

Great Homes & Places

2024 - 2025



Financial Statements

For the year ended 31st March 2025



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.

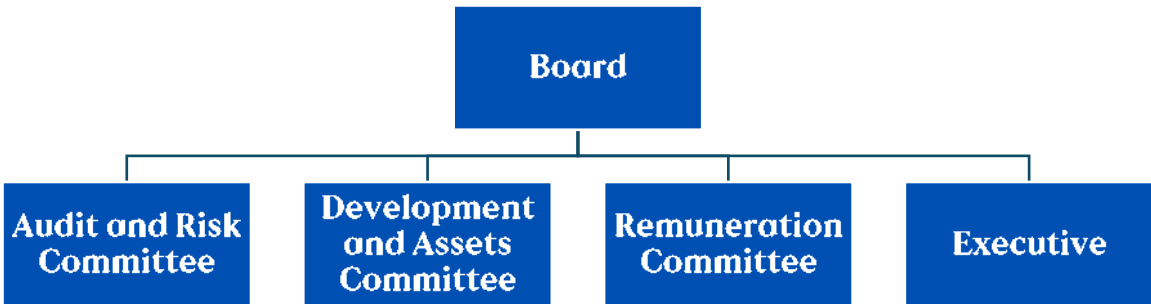
Taff has consistently achieved and maintained the highest regulatory judgment standards for Governance, including tenant services, and Financial Viability, most recently published by Welsh Government in March 2024.

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. To support our continuous improvement an independent Governance review was carried out to provide a Third line of assurance, no key concerns were raised, and a number of strengths were identified, however a we are implementing some recommendations around board structure, size and tenant influence.

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 of Management

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 Chair Remuneration Committee Mar 2025	
Christopher John	Risk Management	Co-opted March 2020 Elected AGM 2020	
Geraint Jones	Digital Transformation	Co-opted Feb 2021 Elected AGM 2021	Resigned 2024
Tarig Sanousi	Tenant	Co-opted Feb 2021 Elected AGM 2021	
Ali Abdi	Community Organiser	Elected AGM 2021	Resigned 2024
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 Chair Development & Assets Committee Nov 2023	
Naomi Mitcheson	Housing	Co-opted Sept 2023	
Stewart Davison	Digital Consultant	Co-opted Nov 2023	
Princess Onyeausi	Marketing, EDI Advocate	Co-opted Nov 2023	
Joe Stockley	Project Management	Co-opted Jan 2024 (Trainee)	

