

# TARF

## **Report & Financial Statements Year ended March 2022**



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## Principal 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	Re-elected AGM 2021	
Howard Crackle	Finance/Banking	Elected Sept 2019 Chair of ARC (from Sept 2020)	Resigned December 2021
Claire Canning	PR & Communications	Elected AGM 2019	Resigned July 2021
Graeme Tipple	Finance/Banking	Co-opted March 2020 Elected AGM 2020	
Christopher John	Risk	Co-opted March 2020 Elected AGM 2020	
Darrin Davies	Development	Elected AGM 2020	
Aleena Khan	Media; BAME	Elected AGM 2020	
Naomi Mitcheson	Housing	Co-opted Oct 2020 Elected AGM 2021	
Tarig Sanousi	Tenant; BAME	Co-opted Feb 2021 Elected AGM 2021	
Geraint Jones	Digital Transformation	Co-opted March 2021 Elected AGM 2021	
Ali Abdi	BAME	Elected AGM 2021	
Yvonne Connolly		Elected AGM 2021	

### Company Secretary:

Secretary: Sarah Cole

### Senior Executives:

Current Job Title	Name	Appointed in Year	Resigned in Year
Chief Executive	Helen White	August 2019	
Executive Director, Business and 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

### 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

## Principal advisers

### Principal Bankers and lenders

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

### Auditors

Beever and Struthers  
St Georges House  
215-219 Chester Road  
Manchester  
M15 4JE

### Internal auditors

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

### Solicitors

Hugh James Solicitors  
Blake Morgan  
Clarke Willmott  
Anthony Collins

# Report of the Board of Management

For the year ended 31 March 2022

We are delighted to share our 2021/22 audited financial statements with stakeholders.

## Principal Activities

Our principal activities are the development and management of social housing across Cardiff and providing support services across South Wales. We are a Co-operative and Community Benefit Society registered with charitable rules and regulated by Welsh Government.

## Objectives and strategies

Our 3-year Strategic Plan was launched at our AGM in 2021. It clearly sets our mission to “*deliver great homes and services and support communities to thrive*”, underpinned by four key priorities and a series of commitments.

### Our priorities:

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

The Plan is underpinned by a range of success measures to ensure that we meet our strategic aims. These measures are scrutinised by our Business Intelligence Group, with key performance indicators reported to Board quarterly.

## Corporate Governance

The Board, made up of 15 non-executive Members, is responsible for the organisation’s governance. The Board meets regularly, with additional development/strategy days and training sessions. The Board works closely with Executive Team which is responsible for the day-to-day management of Taff’s activities.

Details of Board membership are set out in the information page. All members of the Board have the right to cast one vote each with the Executive Directors attending meetings to present reports but holding no voting rights. In March 2021 a proposal to introduce Board remuneration was approved and has been implemented.

Taff has consistently achieved and maintained 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 Association undertakes an annual appraisal of compliance with the Regulatory Framework for housing associations registered in Wales and with the Community Housing Cymru Code of Governance. The Association considers it is fully compliant in all material respects.

We use all reasonable endeavours to ensure compliance with all relevant law. Our procedures ensure that we comply with statutory guidance in areas such as health and safety, for example, legionella testing and gas safety. Taff has effective and robust governance arrangements in place that enable us to successfully deliver our Strategic Plan and improve our services to tenants and service users. We have robust financial planning and treasury management procedures in place to ensure that we remain viable and that our assets are not put at risk.

The Board is supported by two committees that are responsible for Audit and Risk, and Remuneration. They oversee these specific areas of the organisation’s work with scope and responsibilities for each set out in approved terms of reference.

# Report of the Board of Management

For the year ended 31 March 2022

## Review of Business

### Delivering great homes and services

It has been another challenging year as we continued to deal with the fall out of the Covid-19 pandemic and a turbulent external operating and fiscal environment. Colleagues have worked effectively to minimise the impact on services, performance, and tenant satisfaction and although we will continue to strive to improve, we are pleased with the performance achieved.

Performance is summarised below:

- We continue to achieve our goal of zero evictions into homelessness
- Rent arrears (gross of expected benefit payments) ended the year at 4.44%
- Landlord Health & Safety continues to be a key area of focus with consistently high levels of compliance achieved throughout the year
- Construction of 49 new homes commenced during the year
- We only carried out one eviction during the year, this was our first in 3 years
- Our overall tenant satisfaction level is at 82%.

### Resident Voice – Together at Taff

During the year we launched our Tenant Engagement Strategy, setting out our commitment to putting tenants and service users at the heart of what we do. We give tenants and service users a strong voice that informs our governance arrangements, influences our decisions, and impacts on the way we deliver our services. To ensure we hear feedback from a diverse range of tenants and service users we offer a range of ways to get involved.

