



TAFF

Financial Report

Commitment to good governance

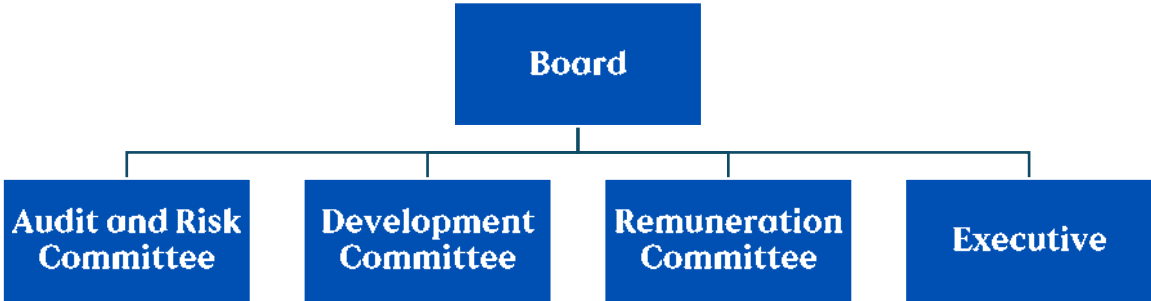
To be well-governed is a key commitment in our corporate plan. To ensure this the Association applies the Community Housing Cymru Code of Governance undertakes an annual appraisal of compliance with the Regulatory Framework for housing associations registered in Wales. The Association consider it is fully compliant in all material aspects. We use all reasonable endeavours to ensure compliance with all relevant laws. Our procedures are designed to comply and meet statutory guidance within areas such as landlord health and safety.

Taff has consistently achieved and maintained the highest regulatory judgment standards for Governance, including tenant services, and Financial Viability, most recently published by Welsh Government in March 2024

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.

Governance structure

The Board at Taff is made up of non-executive Members and 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.



As shown in the above diagram The Board is also 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. The Board are remunerated in accordance with regulatory requirements.

