

TAFF

Report & Financial Statements
Year ended March 2023



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Principal advisers

Board of Management

Name	Profession	Appointed in Year	Resigned in Year
Andrew Knight	HR	Chair (from Sept 2020)	
Peter Curran	Accountant	Chair Audit and Risk (Elected AGM 2022)	
Dianne Bevan	Retired Solicitor	Re-elected AGM 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 Chair Development Committee	
Aleena Khan	Media; BAME	Elected AGM 2020	2022
Naomi Mitcheson	Housing	Co-opted Oct 2020 Elected AGM 2021	2022
Tarig Sanousi	Tenant; BAME	Co-opted Feb 2021 Elected AGM 2021	
Geraint Jones	Information & Cyber Security	Co-opted March 2021 Elected AGM 2021	
Ali Abdi	BAME	Elected AGM 2021	
Yvonne Connolly	Supported Housing	Elected AGM 2021	
Jason Smith	Health & Social Care	Elected AGM 2021	
Michelle Davis	Health	Independent ARC Member 2022	
Susan Hamilton	Public Health & Local Government	Vice Chair Elected AGM 2022	
Tracey Carter	Local Government	Co-opted July 2022	
Andrew Bateson	Housing & Construction	Co-opted November 2022	

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	

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 Bankers and lenders

Principal advisers

Barclays Bank PLC
THFC
M&G

Nationwide Building Society
Dexia Public Finance Bank
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 2023

We are delighted to share our 2022/23 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

We introduced our 3-year strategic plan at our 2021 AGM. Which outlines 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 and achieve our strategic aims. Our Business Intelligence Group closely examines and scrutinises these measures, 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, including 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 provided 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. The Board are remunerated in accordance with regulatory requirements.

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. There has been a delay in Welsh government being able to issue an up-to-date judgement due to their own internal resourcing issues.

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 three committees that are responsible for Audit and Risk, Remuneration and Development. 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 2023

Review of Business

Delivering great homes and services

This year, despite a turbulent external operating and fiscal environment, record inflation and interest rate rises, Taff colleagues have worked well to minimise the impact on services, performance, and tenant satisfaction. Whilst we will continue to strive to improve, we are pleased with what has been achieved.

Performance is summarised below:

- We have successfully minimised evictions with only one tenancy ending with an eviction during the year. This achievement highlights our dedication to providing sustainable housing solutions and supporting our tenants.
- Rent arrears (gross of expected benefit payments) have significantly improved. The combination of proactive measures and effective communication with tenants, which included use of technology to target automated calling, resulted in a year end rent arrears figure of 3.2%.
- We have consistently maintained high levels of compliance with our landlord health and safety obligations, ensuring the safety and well-being of our tenants. Additionally, we have undertaken significant works to address damp and mould, further enhancing the quality of our homes.
- Construction of new homes continued during the year including completion of 12 new homes at Llys Arian and commencement of 10 new homes at the old of Radiocraft shop in Canton.
- Completed our annual tenant satisfaction survey, with our overall tenant satisfaction level at 82% (Welsh Government May 2022) which compares well with other registered social landlords in Wales.
- We have successfully implemented the new Renting Homes Act legislation, representing the largest change in tenancy law in Wales for a generation. This has been a significant piece of work ensuring that we maintain existing rights for tenants, and include new rights and responsibilities detailed in the legislation.

Tenant Voice – Together at Taff

Our Tenant Engagement Strategy “Together at Taff” outlines our commitment to putting tenants and service users at the heart of what we do. We want tenants and service users to have a strong voice, influencing our decisions, and impacting the way we deliver our services. This is outlined in our governance arrangements.

To ensure we hear feedback from a diverse range of tenants and service users, we offer a range of opportunities to participate and get involved.

Our tenant led “Have Your Say Group” supported the organisation in its strategic approach to the cost-of-living crisis, the management of damp and mould and the setting of rents and service charges in our homes.