Below is a summary of the range of ways our tenants can get involved.



### Enabling colleagues to thrive at work

During a time of considerable change, our people have continued to focus on delivering the services our tenants and services users depend on. We worked closely with colleagues on establishing our Values of Trust, Ambition, Learning and Kindness and for each value we have a set of behaviours that we expect all the display as they go about delivering services.

During the year our new pay framework was launched with competitive benchmark pay per role, including all staff being paid at or above Real Living Wage. Benefits include agile working, a health cash plan which includes access to a range of services including physiotherapy, counselling and GP appointments. All colleagues are entitled to 25 days annual leave, 4 concessionary days, time off for public duties, and other generous schemes that are more than statutory minimums.

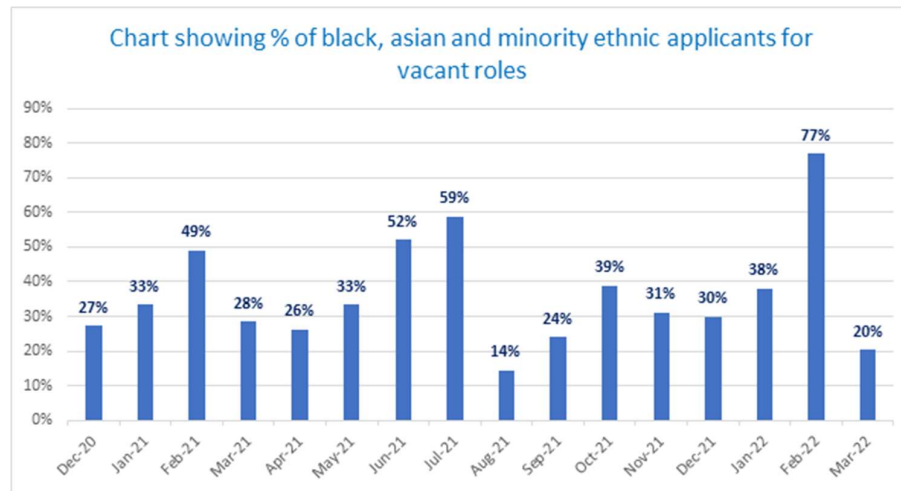
# Report of the Board of Management

For the year ended 31 March 2022

Colleagues are trusted to work remotely and encouraged to consider an appropriate work/life balance that meets their needs, the needs of the business, our tenants and service users. We have a colleague led Wellbeing Group focusing on enabling everyone at Taff to thrive, have a great sense of purpose and play their part in making sure we achieve our mission.

## Equality and Diversity

In support of our Deeds Not Words commitment we have focussed on attracting a higher number of job applicants from Black, Asian or Minority Ethnic backgrounds. We have achieved consistently high results, demonstrating significant reach in diverse communities across Cardiff.



During the year 25% (2021 10%) of our available roles this year have been offered to people from under-represented communities. We continue to place significant value on having community language skills in our teams, with our Customer Service Team now able to converse fluently in English, Somali, Punjabi and Bengali.

In conjunction with Tai Pawb and Cardiff Met, we are participating in a mentoring programme to ensure graduates and under graduates, especially from diverse backgrounds, gain access to housing professionals to help them gain confidence and knowledge. Providing these pathways into housing is critical to ensure a diverse talent pool that will make up the next generation of leaders in the sector. Alongside this we have been able to offer live anti-racist training to existing colleagues, delivered by Prof Uzo Iwobi.

In collaboration with four other Housing Associations, the Pathway to Board project officially commenced during the year. The Project is now well underway with the first cohort from underrepresented groups receiving the training to become 'Board ready'.

We continue to take a leading role in offering support services to Refugees in Cardiff, Newport and Bridgend by rapidly expanding our Resettlement Teams in these areas. We have extended our work to support more Afghan families arriving at sites in Cardiff. Our Afghan Resettlement Team has also been shortlisted for the Housing Heroes award, with the ceremony taking place in June.

We have been able to expand our Refugee Supported Accommodation project. Funded by Enhanced Housing Benefit, this project houses and supports single refugees who have recently been given their leave to remain status.

In our Tenant Race Equality Report we identified that over-crowding disproportionately impacted upon families from black, Asian and multi-ethnic backgrounds. We have successfully obtained £430K of ICF funding to help us deliver a programme of loft and property conversions that will alleviate over-crowding for several families.

## Affordability

Affordability of our homes continues to be a concern for our tenants. We consulted tenants on our rent setting process for the year, this can be summarised as follows:

- General support for the principle of basing rent levels on local income

# Report of the Board of Management

For the year ended 31 March 2022

- 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%) felt their rent was not affordable, this 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.