The Board

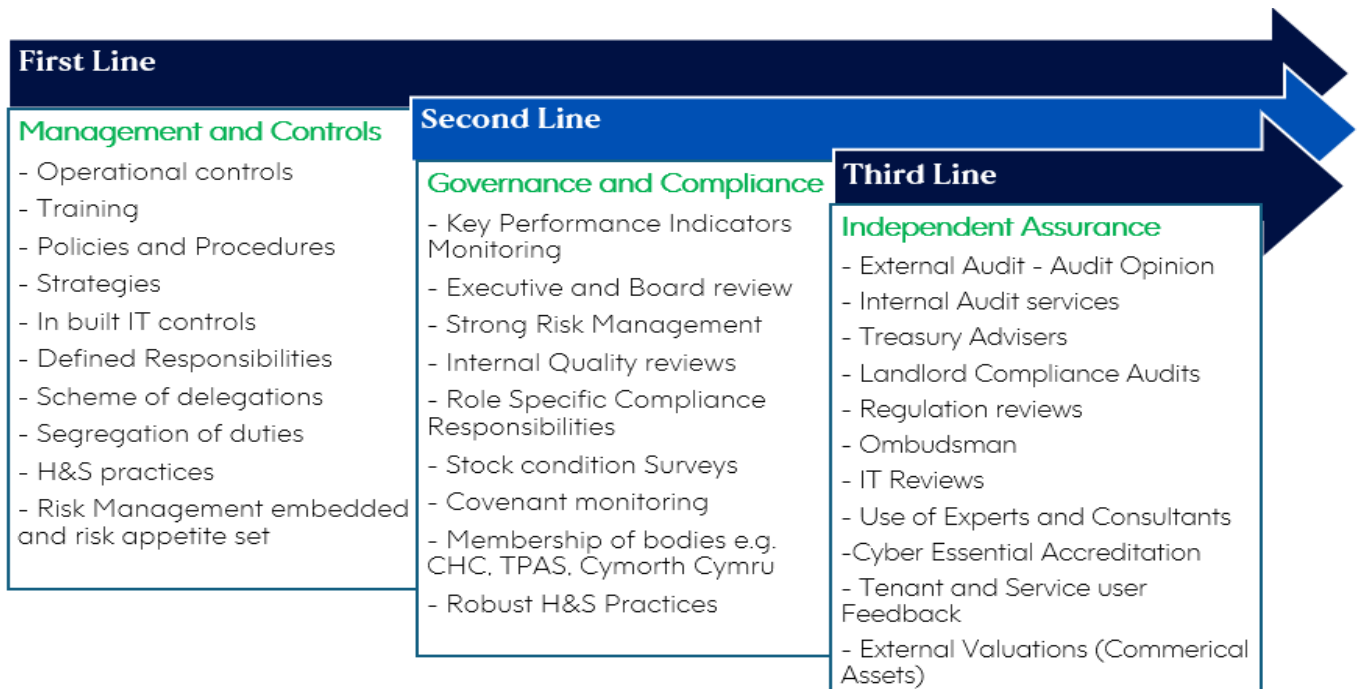
Name	Profession	Appointed in Year	Resigned in Year
Andrew Knight	HR	Chair (from Sept 2020)	
Susan Hamilton	Public Health & Local Government	Vice Chair (Elected AGM 2022)	
Peter Curran	Accountant	Chair Audit and Risk (Elected AGM 2022)	
Graeme Tipple	Finance / Banking	Co-opted March 2020 Elected AGM 2022	
Diane Bevan	Retired Solicitor	Elected AGM 2021	Resigned 2023
Christopher John	Risk Management	Co-opted March 2020 Elected AGM 2020	
Darrin Davies	Development	Elected AGM 2020 Chair Development Committee	Resigned 2023
Michelle Davies	Health	Independent ARC Member 2022	Resigned 2024
Geraint Jones	Digital Transformation	Co-opted Feb 2021 Elected AGM 2021	
Tarig Sanousi	Tenant	Co-opted Feb 2021 Elected EGM 2021	
Ali Abdi	Community Organiser	Elected AGM 2021	
Yvonne Conolly	Supported Housing	Elected AGM 2021	
Jason Smith	Health & Social Care	Elected AGM 2021	
Tracey Carter	Local Government	Co-opted July 2021	
Andrew Bateson	Housing & Construction	Co-opted Nov 2022	
Naomi Mitcheson	Housing	Co-opted Sept 2023	
Stewart Davison	Digital Consultant	Co-opted Nov 2023	
Princess Onyeanus	Marketing, EDI Advocate	Co-opted Nov 2023	
Joe Stockley	Project Management	Co-opted Jan 2024 (Trainee)	

The Executive Team

Name	Profession	Appointed in Year	Resigned in Year
Helen White	Chief Executive	Appointed August 2019	
Caroline Lawley	Executive Director, Business & Finance,	Appointed January 2024	
Joshua Dowdall	Executive Director, People & Places,	Appointed January 2020	
Sarah Cole	Executive Director, Business & Finance,		Resigned October 2023
Stephen Agate	Interim Executive Director, Business & Finance,	Appointed October 2023	Resigned January 2024

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. We operate a three lines of defence approach to the Internal controls environment.



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 supported by stress testing
- quarterly review of the Association's risk register by the Audit and Risk Committee
- detailed financial budgets and forecasts for the current year.
- Treasury Strategy supported by strong treasury management
- formal recruitment, retention, training and development policies for colleagues 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
- Fraud and, Gifts and Hospitality Registers in place
- self-evaluation
- Internal Audit Programme set and monitored by Audit and Risk Committee linked to the strategic risk register.