During the year Taff implemented a new Complaints Policy and Procedure, making it easier for tenants to complain. Our approach complies with the latest Ombudsman requirements. We welcome the significant



Report of the Board of Management

For the year ended 31 March 2023

increase in the number of complaints we are receiving as a result and continue to embed a culture of being receptive to hearing all feedback and seen as an opportunity to learn and improve.

Enabling colleagues to thrive at work

This year we have continued working with colleagues on embedding our values of Trust, Ambition, Learning and Kindness. Each value is underpinned by a set of behaviours that we expect all colleagues demonstrate as they deliver services to enable communities to thrive.

This year, as per our pay framework, salaries were raised with a cost-of-living uplift. All colleagues are paid at or above the Real Living Wage. Benefits at Taff include 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 arrangements that go beyond statutory minimums.

Colleagues are now working in a hybrid manner that best reflects their roles whilst being 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. This year we have had training on Menopause awareness to support colleagues across the organisation.

Equality and Diversity

In support of our Deeds Not Words commitment we have focussed on attracting a higher number of job applicants from currently under-represented communities. Of the 78 roles advertised in the year, we appointed 22 people from Black, Asian or minority ethnic backgrounds.

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, Cardiff Metropolitan and other partners, we are participating in a mentoring programme to ensure graduates and under graduates, especially from diverse backgrounds, access paid placements in a variety of housing and housing related roles. Providing these pathways into housing is critical to ensure a diverse talent pool that will make up the next generation of leaders in the housing sector.

Working with a number of partners, Taff continues to invest in the Pathway to Board project. This project aims to address the lack of ethnic diversity on Boards, both in and outside, the housing sector by helping participants from Black, Asian and minority ethnic backgrounds become 'Board ready'.

We continue to take a leading role in offering support services to Refugees in Cardiff, Newport and Bridgend with our Resettlement Teams delivering services in these areas. In addition, we have our Refugee Supported Accommodation project that is funded by Enhanced Housing Benefit, this project houses and supports single refugees and unaccompanied minors.

In our Tenant Race Equality Report we identified that over-crowding continues to disproportionately impact families from Black, Asian and minority ethnic backgrounds. This year we have invested Transitional capital funding to help us deliver a programme of loft and property conversions that will help address over-crowding for several families.

Affordability and Cost of Living

Affordability of our homes and the impact of the cost-of-living crisis continues to be a concern for our tenants. We continued to set rents on a Living Rent Model based on local incomes. We consulted tenants on our rent setting process for the year, and feedback can be summarised as follows:

- Almost half the respondents feel concerned about their finances 'all of the time,' with 94% worrying about them at least 'some of the time'.
- Not meeting monthly expenses or having enough savings are the key concerns. 79% of respondents are 'very' or 'fairly' worried about the impact of rising prices on their household.

Report of the Board of Management

For the year ended 31 March 2023

- The cost of energy is the main concern regarding meeting monthly expenses, followed by food bills.
- 56% of respondents think their home is affordable, with 13% saying it is not affordable, and the remaining unsure.
- When asked if we should protect our service levels when we set the rent, 82% of respondents agreed.
- When considering the importance of each of our services, most respondents (62%) value our maintenance services above others.

Using this feedback, we have implemented several initiatives to help address the challenges presented by the cost-of-living crisis. This included:

- **Increasing our Hardship Fund** - Tenants have been clear that the ability to apply for a hardship grant is important to them. In recognition of this we doubled our hardship grant scheme, from £15K to £30K for this current year.
- **Providing more targeted support** - We have improved access our money advice service by employing an additional Community Inclusion Coach, allowing our Money Advisor to concentrate on more complex cases.
- **No evictions for rent arrears** - We placed a moratorium on rent evictions for 6 months, ensuring that no-one loses their home during this cost of living crisis.
- **Doubled our community allotment size** - Our community allotment doubled its cultivatable area enabling more tenants to participate and benefit from growing vegetables, fruit and flowers.
- **Winter Warmth Wellbeing Club** - offering warm free food, free Wi-Fi and an opportunity to meet others whilst participating in activities relating to health and wellbeing.
- **Support at Christmas and Eid** - We carried on from last year, running our *Little Wish Present Appeal*, partnering with a number of our contractors and other stakeholders to provide presents for children living in our homes at these special times of year.