The Executive Team

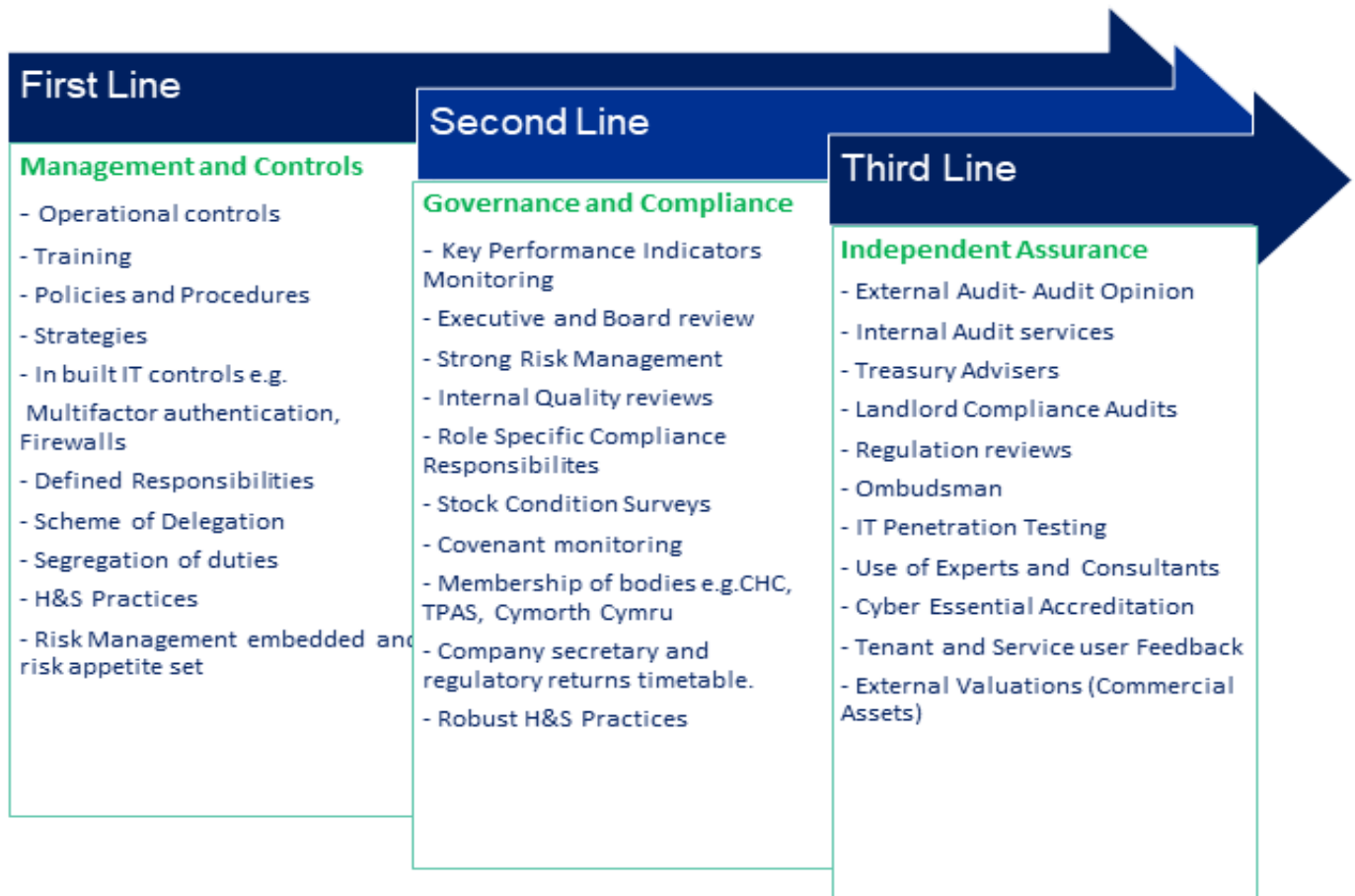
Name	Profession	Appointed in Year	Resigned in Year
Helen White	Chief Executive	Appointed August 2019	
Caroline Lawley	Executive Director, Business & Finance;	Appointed January 2024	
Joshua Dowdall	Executive Director, People & Places;	Appointed January 2020	

Company Secretary

Caroline Lawley	Executive Director, Business & Finance;	Appointed January 2024	
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Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. We operate a three lines of defence approach to the Internal controls environment, which is designed to minimise, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.



Key elements of control include:

- Board approved terms of reference and delegated authorities for all Committees
- clearly defined 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 that is reviewed annually
- formal recruitment, retention, training and development policies for colleagues and the Board
- established authorisation and appraisal procedures for significant new initiatives and commitments.
- Board approved Whistleblowing Policy
- Fraud and, Gifts and Hospitality Registers in place
- Annual self-evaluation against the Regulatory Framework
- Internal Audit programme set and monitored by Audit & Risk Committee linked to our Strategic risks.

Internal Audit Performance

	2024/25	2023/24	2022/23	Direction of Travel
Number of Recommendations	15	19	33	Improvement
Implementation Rate	97%	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 2025. 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 Horizon Scan, in May 2025.
- Annual stress testing of the 30 Year Business Plan is carried out aligned to the Strategic Risk Register, and results are compared to the Boards risk appetite.
- Risk mitigation and Critical Incident plans are in place.
- 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 31/03/2025 were;



S3- Failure to develop the number of homes in our Development Strategy.



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 and has negotiated a further new long-term facility of £5M with Welsh government. Net borrowings increased by £11,941K in year with an average interest rate of 3.41%.