Internal Audit Performance

	2023/24	2022/23	Direction of Travel
Number of Recommendations	19	33	Improvement
Implementation Rate	94%	85%	Improvement

Risk Management

- A Business Assurance Framework has been developed and progress throughout has been shared with ARC. We have used the Risk Module on the Decision Time Portal to hold this information as a live tool to support the business.
- Our Risk management operates under a three lines of defence model as shown above and this is held within the Decision Time Risk Management system.
- Further work on the Risk Appetite to support in developing the key controls has been conducted and the Risk Appetite Statement for each Strategic Risk was approved by Board in February 2024. This information is used to support decision making and to develop strategies and the new Corporate Plan.
- Board reviewed the Risk Register alongside the Sector Risk profile and operating environment in March 2024.
- Annual stress testing of the 30 Business Plan is carried out aligned to the Strategic Risk Register, and results are compared to the Boards risk appetite. An appropriate risk mitigation plan is then agreed.
- Financial Risks are managed through the setting of a set of internal Golden Rules which act as warning triggers for performance to be monitored against and provide a level of headroom to funder and regulatory compliance levels.
- The top 3 Strategic Risks on the Risk Register at the 31/03/2024 were;



S3- Failure to develop enough of the right homes.



S4- Failure in costing for significant expenditure.



S11- Failure to invest adequately in existing homes and properties.

Key financial performance

The Association has maintained a strong cash position throughout the year having negotiated a new long-term facility of £5M with Welsh government. Net borrowings increased by £4,914K in the year with the average interest rate at 3.85%.

The financial result for 2024 was a surplus of £536K (2023: £617K) before re-measurement loss of the pension liability resulting in Total Comprehensive Income loss of (£48K) (2023: £309K). Our Operating Surplus was £2,009K (2023: £2,518K). Our margin on Operational Surplus for the year was reduced to 13.4% (2022 17.9%) reflecting inflationary cost pressures and expenses incurred in rehoming tenants from our scheme in Bartley Wilson Way.

Capital and Reserves have decreased by (£48K) (2023 - £309K) because of the increased pension liability in year and are now £16,595K (2023: £16,935K).

The Association's Net Cash Inflow from operating activities in the year was £1,547K (2023: £3,700K). Free cash out flow after loan repayments was (£4,791K) (2023 £15,935K) This figure fluctuates with Treasury activity and refinancing as we repaid a long-term loan to simplify our debt portfolio.

Taff's strictest loan covenant limits are 150% for Interest Cover and 50% 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 £14,986K (2023: £14,060K) driven by the annual regulated rental increase and new support contracts.

Investment in maintaining Taff properties was £6,745K in the year (2023 £6,770K), including capitalised expenditure on maintenance of £955K (2023 - £949K). 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 £147K), deliver enhancements to existing homes and bring long term void properties back into use (£225K Transitional Capital Funding)

Interest and financing costs were £1,668K (2023: £1,755K) interest rate rises have been mitigated with over 90% of our loans at fixed rates.

Golden Rule Performance Financial Performance Measures in 2023 / 24

	Actual Performance	Golden Rule
EBITDA	174%	>130%
EBITDA MRI	118%	100% (5 Year Ave)
Gearing	32%	<60%
Liquidity Medium Term	34 Months	>24 Months (From 31/03/24 Rule >18 Mths)
Treasury-Fixed Rate Borrowing	98.53%	>70%

Value for Money/Supply Chain and Resource Management

During the year we have achieved a 14.5% margin on operating surplus on lettings (2023- 21%) and 13.4% margin on total operating (2023 – 18%). Performance in the year was affected by the critical incident at Bartley Wilson Way without which we would have hit our budgeted performance.

Obtaining VFM has always been in the Ethos of Taff colleagues, however, we haven't always been very good at capturing what we do. So, we have also used 2023/24 as preparatory year ahead of the implementation of our new Corporate plan in summer 2024.

In February 2024 we approved a new Value for Money Strategy including the 5 Taff Value for Money principles:

VFM Principle 1 We listen to tenants and focus on what matters to them.

VFM Principle 2 We make the best use of our resources to achieve our objectives.

VFM Principle 3 When we buy any works, goods, or services we get the best deal possible in terms of quality, price, and community benefit.

VFM Principle 4 We balance both the social and business aspects of our work.

VFM Principle 5 We know how our costs compare to others.

There are key outcomes for each principle, which will be reported on by the ETHOS team throughout the coming year.

During the year we have also run and continued to run several corporate initiatives seeking to improve VFM during the Strategy period to ensure our services are efficient and effective.

- New Procurement Policy and procedures have also been put in place using the support and advice from External Procurement Specialists, this will help us to drive the use of procurement frameworks contracts, improving VFM and minimising increased costs in areas such as 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.