Maintaining and improving existing homes and developing new homes

Our Asset Management Strategy aims to enable Taff to make investment decisions to make our homes more sustainable, of a high quality and reduce the demand on our repairs service. This year sees us reach the end of the third year of a 4-year implementation.

In 2022/23 we replaced 15 boilers, 28 kitchens, 22 bathrooms, 8 roofs, 27 external doors and full window replacements on 27 properties.

We are currently 100% compliant with Welsh Housing Quality Standard (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.

Once again, this year, we have successfully accessed Welsh Government Optimised Retrofit Project funding (ORP). This has enabled us to undertake several whole home surveys, along with the installation of Intelligent Energy Systems (IES), solar panels, battery storage and innovated lime render solutions to homes. This funding has also allowed us to provide training to our Surveying Team, giving us the skills 'in-house', to continue our decarbonisation work.

We continue to ensure tenants are involved in the procurement of new contracts. Tenants have scored tenders alongside our Assets Team and provided feedback on the services they require and value from contractors. The 'Have Your Say Group' consisting of a number of our tenants, have recently been involved in co-producing the new specification for our planned bathroom replacements.

Our tenants tell us the quality of the repairs service we provide is very important to them. Tenants' satisfaction with how we manage our Repairs Services remains one of the core drivers of overall tenant satisfaction. The number of responsive repair requests, and subsequently work orders, have increased significantly this year. We have seen a particular increase in requests relating to damp and mould. Transactional tenant satisfaction levels for repairs have remained high over the course of the year, averaging between 97-99%. Our satisfaction

Report of the Board of Management

For the year ended 31 March 2023

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.

We have delivered performance improvements in our compliance related work during 2022/23. Outstanding actions resulting from Fire Risk Assessments remain low, with documented and auditable records held. We have consistently achieved high compliance rates in our electrical and gas safety work. Internal audits carried out by Mazars have also tested our both key controls and data integrity, the results of which have provided us with substantial assurance on most areas that were audited.

We remain committed to developing new homes to help address the housing crisis. Sadly, the number of families in temporary accommodation in Cardiff continues to increase. We have completed 12 new homes with another 39 under construction. We continue working on our programme to bring 28 back into use utilising a specific Welsh Government fund aimed at bringing long term empty properties back into use, alongside several loft conversions.

During the year we have strengthened our governance arrangements by introducing a Development Committee. The Committee has delegated responsibility from the Board for assessing the viability and risks associated with new development proposals in line with the Board approved 30-year Business Plan.

We recognise that inflationary pressures will continue to drive costs higher over the next few years and add to the incremental costs required to develop new homes, invest in existing homes and make our homes more energy efficient. However, we remain committed to balancing the need for investment with the need to control costs.

Supported Housing

In Support Services we have continued to deliver part of the Cardiff Young Persons Contract, in partnership with Salvation Army and Church Army, supporting hundreds of young people at risk of homelessness. We have services 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 13 support projects, operating over 4 Local Authorities have supported hundreds of individuals and families during another challenging year, preventing homelessness, maintaining tenancies, and supporting people to positively manage their homes and their lives.

This year we continued to support over 100 Afghan families who had 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 Association has maintained a strong cash position throughout the year having negotiated a new long-term facility of £25M with THFC (bLEND). Net borrowings increased by £2,335K in the year with the average interest rate at 3.80%.

The financial result for 2023 was a surplus of £617K (2022: £1,318K) before re-measurement loss of the pension liability resulting in Total Comprehensive Income of £309K (2021: £3,090K). Our Operating Surplus was

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For the year ended 31 March 2023

£2,588K (2022: £2,563K). Our margin on Operational Surplus for the year was reduced to 18.4% (2022 20%) reflecting inflationary cost pressures.

Capital and Reserves have increased by £309K (2022 £3,090) despite the increased pension liability and are now £16,983K (2022: £16,674K).

The Association's Net Cash Inflow from operating activities in the year was £3,700K (2022: £2,913K). Free cash out flow after loan repayments was £15,935K (2022 £4,504K) This figure fluctuates with refinancing as we repaid a long term loan to simplify our debt portfolio.

