

CYNON TAF COMMUNITY HOUSING (2007) LIMITED

Industrial and Provident Societies Registration Number: 30399R

Welsh Government Registration Number: L145

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

CYNON TAF COMMUNITY HOUSING (2007) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014**

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BOARD OF MANAGEMENT, SENIOR EXECUTIVES AND ADVISORS

BOARD OF MANAGEMENT:

Voting members

Ms J Haigh	Group Chair
Mrs M Davies	Group Vice Chair
Mr A Dakin	
Mr T J Jones	
Mr H Patrick MBE	
Mr D Roberts	
Mr P Andric	
Mr A Rawlins	
Mrs G Williams (appointed 24 September 2013)	
Mr J Saunders (appointed 24 September 2013)	
Mrs M Griffiths (resigned on 16 May 2013)	
Mr G Oakley (appointed 24 September 2013, resigned 2 April 2014)	

Co-optees

Mr J Fitzgerald
Mr N Isherwood

SENIOR EXECUTIVES:

Ms M Reid	Group Chief Executive and Secretary (from 20 January 2014)
Ms A Forte	Group Chief Executive and Secretary (retired 31 January 2014)
Mr K Barry	Group Director of Service Delivery
Mrs A Williams	Group Director of Support Services (Appointed April 2013)

AUDITOR:

BDO LLP
Helmont House
Churchill Way
Cardiff
CF10 2HE

BANKERS:

Barclays
Cardiff

SOLICITORS:

Hugh James
Morgan La Roche, Swansea

**CYNON TAF COMMUNITY HOUSING (2007) LIMITED
BOARD OF MANAGEMENT REPORT
YEAR ENDED 31 MARCH 2014**

The Board of Management present the financial statements for the year ended 31 March 2014.

RESULTS

The surplus on ordinary activities was **£851,058** (2013 - £1,061,923). The financial statements have been drawn up under the terms of the Statement of Recommended Practice (SORP) "Accounting by registered social housing providers: Update 2010" and comply with the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009.

REVIEW OF THE OPERATIONS

The principal activity of the Association continues to be that of developing and managing good quality rented accommodation within the County of Rhondda Cynon Taf, for people in necessitous circumstances upon terms that are appropriate to their means.

The total units under management at the year end was **1,850** (2013 – 1,869). The Association has a small but ongoing development programme, whilst continuing to improve the quality of service delivered to tenants and applicants.

For further information please see the Annual Report.

THE BOARD OF MANAGEMENT AND SENIOR EXECUTIVES

The Board of Management and Senior Executives who served during the year are listed on page 1.

The Senior Executives of the Association hold no interest in the Association's share capital. The Senior Executives, although they do not have the legal status of directors, act as executives within the authority delegated by the Board.

FIXED ASSETS

Changes in tangible fixed assets are shown in notes 7 and 8 to the financial statements.

The Board of Management has not considered it appropriate to re-value the housing properties but consider that the vacant possession market value would be in excess of the net book value.

In the opinion of the Board of Management the market value of the Association's freehold offices is in excess of the net book value shown in note 8 to the financial statements.

EMPLOYEES

The Association's intention is to be an employer of choice offering staff training openings and career advancement against a background of continuing commitment of equality of opportunity in employment and access to services.

**CYNON TAF COMMUNITY HOUSING (2007) LIMITED
BOARD OF MANAGEMENT REPORT
YEAR ENDED 31 MARCH 2014**

CORPORATE GOVERNANCE

Cynon Taf Community Housing (2007) Limited is governed by a Board of Management and complies with the Community Housing Cymru's Code of Governance. The Board comprises 11 Non Executive Board members. The Board reviews its own performance regularly in order to identify where additional experience may be needed. All Board members sign a Declaration confirming their compliance with the Association's Disclosure Requirements and legal provisions.

The Board is ultimately responsible for strategy and control of the Association. The Board has delegated responsibility for internal audit and internal control to the Audit Committee.

Day to day operational control of the Association is delegated to the Group Chief Executive and two Directors, who are appointed on standard contracts of employment in common with all the staff. The remuneration of the Executive and Directors conforms to a standard salary scale which is reviewed annually.

The Board has appointed The Internal Audit Association as internal auditors. Whilst the internal audit work has not revealed any major areas of weakness, it has led to a number of recommendations which has enabled the Association to improve its system of internal control.

In line with corporate governance requirements the Board is confident that the Association has adequate resources to continue in existence for the foreseeable future, and accordingly continues to adopt the going concern basis in preparing the financial statements.

DONATIONS

Charitable donations amounted to £6,000. There were no political donations.

