
Recycled capital grants	159	26
Capital expenditure on housing properties	137	215
Pension deficit	-	-
Other creditors	166	161
	8,994	5,835

15. Creditors: Due after one year

	2021	2020
	£000	**£000**
Loans	36,211	37,033
Costs of raising loans	(434)	(480)
	35,777	36,553

Housing loans were secured by specific charges on the Association's housing property. Rates of interest during the year ranged from 1.01% to 8.75%.

	2021 £000	2020 £000
Loans repayable by instalments fall due as follows:		
Within one year or less	5,722	3,630
Between one and two years	1,095	2,076
Between two and five years	4,575	10,052
In five years or more	16,079	10,433
In more than one year	21,749	22,561
Total housing loans	27,471	26,191
Repayable otherwise than by instalment:		
In more than five years	14,463	14,472

16. Social Housing Grant

Gross Grant Creditor	2021 £000	2020 £000
As at 1 April 2020	75,086	72,958
SHG receivable in the year	1,293	2,128
Housing Property Disposals	(78)	-
As at 31 March 2021	76,301	75,086

Amortisation	2021 £000	2020 £000
As at 1 April 2020	12,509	11,782
Credit for the year	761	727
Housing Property Disposals	(15)	-
As at 31 March 2021	13,255	12,509
Net Grant Creditor as at 31 March 2020	63,046	62,577

17. Social Housing Grant - Creditors:

	2021 £000	2020 £000
Amounts falling due:		
Within one year or less	803	760
Between one and two years	803	762
Between two years and five years	3,213	2,286
In five years or more	58,227	58,769
	62,243	61,817
Total grant creditor	63,046	62,577

18. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £13,270,000 (2020: £12,509,000) 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 £13,500,000 (latest information available).

19. Related Party Transactions

Board Member Related Party Transactions During the Year:

The Association provided rented accommodation to four Board members that are tenants during the year (2020 – 3) and charged rent to those members on the Association's standard terms.

The Association purchased services to the value of £14,995 from B2B Services of which Luke Hodge who was a Director. Luke retired his Board membership at the AGM September 2020.

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

Shares of £1 each fully paid	2021 No.	2020 No.
As at 1 April 2020	157	165
Issued during the year	4	7
Cancelled in year	(19)	(15)
As at 31 March 2021	142	157

21. Reserves

	Restricted Reserves	Revenue Reserve			Total	Total
	Capital	Furniture	Recyclable SHG	General	2021	2020
	£000	£000	£000	£000	£000	£000
As at 1 April 2020	255	1,579	26	13,111	14,971	12,879
Surplus for year				(1,387)	(1,387)	2,092
Transfers to/from reserves	-	155	133	(288)	-	-
Movement in year	-	155	133	(1,675)	(1,387)	2,092

As at 31 March 2021	255	1,734	159	11,436	13,584	14,971

22. Cash Flow From Operating Activities

	Notes	2021 £000	2020 £000
Surplus/(Deficit)		(1,387)	2,092
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	9	1,806	1,709
Government grants amortised in year	17	(761)	(727)
Debtors		377	(327)
Creditors		(727)	(941)
Provisions		1	(50)
Adjustment for investing or financing activities:			
Gain on disposal of properties, plant and equipment	7	15	-
Interest receivable		(2)	(15)
Interest and financing costs		1,240	1,684
Movement in fair value of investments		-	(133)
Re-measurement of pension liability		2,469	(854)
Net cash generated from operating activities		3,031	2,438

23. Analysis of Net Debt

	At 1 April 2020 £000	Cashflow £000	Other Non-Cash £000	At 31 March 2021 £000
Cash	3,217	1,553	-	4,770
Borrowings				
Debt due within 1 year	(3,015)	(1,271)	(1,062)	(5,348)
Debt due after 1 year	(37,648)	-	1,062	(36,586)
Total borrowings	(40,663)	(1,271)	-	(41,934)
Net Debt	(37,446)	282	-	(37,164)

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)

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	11,896	10,708
Present value of defined benefit obligation	15,625	12,265
Surplus (deficit) in plan	(3,729)	(1,557)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(3,729)	(1,557)
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

* to be completed by the employer if required

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2020 to 31 March 2021 (£000s)
Defined benefit obligation at start of period	12,265
Current service cost	-
Expenses	12
Interest expense	281
Member contributions	-
Actuarial losses (gains) due to scheme experience	35
Actuarial losses (gains) due to changes in demographic assumptions	52
Actuarial losses (gains) due to changes in financial assumptions	3,632
Benefits paid and expenses	(652)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	15,625

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2020 to 31 March 2021 (£000s)
Fair value of plan assets at start of period	10,708
Interest income	248
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,250
Employer contributions	342
Member contributions	-
Benefits paid and expenses	(652)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	11,896

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £1,498,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2020 to 31 March 2021 (£000s)
Current service cost	-
Expenses	12
Net interest expense	33
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	45

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	1,250
Experience gains and losses arising on the plan liabilities - gain (loss)	(35)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(52)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(3,632)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(2,469)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income – gain (loss)	(2,469)

KEY ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.21	2.35
Inflation (RPI)	3.24	2.55
Inflation (CPI)	2.87	1.55
Salary Growth	3.87	2.55
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

25. Financial Commitments

Capital commitments are as follows:	2021 £000	2020 £000
Contracted less certified	4,978	2,366
Funded by:		
Social Housing Grant	3,126	122
Cash at bank/existing loan facilities	1,852	2,244
	4,978	2,366
Authorised by the Board of Management but not contracted	16,580	9,458
Funded by:		
Social Housing Grant	9,579	5,448
Cash at bank/existing loan facilities	7,001	4,010
	16,580	9,458

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.