The financial result for 2025 was a surplus of £1,063K (2024: £536K) before re-measurement gain of the pension liability resulting in Total Comprehensive Income of £1,316K (2024: (£48K)). Our Operating Surplus was £2,343K (2024: £2,009K). Our margin on Operational Surplus for the year increased to 14.6% (2024 13.4%) reflecting inflationary cost pressures and expenses incurred in rehoming tenants from our scheme in Bartley Wilson Way.

Capital and Reserves have increased by £1,316 (2024: (£48K)) and are now £18,251K (2024: £16,595K). The Association’s Net Cash Inflow from operating activities in the year was £3,626K (2024: £1,547K). Free cash out flow after loan repayments was (£3,445K) (2024 (£4,791K)) This figure fluctuates with refinancing as we repaid a long term loan to simplify our debt portfolio.

Taff’s strictest loan covenant limits are 130% 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 £16,048K (2024: £14,986K) driven by the annual regulated rental increase and new support contracts.

Investment in new and existing Taff properties was £4,288K in the year (2024: £6,745K), including capitalised expenditure on maintenance of £2,492K (2024: £955K). 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 £185K), deliver enhancements to existing homes and bring long term void properties back into use (£109K Transitional Capital Funding), and (Decarbonisation Grant £816K)

Interest and financing costs were £1,937K (2024: £1,668K) interest rate rises have been mitigated with over 95% of our loans at fixed rates

Golden Rule Performance Financial Performance Measures in 2024/25

	Actual Performance	Golden Rule	Direction of Travel	
EBITDA	241%	>130%	Improved	↑
EBITDA MRI (5 Year Ave)	131%	100% (5 Year Ave’)	Improved	↑
Gearing	39%	<60%	Reduced	↓
Liquidity Medium Term	60 Months	>18 Months	Improved	↑
Treasury-Fixed Rate Borrowing	98.71%	>70%	Stable	↔

Value for Money

During the year we have achieved a 15.6% margin on operating surplus on lettings (2024- 12.0%) and 14.6% margin on total operating (2024 – 11%). 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 and did not have a clear mechanism for tracking the things we do to make us more efficient, but also more effective in the how and what we do to make the best use of our financial and people resources.

So what? 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.

Looking back– We have used the last 12 months to introduce these VFM principles initially with our ETHOS team. A system for tracking VFM savings has been introduced which identifies:

Economy- identified through buying well, and by accessing new funding that will allow us to deliver our programmes more quickly for our customers.

Effectiveness- changing systems and ways of working, so we get a good return on investment.

Efficiency- Making homes more energy efficient and cheaper to run for our tenants.

In the 2024/25 financial year £90.3k of savings were delivered in year through system savings and the procurement of contracts for goods and services.

Looking forward– We have identified £240k of specific savings to be achieved in 2025/26 which will be monitored through the year, ranging across a number of expenditure areas. A further £100k is targeted in 2026/26. The aim is to improve our external benchmark position within our peer group, whilst maintaining services and the quality of homes for our customers.

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 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 the 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.

Auditor

A resolution to reappoint Beever and Struthers as auditor will be proposed at the Annual General meeting on 17th July 2025.

By Order of the Board

Caroline Lawley
Secretary

26th June 2025

Principal Activities

The Associations 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.

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 Advisors

Bankers and lenders

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

Nationwide Building Society
Principality Building Society
Welsh Government

Auditors

Beever and Struthers
Chartered Accountants
150 Minories
London
EC3N 1LS

Internal auditors

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

Treasury Advisors

Savills
33 Margaret Street
London
W1G 0JD

Solicitors

Hugh James Solicitors
Blake Morgan
Clarke Willmott

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

For the year ended 31 March 2025

Opinion

We have audited the financial statements of Taff Housing Association Limited (the Association) for the year ended 31 March 2025 which comprise the Association's Statement of Comprehensive Income, the Association's Statement of Changes in Reserves, the Association's Statement of Financial Position, 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 2025 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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 37, 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
150 Minorities
London
EC3N 1LS

Date:

Statement of Comprehensive Income

For year ended 31 March 2025

	Notes	2025	2024
		£000	£000
Turnover	3	16,048	14,986
Operating costs	3	(13,705)	(12,977)
Operating surplus	9	2,343	2,009
Surplus on Disposal of Fixed Assets	8	136	-
Operating Surplus before Finance Costs	9	2,479	2,009
Interest receivable		501	144
Interest and financing costs	7	(1,937)	(1,668)
Movement in fair value of investments		20	51
Surplus for the year		1,063	536
Other Comprehensive income			
Actuarial gain in respect of pension scheme	25	253	(584)
Total Comprehensive income for the year		1,316	(48)

The financial statements were approved by the Board on 26th June 2025 and signed on its behalf by:

Andrew Knight
Chair

Peter Curran
Audit & Risk Committee Chair

Caroline Lowley
Secretary

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 26th June 2025.

Statement of Changes to Reserves

For year ended 31 March 2025

	Restricted Reserves	Revenue Reserve	Total	Restricted Reserves	Revenue Reserve	Total
	£000	£000	2025 £000	£000	£000	2024 £000
As at 1 April 2024	255	16,680	16,935	255	16,728	16,983
Surplus for year	-	1,316	1,316	-	(48)	(48)
Transfers to/from reserves	(248)	248	-			
Movement in year	(248)	1,564	1,316	-	(48)	(48)
As at 31 March 2025	7	18,244	18,251	255	16,680	16,935

Statement of Financial Position

For year ended 31 March 2025

	Notes	2025 £000	2024 £000
Fixed assets			
Housing properties	10	128,702	126,203
Other tangible fixed assets	11	2,591	1,528
Investments	12	1,262	1,932
		132,555	129,663
Current assets			
Cash and cash equivalents		16,683	6,627
Trade and other debtors	14	4,655	4,761
		21,338	11,388
Current liabilities			
Creditors: amounts falling due within one year	15	(8,747)	(6,788)
Social housing and other government grants: amounts falling due within one year	18/19	(906)	(893)
Net current assets		11,685	3,707
Total assets less current liabilities		144,240	133,370
Creditors: Amounts falling due after one year	16	(56,772)	(46,706)
Social housing grant and other government grants due after one year	18/19	(68,096)	(67,937)
Pension provision – defined benefit liability	25	(1,121)	(1,792)
Total net assets		18,251	16,935
Capital & Reserves			
Share Capital	22	-	-
Revenue Reserves		18,244	16,680
Restricted Reserves		7	255
Total Capital and Reserves		18,251	16,935

The financial statements were approved by the Board on 26th June 2025 and signed on its behalf by:

Andrew Knight
Chair

Peter Curran
Audit & Risk Committee Chair

Caroline Lowley
Secretary

Statement of Cash Flows

For year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net cash generated from operating activities	23	3,626	1,547
Cash flow from investing activities:			
Purchase and development properties		(2,248)	(5,065)
Purchase or other replacement fixed assets		(467)	(219)
Proceeds from sale of properties and other fixed assets		213	-
Component replacements		(1,319)	(955)
Investments		-	-
Grants received		213	889
Interest received		419	144
		437	(3,659)
Interest and loan costs paid		(1,932)	(1,311)
New secured loans and drawdowns from existing facilities		15,324	9,000
Loans repaid		(3,773)	(3,997)
Net increase in cash and equivalents		10,056	33
Cash and cash equivalents at the beginning of year		6,627	6,594
Cash and cash equivalents at the end of year		16,683	6,627

Free cash flow:		2025	2024
For the year ending 31 March		£000	£000
Net cash generated from operating activities	23	3,626	1,547
Interest and loan costs paid		(1,932)	(1,311)
Interest received		419	144
Adjustments for reinvesting in existing properties:			
Purchase or other replacement fixed assets		(467)	(219)
Component replacements		(1,319)	(955)
Free cash generated before loan repayments		328	(794)
Loans repaid		(3,773)	(3,997)
Free cash generated after loan repayments		(3,445)	(4,791)

Notes to the Financial Statement

For the year ended 31 March 2025

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, unless otherwise stated.

General Information and basis of accounting

The financial statements have been prepared in accordance with UK generally accepted Financial Reporting Standard 102 (FRS 102) 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 FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

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 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 2025

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.