INSURANCE EFFECTED FOR OFFICERS AND BOARD

The Association has maintained professional indemnity insurance for the officers and Board during the year.

AUDITORS

A resolution for the reappointment of BDO LLP will be proposed at the annual meeting for the ensuing year.

ANNUAL MEETING

The annual meeting of the Association will be held on Tuesday, 2nd September 2014 at Abercwmbol Rugby Club, starting at 4.30pm.

By order of the Board of Management



M REID

Group Chief Executive and Secretary

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**CYNON TAF COMMUNITY HOUSING (2007) LIMITED
BOARD STATEMENT ON INTERNAL CONTROLS**


Cynon Taf Community Housing (2007) Limited is committed to meeting high standards of corporate governance. The Group Board recognises and accepts that it is responsible for the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, not absolute, assurance against misstatement or loss.

The following mechanisms are in place, which are designed to provide effective internal control:

- Clearly defined management and reporting structures;
- Careful recruitment and training programmes;
- Financial regulation, standing orders and policies;
- Management information and accounting systems with quarterly reporting of financial results and other performance indicators compared to forecasts;
- Risk Management Strategy;
- Asset Management Strategy;
- IIP and Chartermark Accreditation;
- Whistle Blowing Policy;
- Complaints/Customer Care Policy;
- Tenant Participation Strategy and Active Tenants Forum (including Mystery Shoppers);
- Close working relationship with the Welsh Government, Rhondda Cynon Taff County Borough Council and Cwm Taf Health Board;
- Self Assessment Plan under the Welsh Government Regulatory Framework;
- During the year we reviewed the following key policies and procedures:
 - Financial Regulations
 - Schedule of Delegated Authority
 - Risk Management Procedures
 - Value for Money Strategy
- The internal control framework is subject to regular review by an internal audit consultant who is responsible for providing independent assurance to the Board through its Audit Committee and during the year no significant issues were identified.

The Board has reviewed the effectiveness of the Association's internal controls for the year ended 31 March 2014.

By order of the Board of Management


Ms J Haigh
Chair

**INDEPENDENT AUDITOR'S REPORT TO
CYNON TAF COMMUNITY HOUSING (2007) LIMITED**

We have audited the financial statements of Cynon Taf Community Housing (2007) Limited ("the Association") for the year ended 31 March 2014 which comprise the consolidated and Association's income and expenditure accounts, the consolidated and Association's balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968 and in accordance with schedule 1 to the Housing Act 1996. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditor

As explained more fully in the statement of the Board's responsibilities, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009.

Opinion on other matters prescribed by housing association circular RSL 02/10: Internal controls and reporting

With respect to the board's statement on internal controls on page 5, in our opinion:

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

**INDEPENDENT AUDITOR'S REPORT TO
CYNON TAF COMMUNITY HOUSING (2007) LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Board of Management Report for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP
Statutory auditor
Cardiff, UK

21 July 2014

**CYNON TAF COMMUNITY HOUSING (2007) LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	2	8,619,020	8,283,114
Less: Operating costs	2	(7,087,228)	(6,680,457)
OPERATING SURPLUS	5	<u>1,531,792</u>	<u>1,602,657</u>
Surplus on sale of fixed assets		201,754	179,035
Interest receivable		652	390
Interest payable	6	(883,140)	(720,159)
SURPLUS ON ORDINARY ACTIVITIES	18	<u><u>851,058</u></u>	<u><u>1,061,923</u></u>

The results relate wholly to continuing activities.

**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

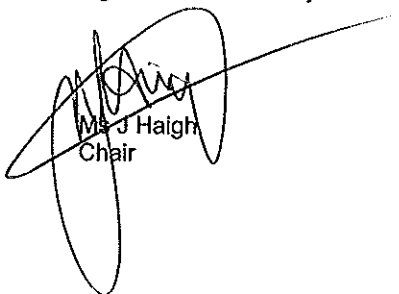
	2014 £	2013 £
TURNOVER	7,810,732	7,471,041
Less: Operating costs	(6,279,118)	(5,859,038)
OPERATING SURPLUS	<u>1,531,614</u>	<u>1,612,003</u>
Surplus on sale of fixed assets	201,754	179,035
Interest receivable	344	154
Interest payable	(883,140)	(720,159)
SURPLUS ON ORDINARY ACTIVITIES	<u><u>850,572</u></u>	<u><u>1,071,033</u></u>

The results relate wholly to continuing activities.