Taff's strictest loan covenant limits are 120% for Interest Cover and 55% for Historical Cost Gearing (NBV). The Board are satisfied that the Association has remained compliant with all financial covenants.

The Association's turnover increased on the previous year to £14,060K (2022: £12,798K) driven by the annual regulated rental increase and new support contracts.

Investment in maintaining Taff properties was £4,744K in the year (2022 £4,016), including capitalised expenditure on maintenance of £949K (2022 - £842). This includes the on-going costs required to continue to maintain our homes to Welsh Housing Quality Standard and for landlord safety compliance. Taff has successfully applied for and received grants to develop new homes (Social housing grant £4,138K), deliver enhancements to existing homes and bring long term void properties back into use (£178K Transitional Capital Funding)

Interest and financing costs were £1,755K (2022: £1,443K) the increase driven by new loans and increased interest rates.

Value for Money/Supply Chain and Resource Management

During the year we have achieved a 21 % margin on operating surplus on lettings (2022- 24%) and 18% margin on total operating (2022 – 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 driving use of procurement frameworks contracts, minimising the increased costs in material prices.
- Investment in our Digital Transformation Programme to ensure services are efficient and effective.
- Tenant Engagement Strategy setting out our commitment to putting tenants and service users at the heart of what we do.
- People Management Strategy including a Lead@Taff programme to ensure colleagues are supported to reach corporate objectives.
- Annual review of rents and service charges to ensure they remain affordable.

Going Concern

Our business activities, current financial position, and factors likely to affect our future development are set out in this report. We have in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes along with day-to-day operations. Taff has a long-term business plan which shows we can service these debt facilities whilst continuing to comply with lenders' covenants. The Board approved the 2023/24 budget and business plan in March 2023 and were content that

Report of the Board of Management

For the year ended 31 March 2023

these plans were affordable and that the accounts should be prepared on a going concern basis.

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 our Risk Management Framework at Audit and Risk Committee and ongoing review by the 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 enables us to consider the strength, and quality of the controls in place.

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. Our Risk Management Framework supports the effective identification, assessment, management and monitoring of strategic and operational risk in alignment with governance, leadership, compliance and service delivery activity. Risk and assurance reporting forms a core part of our governance arrangements and informs strategic planning and decision-making activity, enabling clarity of direction and well-informed decision making.

Key strategic risks identified include the following:

- Taff's ability to generate income is impacted by rent affordability and the 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.
- Information security – Taff holds sensitive data on tenants which we need to protect. Also, recent incidents have shown that cyberattacks can lead to a loss of access to our key systems. Taff regularly tests colleagues' awareness of suspicious emails as well as ensuring we keep up to date with current technology to help prevent a breach of our security.
- 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

Report of the Board of Management

For the year ended 31 March 2023

- 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 reviewed on an annual basis.
- Board approved Whistleblowing Policy
- self-evaluation

Statement of Board's Responsibilities

The Board 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.
- 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 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

As 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 20th July 2023.

By Order of the Board



Sarah Cole
Secretary

29th June 2023

Independent auditor's report to the Members of Taff Housing Association Limited

For the year ended 31 March 2023

Opinion

We have audited the financial statements of Taff Housing Association Limited (the Association) for the year ended 31 March 2023 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 2023 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

Independent auditor's report to the Members of Taff Housing Association Limited

For the year ended 31 March 2023

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.

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.

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.

Independent auditor's report to the Members of Taff Housing Association Limited

For the year ended 31 March 2023

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 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 members of the Association 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

Independent auditor's report to the Members of Taff Housing Association Limited

For the year ended 31 March 2023

Date:

	Notes	2023 £000	2022 £000
Turnover	3	14,057	12,798
Operating costs	3	(11,539)	(10,235)
Operating surplus	8	2,518	2,563
Interest receivable		52	-
Interest and financing costs	7	(1,755)	(1,443)
Movement in fair value of investments		(198)	198
Surplus for the year		617	1,318
Other Comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	24	(308)	1,772
Total Comprehensive income for the year		309	3,090

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 29th June 2023.