Capitalised Interest

There has been a change to accounting policy during the year and interest on loans financing development is capitalised up to the date of completion.

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 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.

Notes to the Financial Statement

For the year ended 31 March 2025

Impairment of social housing properties

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

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

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

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies, and health authorities which meet the definition of government grants they are recognised when the conditions attached to them have been complied with.

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 structure and 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.

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

Notes to the Financial Statement

For the year ended 31 March 2025

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 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 the Statement of Comprehensive Income and a transfer is made from the general reserves to the restricted reserves.

A special reserve is in place for re-investing funds transferred from Young Women's Housing Association. Reserve funded expenditure is ring fenced to spend on the buildings from where the services operate.

Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The

Notes to the Financial Statement

For the year ended 31 March 2025

assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

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

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 FRS 102 with the deficit re-valued each year and additional liability is recognised in the Statement of Financial Position. All calculations are extracted using the SHPS scheme model for valuing. The assumptions made in calculating the deficit is reviewed annually by the Board for reasonableness and no changes have been made.

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.

Notes to the Financial Statement

For the year ended 31 March 2025

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 FRS 102 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 2025

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.

Notes to the Financial Statement

For the year ended 31 March 2025

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, based on the following Going Concern Assessment and considerations;

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 60 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. Toff 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 2025/26 budget and business plan in March 2025, 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 2025

3. Particulars of Turnover, Operating Costs and Operating Surplus

	2025			2024		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	10,919	(8,965)	1,954	9,971	(8,219)	1,752
Supported housing	3,749	(3,402)	347	3,114	(2,973)	141
Total From Lettings (4)	14,668	(12,367)	2,301	13,085	(11,192)	1,893
Support Services	950	(947)	3	1,327	(1,324)	3
Other Activities	430	(238)	192	574	(266)	308
Development Admin.	-	(153)	(153)	-	(195)	(195)
Total	16,048	(13,705)	2,343	14,986	(12,977)	2,009

4. Particulars of Income and Expenditure from Social Housing Lettings

	General Needs Housing	Supported Housing	2025	2024
	£000	£000	£000	£000
Income				
Rents receivable	8,981	1,501	10,482	9,631
Service charge income	739	824	1,563	1,182
Amortised government grant	417	3	420	395
Grant Income	782	48	830	773
Income from supported housing	-	1,373	1,373	1,104
Turnover from Social Housing Lettings	10,919	3,749	14,668	13,085
Expenditure				
Management	2,329	1,669	3,998	4,005
Service charge	822	761	1,583	1,480
Maintenance	4,070	835	4,905	4,110
Bad debts	55	22	77	3
Depreciation of housing properties	1,689	115	1,804	1,595
Operating Costs	8,965	3,402	12,367	11,193
Operating Surplus on Social Housing Activities	1,954	347	2,301	1,892
Void losses	(73)	(13)	(86)	(98)

Notes to the Financial Statement

For the year ended 31 March 2025

5. Directors Remuneration and Transactions

	2025	2024
	£000	£000
Directors who are executive staff members		
Wages and salaries	300	274
Social security costs	34	31
Other pension costs	26	22
Other benefits in kind	4	3
	<u>364</u>	<u>330</u>
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	<u>112</u>	<u>106</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:

Salary Band (£)	2025 No.	2024 No.
80,001- 90,000	-	1
100,001 - 110,000	2	-
110,001 – 120,000	-	1
120,001 - 130,000	1	-
	<u>3</u>	<u>2</u>

Board Members	£000	£000
Wages and salaries	35	33
Social security	-	-
Other pension costs	-	-
	<u>35</u>	<u>33</u>

There were six other staff members that received emoluments including pension contribution, in excess of £60,000 during the year.