In future years we will be able to track and validate the outputs from our VFM activities, in a more accurate and consistent way.

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 25th July 2024.

By Order of the Board



Caroline Lawley

Secretary

25th July 2024

PRINCIPLE ADVISORS

Principal Bankers and lenders

Barclays Bank PLC
The Housing Finance Corporation Ltd (THFC)
M&G

Nationwide Building Society
Principality Building Society

Auditors

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

Internal auditors

Mazars – Risk and Assurance Services
One St Peters Square
Manchester
M2 3DE

Solicitors

Hugh James Solicitors
Blake Morgan
Clarke Willmott

Registered Office

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

Registration Status

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 Activities

Our principal activities are the management and development 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 the Welsh Government

Independent Auditor's Report to the Members of Taff Housing Association Limited

For the year ended 31 March 2024

Opinion

We have audited the financial statements of Taff Housing Association Limited (the Association) for the year ended 31 March 2024 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 2024 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 in March 2024 the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 ("the Act") and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) ("the Regulations") during the year ending 31 March 2024. On identification of the issue, immediate steps were taken to ensure full compliance with legal obligations as the Association is currently able to understand them. Following legal advice, a number of Registered Social Landlords have issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above matter 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.

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 7, 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.

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

Date: 7 August 2024

Beever and Struthers

Statement of Comprehensive Income

For year ended 31 March 2024

	Notes	2024 £000	2023 £000
Turnover	3	14,986	14,057
Operating costs	3	(12,977)	(11,539)
Operating surplus	8	2,009	2,518
Interest receivable		144	52
Interest and financing costs	7	(1,668)	(1,755)
Movement in fair value of investments		51	(198)
Surplus for the year		536	617
Other Comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	24	(584)	(308)
Total Comprehensive income for the year		(48)	309

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 28th June 2024.

Statement of Changes to Reserves

For year ended 31 March 2024

	Restricted Reserves	Revenue Reserve	Total	Restricted Reserves	Revenue Reserve	Total
	2024			2023		
	£000	£000	£000	£000	£000	£000
As at 1 April 2023	255	16,728	16,983	255	16,419	16,674
Surplus for year		(48)	(48)	-	309	309
Transfers to/from reserves						
Movement in year	-	(48)	(48)	-	309	309
As at 31 March 2024	255	16,680	16,935	255	16,728	16,983

Statement of Financial Position

For year ended 31 March 2024

	Notes	2024	2023
		£000	£000
Fixed assets			
Housing properties	9	126,203	121,920
Other tangible fixed assets	12	1,528	1,562
Investments	11	1,932	1,880
		<u>129,663</u>	<u>125,362</u>
Current assets			
Cash and cash equivalents		6,627	6,594
Trade and other debtors	13	4,761	3,926
		<u>11,388</u>	<u>10,520</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(6,788)	(8,487)
Social housing and other government grants: amounts falling due within one year	17/18	(893)	(855)
Net current assets		<u>3,707</u>	<u>1,178</u>
Total assets less current liabilities		<u>133,030</u>	<u>126,540</u>
Creditors: Amounts falling due after one year	15	(46,706)	(39,556)
Social housing grant and other government grants due after one year	17/18	(67,937)	(68,390)
Pension provision – defined benefit liability	24	(1,792)	(1,611)
Total net assets		<u>16,935</u>	<u>16,983</u>
Capital & Reserves			
Share Capital	21	-	-
Revenue Reserves		16,680	16,728
Restricted Reserves		255	255
Total Capital and Reserves		<u>16,935</u>	<u>16,674</u>

The financial statements were approved by the Board on 25th July 2024 and signed on its behalf by:


Andrew Knight
Chair


Peter Curran
Audit & Risk Committee Chair


Caroline Lawley
Secretary

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024	2023
		£000	£000
Net cash generated from operating activities	22	1,547	3,700
Cash flow from investing activities:			
Purchase and development properties		(5,065)	(5,655)
Purchase or other replacement fixed assets		(219)	(206)
Proceeds from sale of properties and other fixed assets		-	-
Component replacements		(955)	(949)
Investments		-	-
Grants received		889	2,832
Interest received		144	53
		(3,659)	(225)
Interest and loan costs paid		(1,311)	(1,672)
New secured loans and drawdowns from existing facilities		9,000	15,023
Loans repaid		(3,997)	(16,861)
Net increase in cash and equivalents		33	(3,735)
Cash and cash equivalents at the beginning of year		6,594	10,329
Cash and cash equivalents at the end of year		6,627	6,594

Statement of Cash Flows

For the year ended 31 March 2024

Continued'

Free cash flow:

For the year ending 31 March

Net cash generated from operating activities

Interest and loan costs paid

Interest received

Adjustments for reinvesting in existing properties:

Purchase or other replacement fixed assets

Component replacements

Free cash generated before loan repayments

Loans repaid

Free cash generated after loan repayments

	2023	2022
	£000	£000
	1,547	3,700
	(1,311)	(1,672)
	144	53
	(219)	(206)
	(955)	(949)
	(794)	926
	(3,997)	(16,861)
	(4,791)	(15,935)

Going Concern

The financial statements have been prepared on a Going Concern basis following consideration of;

Our business activities, current financial position, and other factors likely to affect our future development are set out in this report. We are in a strong financial position, our funding is structured towards the long term and the period of financing at the year-end is 34 months, providing assurance adequate resources are available to finance committed capital improvement in existing homes and our development programmes along with day-to-day operations. Taff has a long-term 30-year financial plan which shows we can service these debt facilities whilst continuing to comply with lender' covenants. The Board approved the 2024/25 budget and business plan in March 2024, and stress testing of the plan confirmed that risk mitigations were appropriate to respond to key risks.

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

Notes to the Financial Statement

For the year ended 31 March 2024

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 & Doors	25
Electrical Re-wires	30
Flooring	20
Ventilation Systems	15
Sprinklers	30
Rendering	30
External Works	30
Sheds	20

Notes to the Financial Statement

For the year ended 31 March 2024

Improvements

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

Leaseholders

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

Non-housing property, plant and equipment

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

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

Notes to the Financial Statement

For the year ended 31 March 2024

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 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.

Notes to the Financial Statement

For the year ended 31 March 2024

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 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.

Notes to the Financial Statement

For the year ended 31 March 2024

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).

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

Notes to the Financial Statement

For the year ended 31 March 2024

there has been a substantial transfer of risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the outstanding balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

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

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

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

Notes to the Financial Statement

For the year ended 31 March 2024

Financial Transactions

Public benefit entity concessionary loans

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

Cash and cash equivalents

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

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

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

Impairment of social housing properties

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

Estimation uncertainty

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

Fair value measurement

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

Notes to the Financial Statement

For the year ended 31 March 2024

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 as noted on Page 16.

3. Particulars of Turnover, Operating Costs and Operating Surplus

	2024			2023		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	9,971	(8,219)	1,752	9,214	(6,964)	2,250
Supported housing	3,114	(2,973)	141	2,759	(2,476)	283
Total From Lettings	13,085	(11,192)	1,893	11,973	(9,440)	2533
(Note 4)						
Support Services	1,327	(1,324)	3	1,555	(1,553)	2
Other Activities	574	(266)	308	529	(320)	209
Development Admin.	-	(195)	(195)	-	(226)	(226)
Total	14,986	(12,977)	2,009	14,057	(11,539)	2,518

Notes to the Financial Statement

For the year ended 31 March 2024

4. Particulars of Income and Expenditure from Social Housing Lettings

	General Needs Housing	Supported Housing	2024	2023
Income	£000	£000	£000	£000
Rents receivable	8,208	1,423	9,631	8,858
Service charge income	660	522	1,182	1,133
Amortised government grant	712	61	773	782
Grant Income	391	4	395	239
Income from supported housing	-	1,104	1,104	961
Turnover from Social Housing Lettings	9,971	3,114	13,085	11,973
Expenditure				
Management	2,314	1,351	3,655	3,010
Service charge	791	689	1,480	1,101
Maintenance	3,693	756	4,449	3,795
Bad debts	(30)	33	3	(16)
Depreciation of housing properties	1,451	144	1,595	1,550
Operating Costs	8,219	2,973	11,192	9,440
Operating Surplus on Social Housing Activities	1,752	141	1,893	2,533
Void losses	(57)	(42)	(99)	(96)