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Note	2014 £	2014 £	2013 £	2013 £
FIXED ASSETS					
Tangible assets					
Housing properties at depreciated cost	7(a)		91,013,945		91,048,080
Less: Social Housing Grant	7(b)		(54,843,106)		(55,274,068)
Less: Other Public Grants	7(c)		(2,032,828)		(2,168,773)
			<u>34,138,011</u>		<u>33,605,239</u>
Other tangible fixed assets	7(d) 8		1,608,944		1,618,509
			<u>35,746,955</u>		<u>35,223,748</u>
Investments					
Homebuy loans	9		576,053		513,072
Less: Social Housing Grant	9		(318,520)		(286,660)
			<u>257,533</u>		<u>226,412</u>
			<u>36,004,488</u>		<u>35,450,160</u>
CURRENT ASSETS					
Stock		8,354		6,083	
Debtors	11	544,347		442,845	
Cash at bank and in hand		2,454,925		1,003,513	
		<u>3,007,626</u>		<u>1,452,441</u>	
CREDITORS – amounts falling due within one year	12	<u>(4,706,357)</u>		<u>(2,938,788)</u>	
NET CURRENT LIABILITIES			<u>(1,698,731)</u>		<u>(1,486,347)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>34,305,757</u>		<u>33,963,813</u>
CREDITORS – amounts falling due after more than one year	13		<u>(24,849,490)</u>		<u>(25,358,603)</u>
NET ASSETS			<u>9,456,267</u>		<u>8,605,210</u>
CAPITAL AND RESERVES					
Called up share capital	15		189		190
Designated reserves	16		741,270		717,622
Restricted reserves	17		47,897		43,421
Revenue reserve	18		8,666,911		7,843,977
GROUP'S FUNDS	19		<u>9,456,267</u>		<u>8,605,210</u>

The financial statements were approved and authorised for issue by the Board of Management on 15 July 2014 and signed on its behalf by:


 Ms J Haigh
 Chair

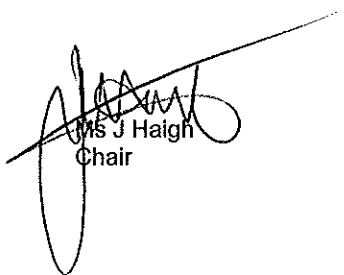

 Ms M Reid
 Chief Executive and Secretary


 Mr A Rawlins
 Board Member

**CYNON TAF COMMUNITY HOUSING (2007) LIMITED
ASSOCIATION BALANCE SHEET
31 MARCH 2014**

	Note	2014 £	2014 £	2013 £	2013 £
FIXED ASSETS					
Tangible assets					
Housing properties at depreciated cost	7(a)		91,013,945		91,048,080
Less: Social Housing Grant	7(b)		(54,843,106)		(55,274,068)
Less: Other Public Grants	7(b)		(2,032,828)		(2,168,773)
	7(c)		<u>34,138,011</u>		<u>33,605,239</u>
Other tangible fixed assets	8		1,295,521		1,296,263
			<u>35,433,532</u>		<u>34,901,502</u>
Investments					
Homebuy loans	9		576,053		513,072
Less: Social Housing Grant	9		(318,520)		(286,660)
			<u>257,533</u>		<u>226,412</u>
Other investments	10		1		1
			<u>35,691,066</u>		<u>35,127,915</u>
CURRENT ASSETS					
Debtors					
Cash at bank and in hand	11	535,155		438,152	
		<u>2,167,474</u>		<u>642,477</u>	
			<u>2,702,629</u>		<u>1,080,629</u>
CREDITORS – amounts falling due within one year	12		<u>(4,618,789)</u>		<u>(2,775,096)</u>
NET CURRENT LIABILITIES			<u>(1,916,160)</u>		<u>(1,694,467)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,774,906</u>		<u>33,433,448</u>
CREDITORS – amounts falling due after more than one year					
	13		<u>(24,849,490)</u>		<u>(25,358,603)</u>
NET ASSETS			<u>8,925,416</u>		<u>8,074,845</u>
CAPITAL AND RESERVES					
Called up share capital	15		189		190
Designated reserves	16		275,510		247,873
Revenue reserve	18		8,649,717		7,826,782
ASSOCIATION'S FUNDS	19		<u>8,925,416</u>		<u>8,074,845</u>

The financial statements were approved and authorised for issue by the Board of Management 15 July 2014 and signed on its behalf by:


Ms J Haigh
Chair


Ms M Reid
Chief Executive and Secretary


Mr A Rawlins
Board Member

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2014

	Note	2014 £	2014 £	2013 £	2013 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	(i)		2,816,899		2,688,274
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		652		390	
Interest paid		(889,273)		(710,311)	
			(888,621)		(709,921)
CAPITAL EXPENDITURE					
Acquisition and construction of housing properties, and works to existing properties		(2,194,951)		(5,657,056)	
Purchase of other tangible fixed assets		(105,919)		(96,541)	
Acquisitions under Homebuy loan scheme		(62,981)		-	
Social Housing Grants received	(iv)	1,842,630		984,931	
Sales of housing properties		613,884		675,065	
Sales of other tangible fixed assets		75,465		5,413	
			168,128		(4,088,188)
FINANCING					
Share capital Issued	(iv)	-		6	
Loan principal repayment		(644,994)		(772,566)	
Loan advance		-		2,650,006	
			(644,994)		1,877,446
INCREASE/(DECREASE) IN CASH	(iii)		1,451,412		(232,389)

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2014

	2014 £	2013 £		
(i) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating surplus	1,531,792	1,602,657		
Depreciation and impairment	1,604,009	1,585,190		
Amortisation of social housing grant	(489,832)	(500,030)		
Amounts written off housing components	93,177	-		
Profit on the sale of other tangible fixed assets	-	(2,619)		
Increase in creditors	181,526	9,906		
Increase in debtors	(101,502)	(5,471)		
Increase in stocks	(2,271)	(1,359)		
	<u>2,816,899</u>	<u>2,688,274</u>		
(ii) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT				
Increase/(decrease) in cash in the year	1,451,412	(232,389)		
Cash outflow/(inflow) from (decrease)/increase in debt financing	644,994	(1,877,440)		
	<u>2,096,406</u>	<u>(2,109,829)</u>		
Change in net debt				
Net debt at 1 April 2013	(24,578,854)	(22,469,025)		
Net debt at 31 March 2014	<u>(22,482,448)</u>	<u>(24,578,854)</u>		
(iii) ANALYSIS OF CHANGES IN NET DEBT				
	At 1 April 2013 £	Cash flows £	Non cash flows £	At 31 March 2014 £
Cash at bank and in hand	1,003,513	1,451,412	-	2,454,925
Housing loans due within one year	(745,749)	(17,454)	-	(763,203)
Housing loans due after one year	(24,836,618)	662,448	-	(24,174,170)
	<u>(24,578,854)</u>	<u>2,096,406</u>	<u>-</u>	<u>(22,482,448)</u>
(iv) ANALYSIS OF MOVEMENTS IN SOCIAL HOUSING GRANT, OTHER PUBLIC GRANTS AND SHARE CAPITAL				
			Social Housing Grant £	Share capital £
At 1 April 2013			57,869,799	190
Cash inflow			1,842,630	-
Social Housing Grant abatement			(474,967)	-
Amortisation of grant			(248,519)	-
Amounts written off			-	(1)
At 31 March 2014			<u>58,988,943</u>	<u>189</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1 ACCOUNTING POLICIES

(a) Accounting Basis

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, The Housing Act 1996, the Statement of Recommended Practice "Accounting by registered social housing providers update" 2010, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009 and the Industrial and Provident Societies Acts 1965 to 2002.

The Group and Association balance sheets show net current liabilities of £1,698,731 and £1,916,160 respectively. The Board has reviewed future cash flow forecasts and consider that debts will be paid as they fall due.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Association and its subsidiary undertakings made up to 31 March 2014.

Details of the subsidiary undertakings are shown in note 26. In accordance with FRS 8, transactions or balances between group entities that have been eliminated on consolidation are not reported.

(c) Turnover

Turnover represents rental and service charge income receivable and fees and revenue based grants received from the Welsh Government and Rhondda Cynon Taf County Borough Council. It does not include proceeds from the sale of fixed assets, the net gain from which is shown after operating surplus in the income and expenditure account.

(d) Fixed assets - Housing Properties

(i) Component Accounting

The Statement of Recommended Practice (SORP): accounting by registered social housing providers Update 2010 identifies a need to account separately for significant components within fixed assets. The Association has undertaken an exercise and identified the following major components within fixed assets; land, structure, roof, external works, kitchen, bathrooms, heating, electrics, windows, doors and efficiency improvements.

Expenditure in relation to such components is capitalised and depreciated over its expected useful economic life rather than charged in full to the Income and Expenditure Account in the year concerned.

(ii) Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation and Social Housing Grant. The cost of properties is their purchase price together with incidental costs of acquisition, administration costs and interest payable up to date of practical completion.