Notes to the Financial Statement

For the year ended 31 March 2025

6. Staff Costs

	2025	2024
	£000	£000
Wages and Salaries	5,385	4,853
Social Security Costs	475	422
Pension and PHI Costs	405	330
	<u>6,265</u>	<u>5,605</u>

The average number of staff employed during the year was	No.	No.
Full time equivalent	166	158
Actual	191	181

7. Interest & Financing Charges

	2025	2024
	£000	£000
Loans repayable by instalments	537	374
Loans repayable other than by instalments	1,352	1,064
Defined Benefit Pension Deficit	76	66
Capitalised Interest	(162)	-
Cost of arranging loans	134	164
	<u>1,937</u>	<u>1,668</u>

8. Surplus on Sale of Housing Fixed Assets

	2025	2024
	£000	£000
Sales Proceeds		
Sales Proceeds	212	-
Selling Costs	(22)	-
	<u>2025</u>	<u>2024</u>
	£000	£000
Cost of Sales		
Housing Property Cost	(69)	-
Housing Property Grant	39	-
Housing Property Depreciation	15	-
Housing Property Amortisation	(10)	-
Recycled Capital Grant	(29)	-
Surplus on the sale of housing fixed assets	<u>136</u>	<u>-</u>

Notes to the Financial Statement

For the year ended 31 March 2025

9. Operating Surplus

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

	2025	2024
	£000	£000
Housing properties		
Grant amortisation	(830)	(772)
Depreciation	2,150	1,612
Audit fees – statutory audit	22	21
Operating Lease expenses:	-	-

10. Tangible Fixed Assets – Housing Properties

	Housing properties held for letting	Housing properties in construction	Total 2025	Total 2024
	£000	£000	£000	£000
Cost:				
As at 1 April 2024	133,682	15,084	148,766	142,888
Transferred on completion		(11,466)	(11,466)	(867)
Additions	13,783	2,041	15,824	6,745
Disposals	(69)		(69)	
As at 31 March 2025	147,396	5,659	153,055	148,766
Depreciation:				
As at 1 April 2024	22,563		22,563	20,969
Charge for year	1,805		1,805	1,612
Disposals	(15)		(15)	(18)
As at 31 March 2025	24,353		24,353	22,563
Net Book Value:				
As at 31 March 2025	123,043	5,659	128,702	126,203
As at 31 March 2024	111,119	15,084	126,203	121,919
Net housing property value comprises:				
Freeholds			128,391	125,892
Leaseholds			31	31
Short leaseholds			280	280
			128,702	126,203

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 2025

11. Units In Management

	Units at 1 April 2024	New Build	Sales	Transfers	Units at 31 March 2025
General needs	1,274	47	-	6	1,327
Women's hostel bed spaces	54	-	-	-	54
Supported housing bed spaces	165	2	-	6	173
	1,493	49	-	12	1,554
Development Voids	50	-	-	-25	25

12. Tangible Fixed Assets – Investments

	Freehold Property	Total 2025	Total 2024
	£000	£000	£000
As at 1 April 2024	1,932	1,932	1,880
Additions/(Disposals) in year	250	250	-
Reclassification of asset in year	(940)	(940)	-
Revaluation in year	20	20	52
As at 31 March 2025	1,262	1,262	1,932

During the year the commercial units at Alexandra House have been reclassified as PPE, and an additional commercial unit at Crwt Alaw has been brought into management. The freehold interests in the Retail Unit at St Canna Court, Llys Saltmead, Hayes Place and Cathedral Road held by Taff Housing Association Limited were valued as at 31 March 2025 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 2025

13. Tangible Fixed Assets – Other

	Freehold Offices £000	Plant, furniture & equipment £000	Housing furniture & equipment £000	Computer equipment £000	Total 2025 £000	Total 2024 £000
COST						
As at 1 April 2024	2,689	316	631	847	4,483	4,275
Additions	-	13	119	335	467	218
Reclassification of asset in the year	940	-	-	-	940	-
Disposals	-	-	-	-	-	-
As at 31 March 2025	3,629	329	750	1,182	5,890	4,493
DEPRECIATION						
As at 1 April 2024	1,539	310	408	698	2,955	2,702
Charge for year	83	-1	91	171	344	253
Disposals	-	-	-	-	-	-
As at 31 March 2025	1,622	309	499	869	3,299	2,955
NET BOOK VALUE						
As at 31 March 2025	2,007	20	251	313	2,591	1,528
As at 31 March 2024	1,150	6	223	149	1,528	1,562