We also consulted our 'Have Your Say' Group on some of the more detailed areas of the policy. They offered their general support for the principle of basing rents on local earnings. However, they expressed concern about the significant proportion of tenants who felt our rents are not affordable. As a result of the feedback, we expanded our Hardship Grant available to our tenants focussing primarily on tenants who are engaging with our services but facing financial difficulties, including rent payments. In addition, we repurposed existing resources to create a Community Inclusion Team and expanded our Money Advice and Support offer to tenants. This service works with tenants on an individual basis to allow them to access benefits, manage their money and seek jobs and training support.

## Maintaining and improving existing homes

Our Asset Management Strategy directs how we actively improve the value from our assets. This year sees us reach the end of the 1<sup>st</sup> year of a 3-year implementation.

In 2020/21 we reviewed all our stock data held and have significantly improved the information held on our portfolio. Currently 55% of our homes have a survey completed within the last 5 years. We have focussed on gaining data on energy efficiency in our homes and improving how many Energy Performance Certificates (EPCs) we hold. At the start of this strategy our average SAP rating was 77 which has reduced to 74 over the last year as more older properties are surveyed.

We are currently 100% compliant with WHQS, with 15 *acceptable fails* across our homes. An *acceptable fail* relates to a scenario where work required to meet WHQS is either not viable, practical or is not wanted by the tenant.

Over the last year we have joined together with Sero Homes and the Welsh Government under the Optimised Retrofit Project (ORP). By doing this we completed several whole home surveys, along with the installation of Intelligent Energy Systems (IES), solar panels and battery storage to some of our properties. This funding has also allowed us to provide training to our Surveying Team, giving us the skills in-house, to continue our decarbonisation journey. We have also been successful in obtaining further ORP2 funding from the Welsh Government; this will allow us to fit further IES systems, solar panels, batteries and external wall insulation to 24 of our properties.

New contracts have had tenant involvement at all stages of the process. Tenants have scored tenders alongside Assets Team members and provided feedback on the services they require and value from the contractor. The 'Have your Say' Tenant Group have recently been involved in the new specification for our planned bathroom replacements, picking taps, tiles, and flooring choices for any future replacements.

Satisfaction with how we manage our Repairs Services is one of the core drivers of overall tenant satisfaction. It is also what tenants value the most. Our responsive repair orders have increased slightly this year, with a 6% rise from the previous year. Transactional tenant satisfaction levels for repairs have remained high over the course of the year, averaging between 97-99%. These rates demonstrate the great service and quality work carried out by our Repairs Team and places us in the top quartile when compared to our peers.



# Report of the Board of Management

For the year ended 31 March 2022

In 2020 we carried out a full, independently verified perception survey. In this survey 85% of tenants said they were fairly or very satisfied with how we deal with repairs and maintenance. In 2021 we carried out an in-house pulse survey of tenants, with 82% of tenants fairly or very satisfied with our repairs service. We have carried out further investigations seeking to speak to every tenant who has declared some level of dissatisfaction.

We have delivered significant performance improvements in our compliance related work during 2021/22. Outstanding actions resulting from Fire Risk Assessments have come down significantly. We have also achieved 100% compliance for gas servicing most of the year. We are on track to achieve all electrical safety checks to be within the 5-year target bracket before the Renting Homes Act takes effect in December 2022. External audits carried out by Mazars (August 2021) have also tested our controls on data and provided us with substantial assurance on virtually all areas that were audited.

## Supported Housing and Resident Support

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.

Our 11 support projects operating 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.

A particular focus of our work during the year was supporting over 100 Afghan families as they arrived as refugees in Wales. Working directly with the families we have provided a wide range of support from practical intervention support on getting visas sorted to a programme of cultural orientation. Many families are now settled in their new homes as we continue to support those still currently in bridging accommodation.

## Community Investment

We are proud of the positive impact we make through our investment in improving the health and prosperity of our tenants, service users and wider community.

Our social impact includes helping local tenants and service users to access employment, tackling poor health, and providing independence for tenants who struggle with their mobility, delivering services to improve the wellbeing, improving our neighbourhoods, installing measures to reduce fuel poverty and improve the energy efficiency of our homes and helping to sustain tenancies through money advice.

## Financial review

The financial result for 2022 was a surplus of £1,318K (2021: £1,082K) before re-measurement loss of the pension liability resulting in Total Comprehensive income of £3,090K (2021: Deficit £1,387K). Our operating surplus was £2,563K (2021: £2,548K). Operational surplus of 20% was maintained despite cost pressures.