Notes to the Financial Statement

For the year ended 31 March 2024

5. Directors Remuneration and Transactions

	2024	2023
	£000	£000
Directors who are executive staff members		
Wages and salaries	274	262
Social security costs	31	31
Other pension costs	22	44
Other benefits in kind	3	3
	330	340
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	106	104

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 (£)	2024	2022
	No.	No.
70,001- 80,000	-	1
80,001 - 90,000	1	-
90,001 - 100,000		1
100,001 – 110,000		-
110,001 - 120,000	1	1
	2	3
Board Members	£000	£000
Wages and salaries	33	29
Social security	-	-
Other pension costs	-	-
	33	29

Notes to the Financial Statement

For the year ended 31 March 2024

6. Staff Costs

	2024	2023
	£000	£000
Wages and Salaries	4,853	4,757
Social Security Costs	422	430
Pension and PHI Costs	330	321
	<u>5,605</u>	<u>5,508</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	158	164
Actual	181	184

7. Interest & Financing Charges

	2024	2023
	£000	£000
Loans repayable by instalments	374	351
Loans repayable other than by instalments	1,064	1,098
Defined Benefit Pension Deficit	66	41
Cost of arranging loans	164	265
-	<u>1,668</u>	<u>1,755</u>

8. Operating Surplus

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

	2024	2023
	£000	£000
Housing properties		
Grant amortisation	(772)	(772)
Depreciation	1,612	1,550
Audit fees – statutory audit	21	19
Operating Lease expenses:	-	-

Notes to the Financial Statement

For the year ended 31 March 2024

9. Tangible Fixed Assets – Housing Properties

	Housing properties held for letting	Housing properties in construction	Total 2024	Total 2023
	£000	£000	£000	£000
Cost:				
As at 1 April 2023	131,861	11,027	142,888	136,472
Transferred on completion		(867)	(867)	-
Additions	1,821	4,924	6,745	6,770
Disposals				(353)
As at 31 March 2024	133,682	15,084	148,766	142,889
Depreciation:				
As at 1 April 2023	20,969		20,969	19,772
Charge for year	1,612		1,612	1,550
Disposals	(18)		(18)	(353)
As at 31 March 2024	22,563		22,563	20,969
Net Book Value:				
As at 31 March 2024	111,119	15,084	126,203	121,920
As at 31 March 2023	110,893	11,027	121,920	116,700
Net housing property value comprises:				
Freeholds			125,892	121,609
Leaseholds			31	31
Short leaseholds			280	280
			126,203	121,920

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.

Notes to the Financial Statement

For the year ended 31 March 2024

10. Units In Management

	Units at 1 April 2023	New Build	Sales	Transfers	Units at 31 March 2024
General needs	1,280	-	-	-6	1,274
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	147	-	-	18	165
	1,481	-	-	12	1,493
Development Voids	63	-	-	-12	51

II. Tangible Fixed Assets – Investments

	Freehold Property	Total 2024	Total 2023
	£000	£000	£000
April 2023	1,880	1,880	2,078
Additions/(Disposals) in year	-	-	-
Reclassification of asset in year	-	-	-
Revaluation in year	52	52	(198)
March 2024	1,932	1,932	1,880

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 of 31st March 2024 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.

Notes to the Financial Statement

For the year ended 31 March 2024

12. Tangible Fixed Assets – Other

	Freehold Offices	Plant, furniture & equipment	Housing furniture & equipment	Computer equipment	Total 2024	Total 2023
	£000	£000	£000	£000	£000	£000
COST						
As at 1 April 2023	2,677	315	591	692	4,275	4,060
Additions	12	1	50	155	218	205
Reclassification of asset in the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at 31 March 2024	2,689	316	641	847	4,493	4,265
DEPRECIATION						
As at 1 April 2023	1,456	297	331	618	2,702	2,411
Charge for year	83	13	77	80	253	292
Disposals	-	-	-	-	-	-
As at 31 March 2024	1,539	310	408	698	2,955	2,703
NET BOOK VALUE						
As at 31 March 2024	1,150	6	223	149	1,528	1,562
As at 31 March 2023	1,220	19	250	73	1,562	1,649