The Board have considered the carrying value of Alexandra House and any possible impairment with the reclassification of the commercial units, 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 2025

14. Debtors:

	2025	2024
	£000	£000
Due within one year		
Rent and service charge receivables	678	580
Provision for bad and doubtful debts	(307)	(244)
	371	336
Housing Finance Grant	75	72
Prepayments and accrued income	1,219	1,502
Other debtors	638	425
	2,303	2,335
Due after one year		
Housing Finance Grant	2,352	2,426
	4,655	4,761

15. Creditors: Due within one year

	2025	2024
	£000	£000
Trade creditors	455	461
Loan capital repayments	1,814	776
Land loan repayments	375	-
Loan interest	562	280
Rents received in advance	297	201
Accruals & deferred income	2,120	1,051
Grants received in advance	2,707	3,318
Recycled capital grants	188	159
Capital expenditure on housing properties	139	426
Other creditors	90	116
	8,747	6,788

Notes to the Financial Statement

For the year ended 31 March 2025

16. Creditors: Due after one year

	2025	2024
	£000	£000
Loans	57,997	47,469
Costs of raising loans	(1,225)	(763)
	<u>56,772</u>	<u>46,706</u>

Housing loans were secured by specific charges on the Association's housing property.
Rates of interest during the year ranged from 2.3% to 6.35%.

	2025	2024
	£000	£000
Loans repayable by instalments fall due as follows:		
Within one year or less	2,189	776
Between one and two years	1,809	1,795
Between two and five years	3,339	6,854
In five years or more	7,152	10,565
In more than one year	12,300	19,214
Total housing loans	<u>14,489</u>	<u>19,990</u>
Repayable otherwise than by instalment:		
In more than five years	<u>45,697</u>	<u>28,255</u>

17. Social Housing Grant

Gross Grant Creditor	2025	2024
	£000	£000
As at 1 April 2024	83,546	83,399
SHG receivable in the year	185	147
Housing Property Disposals	(39)	-
As at 31 March 2025	<u>83,692</u>	<u>83,546</u>

Amortisation	2025	2024
	£000	£000
As at 1 April 2024	15,559	14,787
Credit for the year	830	772
Housing Property Disposals	(10)	-
As at 31 March 2025	<u>16,379</u>	<u>15,559</u>
Net Grant Creditor as at 31 March 2025	<u>67,313</u>	<u>67,987</u>

Notes to the Financial Statement

For the year ended 31 March 2025

18. Social Housing Grant – Creditors:

	2025 £000	2024 £000
Amounts falling due:		
Within one year or less	830	840
Between one and two years	830	875
Between two years and five years	2,490	2,628
In five years or more	63,163	64,269
	66,483	67,772
Total grant creditor	67,313	68,612

19. Other Housing Grant – Creditors:

	2025 £000	2024 £000
Amounts falling due:		
Within one year or less	76	53
Between one and two years	76	53
Between two years and five years	228	159
In five years or more	1,309	578
	1,613	790
Total grant creditor	1,689	843

20. Contingent Liabilities

The Association has contingent liability with Welsh Government and other government agencies for £16,379,000 (2024: £15,559,000) 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 2023 was £3,895,354 (latest information available).

“We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with the Court’s determination expected no earlier than Summer 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this

Notes to the Financial Statement

For the year ended 31 March 2025

estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in the financial statements in respect of this"

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 2025. 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. There is an ongoing claim in the High Court brought by a number of other Registered Social Landlords 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.

21. 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 (2024 -1) and charged rent to those members on the Association's standard terms.

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

The Association provided services for accommodation to BOSWO during the year totalling £160,123, Tariq Sanousi (Board Member) is an employee of the company.

The Association provided services for accommodation to Llamau during the year totalling £34,324, Yvonne Connolly (Board Member) is an employee of the company.

The Association invested cash deposits an investment account with Handelsbanken during the year, Graeme Tipple (Board Member) is an employee of Handelsbanken.