Capital and reserves have been increased by the reduced pension liability and are now £16,674K (2021: £13,584K).

The Association's net cash inflow from operating activities was £2,913K (2021: £3,031K) in the year. Free cash out flow after loan repayments was -£4,504K (2021: -£153K) as it fluctuates with refinancing.

Taff's strictest loan or covenant 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 £12,798K (2021: £12,399K) driven by the annual regulated rental increase and new support contracts.

# Report of the Board of Management

For the year ended 31 March 2022

Investment in Taff properties was £4,016K in the year, including capitalised expenditure on maintenance of £842K. This includes the on-going costs required to continue to maintain our homes to Welsh Housing Quality Standard and for landlord safety compliance.

Interest and financing costs are £1,443K (2021: £1,453K). 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 £2,764K in the year and, the average interest rate was 3.20%.

## Value for Money/Supply Chain and Resource Management

During the year we have maintained our operating surplus on lettings 24% (2021 - 24%) and total operating surplus 20% (2021 – 20%).

Taff's Value for Money 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

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

- Procurement Policy utilising procurement frameworks contracts, minimising the increased costs in material prices
- Investment in our Digital Transformation Programme to ensure services are efficient and effective
- Introduced our Tenant Engagement Strategy setting out our commitment to putting tenants and service users at the heart of what we do
- New People Management Strategy including a new Lead@Taff programme to ensure colleagues are supported to reach corporate objectives
- Review of service charges to ensure rents remain affordable

## Going Concern

After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The latest budget and business plan confirm that the Association is financially sound, with good liquidity, headroom across all covenants and all Golden Rules met. The scenario testing highlights where covenant and golden rule pinch points exist and options have been developed as mitigation plans, if any of the scenarios look likely to materialise. For this reason, the going concern basis continues to be adopted in the preparation of Taff's financial statements.

## Risk Management

The Board has responsibility for the management of risks which may prevent the Association from achieving its objectives. 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.

There is regular review and reporting on key strategic risks to the organisation at Board level, review of Risk Management Framework at Audit and Risk Committee and ongoing review by senior management team.

As with any business, risks and uncertainties are inherent in our business activities, our structured approach to risk management helps us to mitigate key risks and embrace opportunities when they arise. These risks may have a financial, legal, operational or reputational impact. Our business assurance framework then considers the strength, and quality of the controls in place. The operating environment for social housing providers, which is shaped by Government policy and budget announcements, remains challenging.

# Report of the Board of Management

For the year ended 31 March 2022

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.

## Key strategic risks identified include the following:

- Rent affordability – continuing and increasing financial pressures on our tenants. This risk is being managed by use of an affordability assessment for raising rents, use of a valued Money Advice Service for our tenants and managing our costs
- Treasury Management - increased market volatility could result in an inability to manage liquidity effectively and ensure access to sufficient affordable borrowing. Consequently, this could lead to breach of loan covenants or in 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 has been offered to both tenants and colleagues. Covid-19 has now been reflected in our business continuity plans and has led to long-term changes to how we will be working in future
- Serious Health & Safety incidents – some of our operations 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 these Health & Safety risks. This includes Management Plans which are documented for key Health & 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, Audit and Risk Committee
- 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 and 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 Whistleblowing Policy
- self-evaluation

## 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.

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 UK accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements

# Report of the Board of Management

For the year ended 31 March 2022

- 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 reappoint Beever & Struthers as auditors will be proposed at the Annual General meeting on 26 July 2022.

By Order of the Board



**Sarah Cole**  
**Secretary**

**30th June 2022**

# Independent auditor's report

For the year ended 31 March 2022

## Opinion

We have audited the financial statements of Taff Housing Association Limited (the Association) for the year ended 31 March 2022 which comprise the Association's Statement of Comprehensive Income, the Association's Statement of Financial Position, the Association's Statement of Changes in Reserves, the Association's Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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

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

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

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

## Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

We have reviewed the Board's statement on the Association's compliance with the Welsh Government circular RSL 02/10 'Internal controls and reporting'. We are not required to express an opinion on the effectiveness of the Association's system of internal control.

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.

# Independent auditor's report

For the year ended 31 March 2022

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Welsh Government circular RSL 02/10 'Internal controls and reporting'

In our opinion, based on the work undertaken in the course of the audit with respect to the Board's statement on internal control:

- the Board has provided the disclosures required by the Welsh Government circular RSL 02/10 'Internal controls and reporting'; and
- the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

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

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

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit

## Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities 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 determines 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 is 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 intends 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

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

## 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.

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

- We obtained an understanding of laws and regulations that affect the group and parent association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social

# Independent auditor's report

For the year ended 31 March 2022

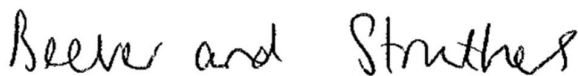
Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the group's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

## Use of the audit 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 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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.