Development administration costs which can be shown to be directly attributable to the development activity are added to the cost of the fixed assets in the balance sheet. Where development and administration costs are incurred internally or in providing services to other organisations which cannot be recovered they are taken to the Income and Expenditure Account.

(e) Depreciation

(i) Housing properties

Freehold land is not depreciated. Individual components are depreciated on a straight line basis over their estimated useful economic lives, which have been deemed to be as follows:

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1 ACCOUNTING POLICIES (continued)

(i) Housing properties (continued)

Component	Useful economic life
Land	No depreciation
Structure	150 years
Roof	60 years
Windows	25 years
Kitchens	15 years
External works	35 years
Bathrooms	25 years
Electrics	35 years
Heating	20 years
Doors	25 years
Efficiency improvements	25 years

The economic life of components is based on the Group's strategy of planned maintenance which ensures that properties are maintained to a good standard at all times throughout their economic lives.

It is the Group's policy to maintain properties in a continual state of sound repair. Any permanent diminution in value of such properties is charged to the income and expenditure account. The Board of Management has conducted an impairment review and is satisfied that there are no significant impairment issues.

(ii)

Other tangible fixed assets

- (a) Freehold office land is not depreciated.
- (b) Freehold office buildings are depreciated in equal instalments over fifty years.
- (c) Motor vehicles are written off in equal instalments over five years.
- (d) Computer equipment is written off in equal instalments over four, five or fifteen years.
- (e) Office furniture and equipment is depreciated by equal instalments over three to fifteen years.

(f)

Social Housing Grant

Social Housing Grants are receivable from the Welsh Government and are utilised to reduce the capital costs of housing properties. The amount of Social Housing Grant receivable is calculated on a fixed basis depending on the size, location and type of housing property. Social Housing Grant is treated as a grant for accounting purposes but is repayable in certain circumstances, primarily following sale of a property, to the extent that it is not subject to abatement.

(g)

Low Cost Home Ownership Loans

During the year the Association operated the Welsh Government's "Homebuy Option Scheme" in order to provide low cost home ownership.

The purchaser provided 70% of the cost of the property and the residual 30% was provided by an interest free loan by the Association to the purchaser, funded through Social Housing Grant. This loan is repayable by the purchaser when the property is re-sold, at the rate of 30% of its value at that time. Social Housing Grant is repayable on the sale of the property.

The Association also operates a Homestep Plus scheme whereby purchasers provided 70% of the cost of the property and the residual 30% was provided by an interest free loan by the Association to the purchaser. The initial scheme was funded via a grant through Heads of the Valley Strategic Regeneration Area.

(h)

Housing loans

Housing loans are advanced by banks and building societies under the terms of individual mortgage deeds in respect of each property or housing scheme.

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1 ACCOUNTING POLICIES (continued)

(i) Operating Leases

Leasing charges in respect of operating leases are recognised in the income and expenditure account over the lives of the lease agreements as incurred.

(j) Designated Reserves for Cyclical Maintenance and Major Repairs

Designated reserves are reviewed annually by the Board of Management and transfers made between Revenue and designated reserves as considered appropriate.

(k) Taxation Status

The Association and its subsidiary have obtained charitable status under Section 485 (2) Corporation Tax Act 2010 and were therefore exempt from corporation tax on their primary activities.

(l) Pensions

The Association and its subsidiaries participate in a defined benefit pension scheme contracted out of the state scheme. The scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rate. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

(m) Repairs and maintenance

The Association and its subsidiary do not provide for liabilities that are not contracted for at the year end. Any element of repair or component replacement which can be shown to enhance the value of the property is capitalised. All other repairs and maintenance costs are charged to the income and expenditure account when incurred.

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

2 LETTINGS AND OTHER RELATED INFORMATION

(a) Particulars of turnover, operating costs and surplus by class of operation

	2014 Turnover £	2014 Operating costs £	2014 Operating surplus £	2013 Turnover £	2013 Operating costs £	2013 Operating surplus £
Social Housing Lettings	7,730,129	(6,165,160)	1,564,969	7,421,306	(5,819,670)	1,601,636
Non Social Housing Activities						
Care and repair Initiatives:	843,553	(818,109)	25,444	847,683	(831,419)	16,264
Other	-	(103,959)	(103,959)	-	(29,368)	(29,368)
Other income	45,338	-	45,338	14,125	-	14,125
	<u>8,619,020</u>	<u>(7,087,228)</u>	<u>1,531,792</u>	<u>8,283,114</u>	<u>(6,680,457)</u>	<u>1,602,657</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