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 Statement

For the year ended 31 March 2024

13. Debtors:

	2024	2023
	£000	£000
Due within one year		
Rent and service charge receivables	580	570
Provision for bad and doubtful debts	(244)	(223)
	336	347
Housing Finance Grant	72	69
Prepayments and accrued income	1,502	674
Other debtors	425	339
	2,335	1,429
Due after one year		
Housing Finance Grant	2,426	2,497
	4,761	3,926

14. Creditors: Due within one year.

	2024	2023
	£000	£000
Trade creditors	461	273
Loan capital repayments	776	1,026
Land loan repayments	-	1,950
Loan interest	280	4
Rents received in advance	201	184
Accruals & deferred income	1,051	1,230
Grants received in advance	3,318	2,699
Recycled capital grants	159	159
Capital expenditure on housing properties	426	548
Other creditors	116	414
	6,788	8,487

Notes to the Financial Statement

For the year ended 31 March 2024

15. Creditors: Due after one year.

	2024	2023
	£000	£000
Loans	47,469	40,323
Costs of raising loans	(763)	(767)
	<u>46,706</u>	<u>39,556</u>

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%.

	2024	2023
	£000	£000
Loans repayable by instalments fall due as follows:		
Within one year or less	776	2,975
Between one and two years	1,795	1,795
Between two and five years	6,854	3,924
In five years or more	10,565	5,145
In more than one year	19,214	10,864
Total housing loans	<u>19,990</u>	<u>13,839</u>
Repayable otherwise than by instalment:		
In more than five years	<u>28,255</u>	<u>29,459</u>

Notes to the Financial Statement

For the year ended 31 March 2024

16. Social Housing Grant

Gross Grant Creditor	2024	2023
	£000	£000
As at 1 April 2023	83,399	79,262
SHG receivable in the year	147	4,137
Housing Property Disposals	-	-
As at 31 March 2024	83,546	83,399
Amortisation	2024	2023
	£000	£000
As at 1 April 2023	14,787	14,015
Credit for the year	772	772
Housing Property Disposals	-	-
As at 31 March 2024	15,559	14,787
Net Grant Creditor as at 31 March 2024	67,987	68,612

17. Social Housing Grant – Creditors:

	2024	2023
	£000	£000
Amounts falling due:		
Within one year or less	840	840
Between one and two years	840	875
Between two years and five years	2,520	2,628
In five years or more	63,787	64,269
	67,147	67,772
Total grant creditor	67,987	68,612

Notes to the Financial Statement

For the year ended 31 March 2024

18. Other Housing Grant – Creditors:

	2024	2023
	£000	£000
Amounts falling due:		
Within one year or less	53	15
Between one and two years	53	15
Between two years and five years	159	45
In five years or more	578	558
	790	618
Total grant creditor	843	633

19. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £15,559,000 (2023: £14,787,000) 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).

In March 2024 the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 (“the Act”) and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) (“the Regulations”) during the year ending 31 March 2024. On identification of the issue, immediate steps were taken to ensure full compliance with legal obligations as the Association is currently able to understand them. Following legal advice, a number of Registered Social Landlords have issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above matter.

Notes to the Financial Statement

For the year ended 31 March 2024

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 (2023 – 1) and charged rent to those members on the Association's standard terms.

The Association purchased service from Torturi Training, the owner of the company is the husband of Yvonne O 'Connolly (Board Member), during the year totalling £1,300 for consultancy services.

The Association purchased service from Newport City Homes, Chis Johns (Board Member) is an employee of the company, during the year totalling £105 for consultancy services.

The Association purchased services from Cardiff University, Ali Abdi (Board Member) is an employee of the company, during the year totalling £150 for consultancy services.

The Association provided services to BOSWO, Tariq Sanousi (Board Member) is an employee of the company, during the year totalling £146,592 for accommodation.