Beever and Struthers, Statutory Auditor  
The Colmore Building  
20 Colmore Circus Queensway  
Birmingham  
B4 6AT

Date: 19 July 2022

# Statement of Financial Position

For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Turnover	3	12,798	12,399
Operating costs	3	(10,235)	(9,851)
<b>Operating surplus</b>	8	2,563	2,548
Interest receivable		-	2
Interest and financing costs	7	(1,443)	(1,453)
Movement in fair value of investments		198	(15)
<b>Surplus for the year</b>		1,318	1,082
<b>Other Comprehensive income</b>			
Actuarial (loss)/gain in respect of pension scheme	24	1,772	(2,469)
<b>Total Comprehensive income for the year</b>		3,090	(1,387)

The Association's results relate wholly to continuing activities. The accompanying notes form part of the financial statements that were authorised and approved by the Board on 30th June 2022.



# Statement of Financial Position

For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Housing properties	9	116,700	112,895
Other tangible fixed assets	12	1,649	1,748
Investments	11	2,078	1,881
		120,427	116,524
<b>Current assets</b>			
Cash and cash equivalents		10,329	4,768
Trade and other debtors	13	4,240	3,838
		14,569	8,606
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(10,384)	(8,994)
Social housing and other government grants: amounts falling due within one year	17/18	(884)	(803)
<b>Net current assets/(liabilities)</b>		3,301	(1,191)
<b>Total assets less current liabilities</b>		123,728	115,333
Creditors: Amounts falling due after one year	15	(40,914)	(35,777)
Social housing grant and other government grants due after one year	17/18	(64,441)	(62,243)
Pension provision – defined benefit liability	24	(1,699)	(3,729)
<b>Total net assets</b>		16,674	13,584
<b>Capital &amp; Reserves</b>			
Share Capital	20	-	-
Revenue Reserves	21	16,419	13,329
Restricted Reserves		255	255
<b>Total Capital and Reserves</b>		16,674	13,584

The financial statements were approved by the Board on 30th June 2022 and signed on its behalf by:



Andrew Knight  
Chair



Christopher John  
Audit & Risk Committee Chair



Sarah Cole  
Secretary

# Statement of Changes to Reserves

For year ended 31 March 2022

	Restricted Reserves	Revenue Reserve	Total	Restricted Reserves	Revenue Reserve	Total
			2022			2021
	£000	£000	£000	£000	£000	£000
As at 1 April 2021	255	13,329	13,584	255	14,716	14,971
Surplus for year	-	3,090	3,090	-	(1,387)	(1,387)
Transfers to/from reserves	-	-	-	-	-	-
Movement in year	-	3,090	3,090	-	(1,387)	(1,387)
As at 31 March 2022	255	16,419	16,674	255	13,329	13,584

# Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
<b>Net cash generated from operating activities</b>	22	2,913	3,031
<b>Cash flow from investing activities:</b>			
Purchase and development properties		(4,076)	(3,151)
Purchase or other replacement fixed assets		(171)	(56)
Proceeds from sale of properties and other fixed assets			200
Component replacements		(842)	(611)
Investments			(5)
Grants received		6,342	2,112
Interest received			2
		4,166	1,522
Interest and loan costs paid		(1,369)	(1,240)
New secured loans and drawdowns from existing facilities		7,800	2,550
Loans repaid		(5,036)	(1,279)
<b>Net increase in cash and equivalents</b>		5,561	1,553
<b>Cash and cash equivalents at the beginning of year</b>		4,768	3,215
<b>Cash and cash equivalents at the end of year</b>		10,329	4,768

<b>Free cash flow:</b>		<b>2022</b>	<b>2021</b>
For the year ending 31 March		<b>£000</b>	<b>£000</b>
<b>Net cash generated from operating activities</b>	22	2,913	3,031
<b>Interest and loan costs paid</b>		(1,369)	(1,240)
<b>Interest received</b>			2
<b>Adjustments for reinvesting in existing properties:</b>			
Purchase or other replacement fixed assets		(170)	(56)
Component replacements		(842)	(611)
Free cash generated before loan repayments		532	1,126
Loans repaid		(5,036)	(1,279)
Free cash generated after loan repayments		(4,504)	(153)

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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 all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged 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:

Major Components	Years
Structure	100
Kitchen	15
Bathrooms	25
Heating Systems	15
Lifts	25
Solar Panels	25
Roofs	60
Windows	25
Doors	25
Electrical Re-wires	30

### 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.

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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:

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

## 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 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.

# Notes to the Financial Statements

For the year ended 31 March 2022

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.