2 LETTINGS AND OTHER RELATED INFORMATION (continued)

b) Turnover from social housing lettings	General needs and sheltered housing £	Supported housing £	Total 2014 £	Total 2013 £
Rents receivable	6,632,544	357,936	6,990,480	6,725,520
Service charges receivable	486,272	54,768	541,040	491,795
	<u>7,118,816</u>	<u>412,704</u>	<u>7,531,520</u>	<u>7,217,315</u>
PAG Grants	198,609	-	198,609	203,991
	<u>7,317,425</u>	<u>412,704</u>	<u>7,730,129</u>	<u>7,421,306</u>

Rents and service charge receivable from social housing lettings are shown net of rent losses due to voids of **£139,733** (2013 £96,969).

c) Operating costs from lettings	£	£	£	£
Management	926,586	163,515	1,090,101	1,063,429
Services	862,361	-	862,361	676,575
Routine maintenance	2,559,286	-	2,559,286	2,391,625
Major repairs/planned maintenance	290,465	-	290,465	334,430
Bad debts	46,044	-	46,044	88,449
Depreciation and impairment of housing properties	1,005,859	-	1,005,859	936,397
Other	311,044	-	311,044	328,765
	<u>6,001,645</u>	<u>163,515</u>	<u>6,165,160</u>	<u>5,819,670</u>

3 DIRECTORS' REMUNERATION

The directors are defined as members of the Board of Management and the Senior Executives as listed on page 1.

None of the members of the Board of Management received any remuneration during the year or the previous year. The remuneration of the Senior Executives was as follows:

	2014 £	2013 £
Emoluments	<u>202,167</u>	<u>164,838</u>

The three (2012 – three) Senior Executives including the Chief Executive were ordinary members of the defined benefit pension scheme. The Association makes no contributions to any other schemes.

	2014 £	2013 £
Emoluments (excluding pension contributions) include amounts paid to the highest paid director	<u>63,415</u>	<u>73,561</u>
Compensation for loss of office	<u>-</u>	<u>30,000</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

4 EMPLOYEE INFORMATION

The average monthly number of persons employed during the year was:

	2014 Number	2013 Number
Office staff	62	60
Scheme Managers	5	5
	<u>67</u>	<u>65</u>

Staff costs during the year

	2014 £	2013 £
Wages and salaries	1,753,783	1,720,719
Social security costs	137,996	127,411
Other pension costs	302,276	219,929
	<u>2,194,055</u>	<u>2,068,059</u>

5 OPERATING SURPLUS

The operating surplus is stated after charging:

	2014 £	2013 £
Depreciation		
housing property	1,469,869	1,425,613
other tangible fixed assets	108,318	148,763
Amortisation of social housing grant	(417,939)	(500,030)
Amortisation of other public grant	(71,893)	-
Amounts written off housing components	93,177	-
Auditor's remuneration		
in their capacity as auditor	17,952	17,280
in respect of other services	3,450	-
Operating lease rentals		
equipment	88,047	21,361
land and buildings	9,591	9,064
	<u>1,272,615</u>	<u>1,002,708</u>

6 INTEREST PAYABLE

	2014 £	2013 £
Housing loans repayable by instalments after five years	883,140	720,159
	<u>883,140</u>	<u>720,159</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

7 HOUSING PROPERTIES

Group and Association	Housing properties held for letting £	Housing properties under construction £	Total £
(a) Depreciated cost			
Cost			
At 1 April 2013	105,781,677	2,394,218	108,175,895
Schemes completed in the year	2,187,472	(2,187,472)	-
Additions – new	-	489,313	489,313
Additions – existing	1,665,762	-	1,665,762
Disposals	(1,206,694)	-	(1,206,694)
At 31 March 2014	<u>108,428,217</u>	<u>696,059</u>	<u>109,124,276</u>
Depreciation			
At 1 April 2013	17,127,815	-	17,127,815
Charge for the year	1,469,869	-	1,469,869
Impairment	25,822	-	25,822
Disposals	(513,175)	-	(513,175)
At 31 March 2014	<u>18,110,331</u>	<u>-</u>	<u>18,110,331</u>
Depreciated cost			
At 31 March 2014	<u>90,317,886</u>	<u>696,059</u>	<u>91,013,945</u>
At 31 March 2013	<u>88,653,862</u>	<u>2,394,218</u>	<u>91,048,080</u>
(b) Social Housing Grant			
At 1 April 2013	53,762,276	1,511,792	55,274,068
Schemes completed in the year	1,511,792	(1,511,792)	-
Receivable	98,593	299,348	397,941
Disposals	(410,964)	-	(410,964)
Amortised	(417,939)	-	(417,939)
At 31 March 2014	<u>54,543,758</u>	<u>299,348</u>	<u>54,843,106</u>
(c) Other Public Grants			
At 1 April 2013	2,168,773	-	2,168,773
Schemes completed in the year	-	-	-
Receivable	-	-	-
Disposals	(64,052)	-	(64,052)
Amortised	(71,893)	-	(71,893)
At 31 March 2014	<u>2,032,828</u>	<u>-</u>	<u>2,032,828</u>
(d) Net book value			
At 31 March 2014	<u>33,741,300</u>	<u>396,711</u>	<u>34,138,011</u>
At 31 March 2013	<u>32,722,813</u>	<u>882,426</u>	<u>33,605,239</u>