The Association provided services to Llamau, Yvonne O 'Connolly (Board Member) is an employee of the company, during the year totalling £31,684 for accommodation.

The Association opened an investment account with Handelsbanken in April 2024, Graeme Tipple (Board Member) is an employee of Handelsbanken.

All transactions which took place in the year occurred on an "Arms Length" basis.

Senior Officer Related Party Transaction:

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

21. Share Capital

	2024	2023
Shares of £1 each fully paid	No.	No.
As at 1 April 2023	142	140
Issued during the year	2	2
Cancelled in year	(106)	-
As at 31 March 2024	38	142

Notes to the Financial Statement

For the year ended 31 March 2024

22.Cash Flow from Operating Activities:

	Notes	2024	2023
		£000	£000
Surplus (Deficit)		(48)	309
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	9/12	1,848	1,842
Government grants amortised in year	16/17	(772)	(782)
Other		207	
Debtors		(940)	(264)
Creditors		(13)	933
Provisions		36	(17)
Pension deficit cash contributions		(470)	(446)
Adjustment for investing or financing activities:			
Gain on disposal of properties, plant and equipment		-	-
Interest receivable		(144)	(53)
Interest and financing costs		1,310	1,672
Movement in fair value of investments		(51)	198
Re-measurement of pension liability		584	308
Net cash generated from operating activities		1,547	3,700

Notes to the Financial Statement

For the year ended 31 March 2024

23. Analysis of Net Debt:

	At 1 April 2023	Cashflow	Other Non- Cash	At 31 March 2024
	£000	£000	£000	£000
Cash	6,594	33	-	6,627
Borrowings				
Debt due within 1 year	(2,976)	2,200	-	(776)
Debt due after 1 year	(40,322)	(7,147)	-	(47,469)
Total borrowings	(43,298)	(4,947)	-	(48,245)
Net Debt	(36,704)	(4,914)	-	(41,618)

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.

Notes to the Financial Statement

For the year ended 31 March 2024

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

	2024	2023
	(£000)	(£000)
Fair value of plan assets	7,504	7,654
Present value of defined benefit obligation	9,296	9,265
Surplus/(deficit) in plan	(1,792)	(1,611)
Defined benefit asset/(liability) to be recognised	(1,792)	(1,611)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024
	(£000s)
Defined benefit obligation at start of period	9,265
Expenses	12
Interest expense	443
Actuarial losses/(gains) due to scheme experience	75
Actuarial losses/(gains) due to changes in demographic assumptions	(93)
Actuarial losses/(gains) due to changes in financial assumptions	(146)
Benefits paid and expenses	(260)
Defined benefit obligation at end of period	9,296

Notes to the Financial Statement

For the year ended 31 March 2024

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

	2024
	(£000)
Fair value of plan assets at start of period	7,654
Interest income	377
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(748)
Employer contributions	481
Benefits paid and expenses	(260)
Fair value of plan assets at end of period	7,504

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£371,000).

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

	2024
	(£000)
Expenses	12
Net interest expense	66
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	78

Notes to the Financial Statement

For the year ended 31 March 2024

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	2024
	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(748)
Experience gains and losses arising on the plan liabilities - gain (loss)	(75)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	93
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	146
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(584)
Total amount recognised in Other Comprehensive Income – gain (loss)	(584)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	-
Experience gains and losses arising on the plan liabilities - gain (loss)	(584)

Key Assumptions

	2024	2023
	% per annum	% per annum
Discount Rate	4.92	4.84
Inflation (RPI)	3.11	3.17
Inflation (CPI)	2.79	2.80
Salary Growth	3.79	3.80
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Notes to the Financial Statement

For the year ended 31 March 2024

25. Financial Commitments

Capital commitments are as follows:

	2024	2023
	£000	£000
Contracted less certified	433	8,496
Funded by:		
Social Housing Grant	-	-
Cash at bank/existing loan facilities	433	8,469
	433	8,469
Authorised by the Board of Management but not contracted	4,167	1,500
Funded by:		
Social Housing Grant	-	870
Cash at bank/existing loan facilities	4,167	630
	4,167	1,500

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.