# Notes to the Financial Statements

For the year ended 31 March 2022

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 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

# Notes to the Financial Statements

For the year ended 31 March 2022

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.



# Notes to the Financial Statements

For the year ended 31 March 2022

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.

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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.

## Going Concern

The Association continues to adopt the going concern basis in preparing its financial statements.

## 3. Particulars of Turnover, Operating Costs and Operating Surplus

	Year ended 31 March 2022			Year ended 31 March 2021		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	8,662	(6,302)	2,360	8,410	(6,049)	2,361
Supported housing	2,620	(2,273)	347	2,607	(2,275)	332
<b>Total From Lettings (4)</b>	<b>11,282</b>	<b>(8,575)</b>	<b>2,707</b>	<b>11,017</b>	<b>(8,324)</b>	<b>2,693</b>
Support Services	1,102	(1,099)	3	1,140	(1,133)	7
Other Activities	414	(340)	74	242	(163)	79
Development Admin.	-	(221)	(221)	-	(231)	(231)
<b>Total</b>	<b>12,798</b>	<b>(10,235)</b>	<b>2,563</b>	<b>12,399</b>	<b>(9,851)</b>	<b>2,548</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 4. Particulars of Income and Expenditure from Social Housing Lettings

	General Needs Housing	Supported Housing	2022	2021
	£000	£000	£000	£000
<b>Income</b>				
Rents receivable	7,443	1,228	8,671	8,472
Service charge income	515	481	996	986
Amortised government grant	704	60	764	761
Income from supported housing	-	851	851	798
<b>Turnover from Social Housing Lettings</b>	<b>8,662</b>	<b>2,620</b>	<b>11,282</b>	<b>11,017</b>
<b>Expenditure</b>				
Management	1,622	1,141	2,763	2,644
Service charge	661	411	1,072	1,033
Maintenance	2,634	540	3,174	3,113
Bad debts	30	30	60	35
Depreciation of housing properties	1,355	151	1,506	1,499
<b>Operating Costs</b>	<b>6,302</b>	<b>2,273</b>	<b>8,575</b>	<b>8,324</b>
<b>Operating Surplus on Social Housing Activities</b>	<b>2,360</b>	<b>347</b>	<b>2,707</b>	<b>2,693</b>
<b>Void losses</b>	<b>34</b>	<b>14</b>	<b>48</b>	<b>50</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 5. Directors Remuneration And Transactions

	2022	2021
	£	£
<b>Directors who are executive staff members</b>		
Wages and salaries	255,376	406,830
Social security costs	28,494	42,322
Other pension costs	21,565	29,451
Other benefits in kind	330	273
	<u>305,765</u>	<u>478,876</u>
<b>Remuneration of the highest paid director, excluding pension contributions:</b>		
Emoluments	<u>101,040</u>	<u>98,281</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 (£)	2022 No.	2021 No.
70,001 - 80,000	1	1
80,001 - 90,000	-	3
90,001 - 100,000	1	-
100,001 - 110,000	1	1
	<u>3</u>	<u>5</u>

<b>Board Members</b>	£	£
Wages and salaries	24,147	-
Social security	221	-
Other pension costs	-	-
	<u>24,368</u>	<u>-</u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 6. Staff Costs

	2022	2021
	£000	£000
Wages and Salaries	4,277	4,309
Social Security Costs	368	354
Pension and PHI Costs	291	251
	<u>4,936</u>	<u>4,914</u>

There were no other 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	158	147
Actual	177	169

## 7. Interest & Financing Charges

	2022	2021
	£000	£000
Loans repayable by instalments	492	582
Loans repayable other than by instalments	748	719
Defined Benefit Pension Deficit	78	33
Cost of arranging loans	125	119
	<u>1,443</u>	<u>1,453</u>

## 8. Operating Surplus

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

	2022	2021
	£000	£000
Housing properties		
Grant amortisation	(764)	(761)
Depreciation	1,505	1,499
Audit fees – statutory audit	18	14
Operating Lease expenses: DLO Vehicles	-	-