Repairs and maintenance expenditure totalling £1,186,756 (2013 £1,146,433) was capitalised during the year as a result of component accounting.

Housing properties at net book value comprised:

	2014 £	2013 £
Freeholds	33,313,330	32,802,553
Long leaseholds	670,509	653,417
Short leasehold	154,172	149,269
	<u>34,138,011</u>	<u>33,605,239</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

8 OTHER TANGIBLE FIXED ASSETS

Group	Freehold offices £	Motor vehicles £	Computer equipment £	Office furniture & equipment £	Total £
Cost					
At 1 April 2013	1,420,418	242,728	239,274	692,125	2,594,545
Additions	-	-	72,425	33,494	105,919
Disposals	-	(242,728)	(654)	(8,545)	(251,927)
At 31 March 2014	<u>1,420,418</u>	<u>-</u>	<u>311,045</u>	<u>717,074</u>	<u>2,448,537</u>
Depreciation					
At 1 April 2013	116,989	240,841	148,382	469,824	976,036
Charge for the year	23,381	23	41,397	43,517	108,318
Disposals	-	(240,864)	(492)	(3,405)	(244,761)
At 31 March 2014	<u>140,370</u>	<u>-</u>	<u>189,287</u>	<u>509,936</u>	<u>839,593</u>
Net book value					
At 31 March 2014	<u>1,280,048</u>	<u>-</u>	<u>121,758</u>	<u>207,138</u>	<u>1,608,944</u>
At 31 March 2013	<u>1,303,429</u>	<u>1,887</u>	<u>90,892</u>	<u>222,301</u>	<u>1,618,509</u>
Association					
Cost					
At 1 April 2013	1,095,050	242,728	186,607	647,396	2,171,781
Additions	-	-	71,995	32,303	104,298
Disposals	-	(242,728)	(654)	(8,545)	(251,927)
At 31 March 2014	<u>1,095,050</u>	<u>-</u>	<u>257,948</u>	<u>671,154</u>	<u>2,024,152</u>
Depreciation					
At 1 April 2013	96,865	240,841	98,430	439,382	875,518
Charge for the year	17,158	23	40,436	40,257	97,874
Disposals	-	(240,864)	(492)	(3,405)	(244,761)
At 31 March 2014	<u>114,023</u>	<u>-</u>	<u>138,374</u>	<u>476,234</u>	<u>728,631</u>
Net book value					
At 31 March 2014	<u>981,027</u>	<u>-</u>	<u>119,574</u>	<u>194,920</u>	<u>1,295,521</u>
At 31 March 2013	<u>998,185</u>	<u>1,887</u>	<u>88,177</u>	<u>208,014</u>	<u>1,296,263</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

9 HOMEBUY LOANS

Group and Association

	£
Cost	
At 1 April 2013	513,072
Additions	62,981
At 31 March 2014	<u>576,053</u>
Social Housing Grant	
At 1 April 2013	286,660
Receivable	31,860
At 31 March 2014	<u>318,520</u>
Net book value	
At 31 March 2014	<u>257,533</u>
At 31 March 2013	<u>226,412</u>

10 OTHER INVESTMENTS

	Group	Association
	£	£
At 1 April 2013 and at 31 March 2014	-	1

11 DEBTORS

	Group 2014 £	Group 2013 £	Association 2014 £	Association 2013
Arrears of rent and service charges	582,666	567,360	582,666	567,360
Less: Provision for bad and doubtful debts	(294,492)	(351,262)	(294,492)	(351,262)
Other debtors	288,174	216,098	288,174	216,098
Prepayments and accrued income	64,733	72,287	64,733	72,562
	191,440	154,460	182,248	149,492
	<u>544,347</u>	<u>442,845</u>	<u>535,155</u>	<u>438,152</u>

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. CREDITORS: Amounts falling due within one year

	Group 2014 £	Group 2013 £	Association 2014 £	Association 2013 £
Social Housing Grant (disposal fund)	319,490	359,087	319,490	359,087
Social Housing Grant in advance	1,794,492	140,298	1,794,492	140,298
Housing loans (note 14)	763,203	745,749	763,203	745,749
Loan interest due	65,446	71,579	65,446	71,579
Contractors for certified work and retentions unpaid	672,384	712,260	672,384	712,260
Other creditors and accruals	1,091,342	909,815	1,003,774	746,123
	<u>4,706,357</u>	<u>2,938,788</u>	<u>4,618,789</u>	<u>2,775,096</u>

The movement on Social Housing Grant (disposal fund) is represented by social housing grant abatement.