Statement of Changes to Reserves

For year ended 31 March 2023

	Restricted Reserves £000	Revenue Reserve £000	Total 2023 £000	Restricted Reserves £000	Revenue Reserve £000	Total 2022 £000
As at 1 April 2022	255	16,419	16,674	255	13,329	13,584
Surplus for year		309	309	-	3,090	3,090
Transfers to/from reserves				-	-	-
Movement in year	-	309	309	-	3,090	3,090
As at 31 March 2023	255	16,728	16,983	255	16,419	16,674

	Notes	2023 £000	2022 £000
Fixed assets			
Housing properties	9	121,920	116,700
Other tangible fixed assets	12	1,562	1,649
Investments	11	1,880	2,078
		125,362	120,427
Current assets			
Cash and cash equivalents		6,594	10,329
Trade and other debtors	13	3,926	4,240
		10,520	14,569
Current liabilities			
Creditors: amounts falling due within one year	14	(8,487)	(10,384)
Social housing and other government grants: amounts falling due within one year	17/18	(855)	(884)
Net current assets		1,178	3,301
Total assets less current liabilities		126,540	123,728
Creditors: Amounts falling due after one year	15	(39,556)	(40,914)
Social housing grant and other government grants due after one year	17/18	(68,390)	(64,441)
Pension provision – defined benefit liability	24	(1,611)	(1,699)
Total net assets		16,983	16,674
Capital & Reserves			
Share Capital	21	-	-
Revenue Reserves		16,728	16,419
Restricted Reserves		255	255
Total Capital and Reserves		16,983	16,674

The financial statements were approved by the Board on 29th June 2023 and signed on its behalf by:



Andrew Knight
Chair

Peter Curran
Audit & Risk Committee Chair

Sarah Cole
Secretary

Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Net cash generated from operating activities	22	3,700	2,913
Cash flow from investing activities:			
Purchase and development properties		(5,655)	(4,076)
Purchase or other replacement fixed assets		(206)	(171)
Proceeds from sale of properties and other fixed assets		-	-
Component replacements		(949)	(842)
Investments		-	-
Grants received		2,832	6,342
Interest received		53	-
		(225)	4,166
Interest and loan costs paid		(1,672)	(1,369)
New secured loans and drawdowns from existing facilities		15,023	7,800
Loans repaid		(16,861)	(5,036)
Net (decrease) / increase in cash and equivalents		(3,735)	5,561
Cash and cash equivalents at the beginning of year		10,329	4,768
Cash and cash equivalents at the end of year		6,594	10,329
Free cash flow:		2023	2022
For the year ending 31 March		£000	£000
Net cash generated from operating activities	22	3,700	2,913
Interest and loan costs paid		(1,672)	(1,369)
Interest received		53	-
Adjustments for reinvesting in existing properties:			
Purchase or other replacement fixed assets		(206)	(170)
Component replacements		(949)	(842)
Free cash generated before loan repayments		926	532
Loans repaid		(16,861)	(5,036)
Free cash generated after loan repayments		(15,935)	(4,504)

Notes to the Financial Statements

For the year ended 31 March 2023

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.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any

Notes to the Financial Statements

For the year ended 31 March 2023

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 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, and health authorities which meet the definition of government grants they

Notes to the Financial Statements

For the year ended 31 March 2023

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 a

Notes to the Financial Statements

For the year ended 31 March 2023

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 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).

Notes to the Financial Statements

For the year ended 31 March 2023

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.

Notes to the Financial Statements

For the year ended 31 March 2023

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.