# Notes to the Financial Statements

For the year ended 31 March 2022

## 9. Tangible Fixed Assets - Housing Properties

	Housing properties held for letting	Housing properties in the course of construction	Total 2022	Total 2021
	£000	£000	£000	£000
<b>Cost:</b>				
As at 1 April 2021	129,146	2,817	131,963	128,809
Transferred on completion				-
Additions	842	4,468	5,310	3,687
Disposals	(801)	-	(801)	(533)
As at 31 March 2022	129,187	7,285	136,472	131,963
<b>Depreciation:</b>				
As at 1 April 2021	19,068	-	19,068	17,987
Charge for year	1,505	-	1,505	1,499
Disposals	(801)	-	(801)	(418)
As at 31 March 2022	19,772	-	19,772	19,068
<b>Net Book Value:</b>				
As at 31 March 2022	109,415	7,285	116,700	112,895
As at 31 March 2021	110,078	2,817	112,895	110,822
<b>Net housing property value comprises:</b>				
Freeholds			116,389	112,581
Leaseholds			31	31
Short leaseholds			280	283
			116,700	112,895

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 2021	New Build	Sales	Transfers	Units at 31 March 2022
General needs	1,298	-	-	6	1,304
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	175	-	-	(38)	137
Development Void	-	-	-	32	32
	1527	-	-	-	1,495

# Notes to the Financial Statements

For the year ended 31 March 2022

## 11. Tangible Fixed Assets – Investments

	Freehold Property £000	Total 2022 £000	Total 2021 £000
As at 1 April 2021	1,881	1,881	1,746
Additions/(Disposals) in year	-	-	6
Reclassification of asset in year	-	-	144
Revaluation in year	197	197	(15)
As at 31 March 2022	2,078	2,078	1,881

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 2022 by Ed Rankin Associates, professional external valuers. Properties are stated at fair value primarily derived using comparable recent market transactions on arm's length terms.

The relationship between Ed Rankin Associates 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 2022 £000	Total 2021 £000
<b>COST</b>						
As at 1 April 2022	2,677	515	910	1,504	5,606	5,519
Additions	-	3	90	93	186	248
Reclassification of asset in the year	-	-	-	-	-	(144)
Disposals	-	(222)	(541)	(969)	(1,732)	(18)
As at 31 March 2022	2,677	296	459	628	4,060	5,605
<b>DEPRECIATION</b>						
As at 1 April 2022	1,279	500	746	1,332	3,857	3,567
Charge for year	89	8	51	138	286	308
Disposals	-	(222)	(541)	(969)	(1,732)	(18)
As at 31 March 2022	1,368	286	256	501	2,411	3,857
<b>NET BOOK VALUE</b>						
As at 31 March 2022	1,309	10	203	127	1,649	1,748
As at 31 March 2021	1,397	15	165	171	1,748	1,952

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 2022

## 13. Debtors:

	2022 £000	2021 £000
<b>Due within one year</b>		
Rent and service charge receivables	637	656
Provision for bad and doubtful debts	(241)	(223)
	396	433
Housing Finance Grant	67	63
Prepayments and accrued income	643	564
Other debtors	568	146
	1,674	1,206
<b>Due after one year</b>		
Housing Finance Grant	2,566	2,632
	4,240	3,838

## 14. Creditors: Due within one year

	2022 £000	2021 £000
Trade creditors	247	369
Loan capital repayments	1,089	2,058
Land loan repayments	2,325	3,665
Loan interest	70	99
Rents received in advance	174	113
Accruals & deferred income	972	806
Grants received in advance	4,722	1,422
Recycled capital grants	159	159
Capital expenditure on housing properties	382	137
Other creditors	244	166
	10,384	8,994

## 15. Creditors: Due after one year

	2022 £000	2021 £000
Loans	41,284	36,211
Costs of raising loans	(370)	(434)
	40,914	35,777

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%.



# Notes to the Financial Statements

For the year ended 31 March 2022

Loans repayable by instalments fall due as follows:

	2022 £000	2021 £000
Within one year or less	3,414	5,722
Between one and two years	1,676	1,095
Between two and five years	7,095	4,575
In five years or more	18,054	16,079
In more than one year	26,825	21,749
Total housing loans	30,239	27,471
Repayable otherwise than by instalment:		
In more than five years	14,459	14,463

## 16. Social Housing Grant

### Gross Grant Creditor

	2022 £000	2021 £000
As at 1 April 2021	76,301	75,086
SHG receivable in the year	2,961	1,293
Housing Property Disposals		(78)
As at 31 March 2022	79,262	76,301

### Amortisation

	2022 £000	2021 £000
As at 1 April 2021	13,255	12,509
Credit for the year	760	761
Housing Property Disposals		(15)
As at 31 March 2022	14,015	13,255
Net Grant Creditor as at 31 March 2022	65,247	63,046

## 17. Social Housing Grant - Creditors:

Amounts falling due:

	2022 £000	2021 £000
Within one year or less	881	803
Between one and two years	881	881
Between two years and five years	3,525	3,525
In five years or more	59,960	57,837
	64,366	62,243
Total grant creditor	65,247	63,046

# Notes to the Financial Statements

For the year ended 31 March 2022

## 18. Other Housing Grant - Creditors:

	2022 £000	2021 £000
Amounts falling due:		
Within one year or less	3	-
Between one and two years	3	-
Between two years and five years	9	-
In five years or more	63	-
	75	-
<b>Total grant creditor</b>	<b>78</b>	<b>-</b>

## 19. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £14,015,000 (2021: £13,270,000) 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 2020 was £12,761,858 (latest information available).