13. CREDITORS: Amounts falling due after more than one year

	Group and Association 2014 £	Group and Association 2013 £
Housing loans	24,174,170	24,836,618
Social Housing Grant (disposal fund)	675,320	521,985
	<u>24,849,490</u>	<u>25,358,603</u>

14. HOUSING LOANS

	Group and Association 2014 £	Group and Association 2013 £
Housing loans are payable as follows:		
One year or less	<u>763,203</u>	<u>745,749</u>
Between one and two years	787,424	768,494
Between two and five years	3,023,231	2,957,062
In five years or more	20,363,515	21,111,062
	<u>24,174,170</u>	<u>24,836,618</u>
	<u>24,937,373</u>	<u>25,582,367</u>

Housing loans are secured by specific charges over the Association's housing properties and are repayable by instalments.

Interest rates are fixed at between 3.81% and 12.725% or vary with the market rate.

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

15 CALLED UP SHARE CAPITAL

At 1 April 2013	£
Issued during the year	190
Written off during the year	-
	(1)
At 31 March 2014	189

The shares provide members with the right to vote at general meetings but do not provide rights to dividends or distributions in a winding up.

16 DESIGNATED RESERVES

	At 1 April 2013 £	Transfer to revenue reserves £	Transfer from revenue/ restricted reserves £	At 31 March 2014 £
Group				
Furniture replacement	247,873	-	27,637	275,510
Cynon Taf Care & Repair	469,749	(3,989)	-	465,760
	717,622	(3,989)	27,637	741,270

	At 1 April 2013 £	Transfer to revenue reserves £	Transfer from revenue reserves £	At 31 March 2014 £
Association				
Furniture replacement	247,873	-	27,637	275,510
	247,873	-	27,637	275,510

The level of reserves required has been considered by the Board as being adequate to meet future spending plans.

17 RESTRICTED RESERVES

	At 1 April 2013 £	Transfer to revenue reserves £	Transfer from revenue reserves £	At 31 March 2014 £
Group				
Restricted 'other' tangible fixed assets	43,421	-	4,476	47,897
	43,421	-	4,476	47,897

18 REVENUE RESERVES

	Group £	Association £
At 1 April 2013		
Surplus for the year	7,843,977	7,826,782
Transfer to restricted reserves	851,058	850,572
Transfer to designated reserves	(4,476)	-
Transfer from designated reserves	(27,637)	(27,637)
	3,989	-
At 31 March 2014	8,666,911	8,649,717

CYNON TAF COMMUNITY HOUSING (2007) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

21 HOUSING STOCK

Group and Association

Units under development	Units in management
2014 Number	2013 Number
31	11
1,850	1,869

22 SOCIAL HOUSING GRANT

At 31 March 2014 total Social Housing Grant received by the group, including Social Housing Grant in respect of grant aided repair schemes and Homebuy Options schemes, amounted to **£64,214,379** (2013 £62,909,601). Social Housing Grant becomes repayable only in the event of a related property being sold.

23 LEGISLATIVE PROVISIONS

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is a registered social landlord.

24 PENSION SCHEME – SHPS SCHEME

Cynon Taf Community Housing (2007) Limited participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

25 CONTINGENT LIABILITY

Social housing grant received for a housing property is potentially repayable on its disposal, including any amounts credited to income and expenditure account in respect of disposal of replaced components. The total amount of social housing grant written back to income and expenditure account and potentially repayable in respect of all replaced housing property components is **£6,813,033** (2013 £6,395,094).

26 SUBSIDIARY UNDERTAKING

At 31 March 2014 the Association had a controlling interest in the affairs of Care & Repair Rhondda Cynon Taf Limited. This was by virtue of the fact that the Association may appoint a majority of the organisation's Board of Management.

The principal activity of Care & Repair Rhondda Cynon Taf Limited is to help older and disabled people improve and maintain a suitable home environment by enabling repairs, improvements and adaptations to be carried out.