Notes to the Financial Statements

For the year ended 31 March 2023

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 2023			Year ended 31 March 2022		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	9,214	(6,964)	2,250	8,662	(6,302)	2,360
Supported housing	2,759	(2,476)	283	2,620	(2,273)	347
Total From Lettings (4)	11,973	(9,440)	2,533	11,282	(8,575)	2,707
Support Services	1,555	(1,553)	2	1,102	(1,099)	3
Other Activities	529	(320)	209	414	(340)	74
Development Admin.	-	(226)	(226)	-	(221)	(221)
Total	14,057	(11,539)	2,518	12,798	(10,235)	2,563

Notes to the Financial Statements

For the year ended 31 March 2023

4. Particulars of Income and Expenditure from Social Housing Lettings

	General Needs Housing	Supported Housing	2023	2022
	£000	£000	£000	£000
Income				
Rents receivable	7,689	1,169	8,858	8,671
Service charge income	564	569	1,133	996
Amortised government grant	722	60	782	764
Grant Income	239	-	239	-
Income from supported housing	-	961	961	851
Turnover from Social Housing Lettings	9,214	2,759	11,973	11,282

During the year £50,000 of grant income was received from the Welsh Government for our retrofit programme, and £166,000 grant funding to bring empty properties back into management. A total of £23,000 community benefit grants were received in the year from various sources that were used to help tenants with the cost of living crisis.

Expenditure

Management	1,869	1,141	3,010	2,763
Service charge	584	517	1,101	1,072
Maintenance	3,150	645	3,795	3,174
Bad debts	(34)	18	(16)	60
Depreciation of housing properties	1,395	155	1,550	1,506
Operating Costs	6,964	2,476	9,440	8,575
Operating Surplus on Social Housing Activities	2,250	283	2,533	2,707
Void losses	(52)	(44)	(96)	(48)

Notes to the Financial Statements

For the year ended 31 March 2023

5. Directors Remuneration and Transactions

	2023 £000	2022 £000
Directors who are executive staff members		
Wages and salaries	262	255
Social security costs	31	28
Other pension costs	44	22
Other benefits in kind	3	3
	<u>340</u>	<u>308</u>
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	<u>104</u>	<u>101</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 (£)	2023 No.	2022 No.
70,001 - 80,000	1	1
80,001 - 90,000	-	-
90,001 - 100,000	1	1
100,001 – 110,000		1
110,001 - 120,000	1	-
	<u>3</u>	<u>3</u>
Board Members		
	£000	£000
Wages and salaries	29	24
Social security	-	-
Other pension costs	-	-
	<u>29</u>	<u>24</u>

Notes to the Financial Statements

For the year ended 31 March 2023

6. Staff Costs

	2023	2022
	£000	£000
Wages and Salaries	4,757	4,277
Social Security Costs	430	368
Pension and PHI Costs	321	291
	<u>5508</u>	<u>4,936</u>

There were two 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	164	158
Actual	184	177

7. Interest & Financing Charges

	2023	2022
	£000	£000
Loans repayable by instalments	351	492
Loans repayable other than by instalments	1098	748
Defined Benefit Pension Deficit	41	78
Cost of arranging loans	265	125
-	<u>1,755</u>	<u>1,443</u>

8. Operating Surplus

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

	2023	2022
	£000	£000
Housing properties		
Grant amortisation	(772)	(760)
Depreciation	1,550	1,505
Audit fees – statutory audit	19	18
Operating Lease expenses:	-	-

9. Tangible Fixed Assets - Housing Properties

Notes to the Financial Statements

For the year ended 31 March 2023

	Housing properties held for letting	Housing properties in construction	Total 2023	Total 2022
	£000	£000	£000	£000
Cost:				
As at 1 April 2022	129,187	7,285	136,472	131,963
Transferred on completion	-	-	-	-
Additions	3,028	3,742	6,770	5,310
Disposals	(353)	-	(353)	(801)
As at 31 March 2023	131,862	11,027	142,889	136,472
Depreciation:				
As at 1 April 2022	19,772	-	19,772	19,068
Charge for year	1,550	-	1,550	1,505
Disposals	(353)	-	(353)	(801)
As at 31 March 2023	20,969	-	20,969	19,772
Net Book Value:				
As at 31 March 2023	110,893	11,027	121,920	116,700
As at 31 March 2022	109,415	7,285	116,700	112,895
Net housing property value comprises:				
Freeholds			121,609	116,389
Leaseholds			31	31
Short leaseholds			280	280
			121,920	116,700