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

Senior Officer Related Party Transaction:

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

Notes to the Financial Statement

For the year ended 31 March 2025

22.Share Capital

	2025 No.	2024 No.
Shares of £1 each fully paid		
As at 1 April 2024	38	142
Issued during the year		2
Cancelled in year	(2)	(106)
As at 31 March 2025	36	38

23.Cash Flow from Operating Activities

	Notes	2025 £000	2024 £000
Surplus (Deficit)		1,243	(48)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	9/12	2,150	1,848
Government grants amortised in year	16/17	(830)	(772)
Other		79	207
Debtors		182	(940)
Creditors		259	(13)
Provisions		(65)	36
Pension deficit cash contributions		(496)	(470)
Adjustment for investing or financing activities:			
Gain on disposal of properties, plant and equipment		(136)	-
Interest receivable		(419)	(144)
Interest and financing costs		1,932	1,310
Movement in fair value of investments		(20)	(51)
Re-measurement of pension liability		(253)	584
Net cash generated from operating activities		3,626	1,547

Notes to the Financial Statement

For the year ended 31 March 2025

24. Analysis of Net Debt

	At 1 April 2024	Cashflow	Other Non-Cash	At 31 March 2025
	£000	£000	£000	£000
Cash	6,627	10,056	-	16,683
Borrowings				
Debt due within 1 year	(776)	(1,413)	-	(2,189)
Debt due after 1 year	(47,469)	(10,528)	-	(57,997)
Total borrowings	(48,245)	(11,941)	-	(60,186)
Net Debt	(41,618)	(1,885)	-	(43,503)

25. Pension Costs

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit pension in the UK.

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been in place with the aim of removing the deficit by 31 March 2028.

The Scheme is classified as a 'last man standing arrangement'. Therefore the company 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.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from the valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus

Notes to the Financial Statement

For the year ended 31 March 2025

Social housing Pension scheme

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

	2025	2024
	(£000)	(£000)
Fair value of plan assets	7,368	7,504
Present value of defined benefit obligation	(8,489)	(9,296)
Deficit in plan	(1,121)	(1,792)
Defined benefit asset/(liability) to be recognised	(1,121)	(1,792)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025	2024
	(£000s)	(£000s)
Defined benefit obligation at start of period	9,296	9,265
Expenses	13	12
Interest expense	451	443
Actuarial losses/(gains) due to scheme experience	369	75
Actuarial losses/(gains) due to changes in demographic assumptions	-	(93)
Actuarial losses/(gains) due to changes in financial assumptions	(1,374)	(146)
Benefits paid and expenses	(266)	(260)
Defined benefit obligation at end of period	8,489	9,296

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

	2025	2024
	(£000)	(£000)
Fair value of plan assets at start of period	7,504	7,654
Interest income	375	377
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(752)	(748)
Employer contributions	507	481
Benefits paid and expenses	(266)	(260)
Fair value of plan assets at end of period	7,368	7,504

Notes to the Financial Statement

For the year ended 31 March 2025

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£377,000).

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

	2025	2024
	(£000)	(£000)
Expenses	13	12
Net interest expense	76	66
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	89	78

Defined benefit costs recognised in Other Comprehensive Income (OCI)

	2025	2024
	(£000)	(£000)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(752)	(748)
Experience gains and losses arising on the plan liabilities - gain (loss)	(369)	(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)	1,374	146
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	253	(584)
Total amount recognised in Other Comprehensive Income - gain (loss)	253	(584)

Key Assumptions

	2025	2024
	% per annum	% per annum
Discount Rate	5.90	4.92
Inflation (RPI)	3.06	3.11
Inflation (CPI)	2.80	2.79
Salary Growth	3.80	3.79
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 2025

26. Financial Commitments

Capital commitments are as follows:	2025	2024
	£000	£000
Contracted less certified	2,376	433
Funded by:		
Social Housing Grant	-	-
Cash at bank/existing loan facilities	2,376	433
	2,376	433
Authorised by the Board of Management but not contracted	15,872	4,167
Funded by:		
Social Housing Grant	-	-
Cash at bank/existing loan facilities	15,872	4,167
	15,872	4,167

27.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.