## 20. Related Party Transactions

### Board Member Related Party Transactions During the Year:

The Association provided rented accommodation to one Board member that is a tenant during the year (2021 – 4) and charged rent to those members on the Association's standard terms.

### Senior Officer Related Party Transaction:

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

## 21. Share Capital

	2022 No.	2021 No.
Shares of £1 each fully paid		
As at 1 April 2021	142	157
Issued during the year	5	4
Cancelled in year	(7)	(19)
As at 31 March 2022	140	142

# Notes to the Financial Statements

For the year ended 31 March 2022

## 22. Cash Flow from Operating Activities

	Notes	2022 £000	2021 £000
<b>Surplus (Deficit)</b>		3,090	(1,387)
<b>Adjustments for non-cash items:</b>			
Depreciation of tangible fixed assets	9	1,893	1,806
Government grants amortised in year	17	(764)	(761)
Debtors		(257)	377
Creditors		(364)	(727)
Provisions		(84)	1
<b>Adjustment for investing or financing activities:</b>			
Gain on disposal of properties, plant and equipment			15
Interest receivable			(2)
Interest and financing costs		1,369	1,240
<b>Movement in fair value of investments</b>		(198)	
<b>Re-measurement of pension liability</b>		(1772)	2,469
<b>Net cash generated from operating activities</b>		<u>2,913</u>	<u>3,031</u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 23. Analysis of Net Debt

	At 1 April 2021	Cashflow	Other Non-Cash	At 31 March 2022
	£000	£000	£000	£000
Cash	4,768	5,561	-	10,329
Borrowings				
Debt due within 1 year	(5,723)	(2,767)	5,076	(3,414)
Debt due after 1 year	(36,211)	-	(5,073)	(41,284)
Total borrowings	(41,934)	(2,767)	3	(44,698)
Net Debt	(37,166)	2,794	3	(34,369)

## 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.

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.

### Social housing Pension scheme

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

	2022	2021
	(£000)	(£000)
Fair value of plan assets	13,257	11,896
Present value of defined benefit obligation	14,956	15,625
Surplus (deficit) in plan	(1,699)	(3,729)
Defined benefit asset (liability) to be recognised	(1,699)	(3,729)

# Notes to the Financial Statements

For the year ended 31 March 2022

## Reconciliation of opening and closing balances of the defined benefit obligation

	2022 (£000s)
Defined benefit obligation at start of period	15,625
Expenses	12
Interest expense	343
Actuarial losses (gains) due to scheme experience	755
Actuarial losses (gains) due to changes in demographic assumptions	(220)
Actuarial losses (gains) due to changes in financial assumptions	(1,376)
Benefits paid and expenses	(183)
Defined benefit obligation at end of period	14,956

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

	2022 (£000)
Fair value of plan assets at start of period	11,896
Interest income	265
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	931
Employer contributions	348
Benefits paid and expenses	(183)
Fair value of plan assets at end of period	13,257

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £1,196,000.

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

	2022 (£000)
Expenses	12
Net interest expense	78
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	90

# Notes to the Financial Statements

For the year ended 31 March 2022

## Defined benefit costs recognised in Other Comprehensive Income (OCI)

	2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	931
Experience gains and losses arising on the plan liabilities - gain (loss)	(755)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	220
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,376
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,772
Total amount recognised in Other Comprehensive Income – gain (loss)	1,772
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	931
Experience gains and losses arising on the plan liabilities - gain (loss)	(755)

## Key Assumptions

	2022 % per annum	2021 % per annum
Discount Rate	2.78	2.21
Inflation (RPI)	3.47	3.24
Inflation (CPI)	3.14	2.87
Salary Growth	4.14	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

# Notes to the Financial Statements

For the year ended 31 March 2022

## 25. Financial Commitments

Capital commitments are as follows:

	2022 £000	2021 £000
Contracted less certified	8,545	4,978
Funded by:		
Social Housing Grant	6,969	3,126
Cash at bank/existing loan facilities	1,578	1,852
	8,545	4,978
Authorised by the Board of Management but not contracted	11,695	16,580
Funded by:		
Social Housing Grant	6,783	9,579
Cash at bank/existing loan facilities	4,912	7,001
	11,695	16,580

## 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.