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 2022	New Build	Sales	Transfers	Units at 31 March 2023
General needs	1,304	10	-	(34)	1,280
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	137	2	-	8	147
	1,495	12	-	(26)	1,481
Development Voids	35	-	-	28	63

Notes to the Financial Statements

For the year ended 31 March 2023

11. Tangible Fixed Assets – Investments

	Freehold Property £000	Total 2023 £000	Total 2022 £000
As at 1 April 2022	2,078	2,078	1,880
Additions/(Disposals) in year	-	-	-
Reclassification of asset in year	-	-	-
Revaluation in year	(198)	(198)	198
As at 31 March 2023	<u>1,880</u>	<u>1,880</u>	<u>2,078</u>

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 2023 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 2023 £000	Total 2022 £000
COST						
As at 1 April 2022	2,677	296	459	628	4,060	5,606
Additions	-	19	122	64	205	186
Reclassification of asset in the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	(1,732)
As at 31 March 2023	<u>2,677</u>	<u>315</u>	<u>581</u>	<u>692</u>	<u>4,265</u>	<u>4,060</u>
DEPRECIATION						
As at 1 April 2022	1,368	286	256	501	2,411	3,857
Charge for year	89	10	75	118	292	286
Disposals	-	-	-	-	-	(1,732)
As at 31 March 2023	<u>1,457</u>	<u>296</u>	<u>331</u>	<u>619</u>	<u>2,703</u>	<u>2,411</u>
NET BOOK VALUE						
As at 31 March 2023	<u>1,220</u>	<u>19</u>	<u>250</u>	<u>73</u>	<u>1,562</u>	<u>1,649</u>
As at 31 March 2022	<u>1,309</u>	<u>10</u>	<u>203</u>	<u>127</u>	<u>1,649</u>	<u>1,748</u>

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 2023

13. Debtors:

	2023	2022
	£000	£000
Due within one year		
Rent and service charge receivables	570	637
Provision for bad and doubtful debts	(223)	(241)
	347	396
Housing Finance Grant	69	67
Prepayments and accrued income	674	643
Other debtors	339	568
	1,429	1,674
Due after one year		
Housing Finance Grant	2,497	2,566
	3,926	4,240

14. Creditors: Due within one year

	2023	2022
	£000	£000
Trade creditors	273	247
Loan capital repayments	1,026	1,089
Land loan repayments	1,950	2,325
Loan interest	4	70
Rents received in advance	184	174
Accruals & deferred income	1,230	972
Grants received in advance	2,699	4,722
Recycled capital grants	159	159
Capital expenditure on housing properties	548	382
Other creditors	414	244
	8,487	10,384

15. Creditors: Due after one year

	2023	2022
	£000	£000
Loans	40,323	41,284
Costs of raising loans	(767)	(370)
	39,556	40,914

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 2023

	2023	2022
	£000	£000
Loans repayable by instalments fall due as follows:		
Within one year or less	2,975	3,414
Between one and two years	1,795	1,676
Between two and five years	3,924	7,095
In five years or more	5,145	18,054
In more than one year	10,864	26,825
Total housing loans	13,839	30,239
Repayable otherwise than by instalment:		
In more than five years	29,459	14,459

16. Social Housing Grant

Gross Grant Creditor

	2023	2022
	£000	£000
As at 1 April 2022	79,262	76,301
SHG receivable in the year	4,137	2,961
Housing Property Disposals	-	-
As at 31 March 2023	83,399	79,262

Amortisation

	2023	2022
	£000	£000
As at 1 April 2022	14,015	13,255
Credit for the year	772	760
Housing Property Disposals		
As at 31 March 2023	14,787	14,015
Net Grant Creditor as at 31 March 2023	68,612	65,247

17. Social Housing Grant - Creditors:

	2023	2022
	£000	£000
Amounts falling due:		
Within one year or less	840	881
Between one and two years	875	881
Between two years and five years	2,628	3,525
In five years or more	64,269	59,960
	67,772	64,366
Total grant creditor	68,612	65,247

18. Other Housing Grant - Creditors:

Notes to the Financial Statements

For the year ended 31 March 2023

	2023 £000	2022 £000
Amounts falling due:		
Within one year or less	15	3
Between one and two years	15	3
Between two years and five years	45	9
In five years or more	558	63
	618	75
Total grant creditor	633	78

During the year £125,000 of grant income was received from the Welsh Government for our retrofit programme, and £440,000 of transitional capital grant funding.

19. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £14,787,000 (2022: £14,015,000) 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 (2022 – 1) 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

	2023 No.	2022 No.
Shares of £1 each fully paid		
As at 1 April 2022	140	142
Issued during the year	2	5
Cancelled in year	-	(7)
As at 31 March 2023	142	140

22. Cash Flow from Operating Activities

Notes to the Financial Statements

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Surplus (Deficit)		309	3,090
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	9/12	1842	1,791
Government grants amortised in year	16/17	(782)	(764)
Debtors		(264)	(257)
Creditors		933	75
Provisions		(17)	(84)
Pension deficit cash contributions		(446)	(337)
Adjustment for investing or financing activities:			
Gain on disposal of properties, plant and equipment		-	-
Interest receivable		(53)	-
Interest and financing costs		1672	1,369
Movement in fair value of investments		198	(198)
Re-measurement of pension liability		308	(1,772)
Net cash generated from operating activities		3,700	2,913

23. Analysis of Net Debt

	At 1 April 2022 £000	Cashflow £000	Other Non-Cash £000	At 31 March 2023 £000
Cash	10,329	(3,735)	-	6,594
Borrowings				
Debt due within 1 year	(3,414)	1,838	(1,400)	(2,976)
Debt due after 1 year	(41,284)		962	(40,322)
Total borrowings	(44,698)	1,838	(438)	(43,298)
Net Debt	(34,369)	(1,897)	(438)	(36,704)

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

Notes to the Financial Statements

For the year ended 31 March 2023

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)

	2023	2022
	(£000)	(£000)
Fair value of plan assets	7,654	13,257
Present value of defined benefit obligation	9,265	14,956
Surplus/(deficit) in plan	(1,611)	(1,699)
Defined benefit asset/(liability) to be recognised	(1,611)	(1,699)

Reconciliation of opening and closing balances of the defined benefit obligation

	2023
	(£000s)
Defined benefit obligation at start of period	14,956
Expenses	12
Interest expense	405
Actuarial losses/(gains) due to scheme experience	(570)
Actuarial losses/(gains) due to changes in demographic assumptions	(20)
Actuarial losses/(gains) due to changes in financial assumptions	(4,780)
Benefits paid and expenses	(738)
Defined benefit obligation at end of period	9,265

Notes to the Financial Statements

For the year ended 31 March 2023

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

	2023
	(£000)
Fair value of plan assets at start of period	13,257
Interest income	364
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(5,678)
Employer contributions	449
Benefits paid and expenses	(738)
Fair value of plan assets at end of period	7,654

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £5,314,000.

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

	2023
	(£000)
Expenses	12
Net interest expense	41
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	53

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	2023
	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(5,678)
Experience gains and losses arising on the plan liabilities - gain (loss)	570
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	20
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	4,780
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(308)
Total amount recognised in Other Comprehensive Income – gain (loss)	
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	-
Experience gains and losses arising on the plan liabilities - gain (loss)	(308)

Notes to the Financial Statements

For the year ended 31 March 2023

Key Assumptions

	2023	2022
	% per annum	% per annum
Discount Rate	4.84	2.78
Inflation (RPI)	3.17	3.47
Inflation (CPI)	2.80	3.14
Salary Growth	3.80	4.14
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

25. Financial Commitments

Capital commitments are as follows:

	2023	2022
	£000	£000
Contracted less certified	8,496	8,545
Funded by:		
Social Housing Grant	-	6,969
Cash at bank/existing loan facilities	8,469	1,578
	8,469	8,457
Authorised by the Board of Management but not contracted	1,500	11,695
Funded by:		
Social Housing Grant	870	6,783
Cash at bank/existing loan facilities	630	4,912
	1,500	11,695

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.