

Cynon Taf Community Housing (2007) Limited

**Co-operative and Community Benefit Societies Registered
Number: 30399R**

Welsh Government Registration Number: L145

Report and financial statements

Year ended 31 March 2022

Cynon Taf Community Housing (2007) Limited

Contents

	Page
Board of Management, Senior Executives and Advisors	3
Strategic Report	4 – 19
Board Report	20 - 22
Independent auditors' report	23 - 28
Consolidated Statement of Comprehensive Income	29
Association Statement of Comprehensive Income	30
Consolidated Statement of Financial Position	31 - 32
Association Statement of Financial Position	33 - 34
Consolidated Statement of Changes in Reserves	35
Association Statement of Changes in Reserves	35
Statement of Cash Flows and Free Cash	36 - 38
Notes to the financial statements	39 - 84

Cynon Taf Community Housing (2007) Limited

BOARD OF MANAGEMENT, SENIOR EXECUTIVES AND ADVISORS

BOARD OF MANAGEMENT:

Voting members

Ms J Kent	Group Chair
Ms J Nicholas	Group Vice Chair
Mr J Chown	
Mr A Rawlins	Resigned September 2021
Mrs S Daubrey	Resigned November 2021
Mr T Addiscott	Resigned February 2022
Mr J Morgan	
Mrs H Jones	Resigned September 2021
Mr J Thomas	
Ms F Bevan	Resigned May 2021
Mr H Osbourne	
Ms C Batten	Resigned November 2021
Ms N Azad – Warren	Appointed September 2021
Mr B Stephens	Appointed September 2021
Ms C Gunning	Appointed September 2021

SENIOR EXECUTIVES:

Ms V Slade	Group Chief Executive
Ms K Ellis	Group Director of Housing and Communities
Mrs A Williams	Group Director of Corporate Services
Mrs C White	Company Secretary

AUDITOR:

Bevan Buckland LLP
Cardigan House
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

BANKERS:

Barclays
Cardiff

SOLICITORS:

Hugh James
Morgan La Roche, Swansea Blake Morgan, Cardiff

Cynon Taf Community Housing (2007) Limited

Strategic Report

The Board present their strategic report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2022.

Introduction

The last year continued to present many challenges with the ongoing Covid pandemic, Brexit and hostilities in the Ukraine, resulting in inflationary and cost of living pressures on tenants, employees and the organisation.

Restriction measures for Covid and agile working remained across the Group with some relaxation now being introduced. Paused services are reinstated with continuing risk assessments for social distancing, mask wearing, triage/ screening. A booking system for space in the office was expanded, enabling employees to work more flexibly.

We remained conscious of the impact on the cost of living of inflation and wider economic pressures for tenants, employees and the wider community, and this has been a key focus in feeding into business planning and budget setting.

Who we are

Cynon Taf Community Housing Group is in the heart of Rhondda Cynon Taf in South Wales. We are proud of our deep-rooted history in providing housing and support for the people and communities where we work.

Cynon Taf Community Housing (2007) Limited a registered social landlord providing 1882 homes throughout the county borough of Rhondda Cynon Taf

Our Homes

Total properties = 1882

General Needs = 1480

Supported Housing = 165

Older Persons = 114

Adapted = 33

Supported = 90



Cynon Taf Community Housing (2007) Limited

Strategic Report

Our Vision, Values and Priorities

Cynon Taf Community Housing Group is in the heart of Rhondda Cynon Taf in South Wales. We're proud of our deep-rooted history in providing housing and support for the people and communities where we work.

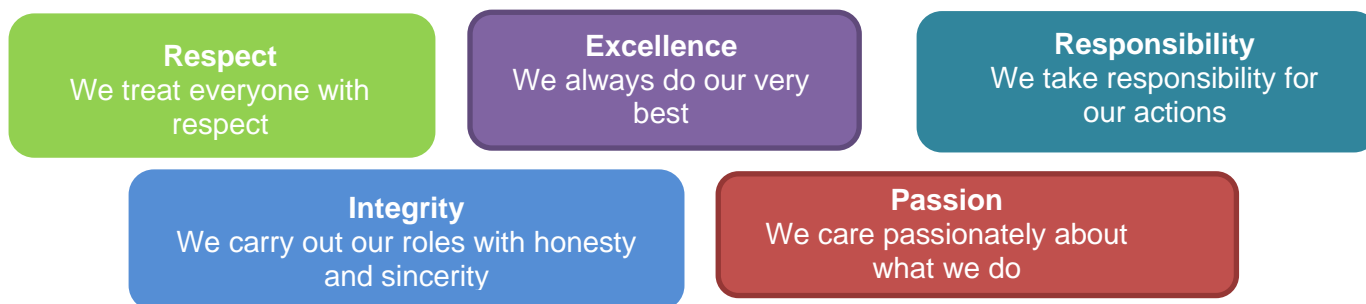
Our Vision

We want to be part of happy, healthy and prosperous valley communities where everyone has a chance to live well.

Our Purpose

We're here to provide great homes and support for the people who make up our communities.

Our Values



Our Priorities



Our priorities are underpinned by the following themes which cut across everything we do:

- Equality, diversity and inclusion;
- Mitigating climate impact; and
- Value for money

Cynon Taf Community Housing (2007) Limited

Strategic Report

Supporting Resilient Communities

Housing & Communities Overview April 2021 - March 2022

Our Housing and Communities Team worked tirelessly to provide vital support to our tenants and communities during another challenging year.

We let 149 homes

295 referrals made for financial or wellbeing support

Total income maximised for tenants who accessed support = £186K

We are proud that:

carried out
714
interventions

81 people
improved
digital skills

79 people
received training
& volunteering
interventions

555 people
received financial
& wellbeing
interventions

Our Potential Projects

Our Potential and Community Potential Projects support tenants and members of our local communities by tackling poverty and social exclusion for those furthest from the job market. We encourage growth and engagement through basic skills building, training and volunteering to help participants move closer to employment.

£275,677.73 grant funding received from WCVA Active Inclusion to make these projects a success.

FUTURE FOCUS

- Implement new service charge policy
- Down To Zero starts work – includes skills development for tenants
- Prepare for WHQS2 and costed retrofit
- Cost of Living Action Plan
- Community Development and Social Value work continues such as the Potential Project and joining the Co-Production Network

Cynon Taf Community Housing (2007) Limited

Strategic Report

Delivering Excellent Services

Feedback from tenants

"I can't thank Cynon Taf enough. Having this work done has made my life so much easier, getting about day to day. The contractors were great and worked under difficult circumstances after covid and put me at ease. My quality of

"Staff are so helpful. I don't know what I would have done without my rent officer, I am not very good at filling out forms. She helped with UC and bedroom tax and taught me how to use my journal which is new for me. She checks in regularly and I feel like she's a friend who wants to help"

Feedback from rent payments review

Physical Adaptation Grant review

Communications

We launched our My Cynon App & Portal

My Cynon means you can report a repair, check your rent account, make a payment plus much more any day, any time, 24/7

The My Cynon app is free to download on Apple or Android devices. You can also log on to the My Cynon portal via our website: www.cynon-taf.org.uk



1368 Facebook fans



623 Instagram followers



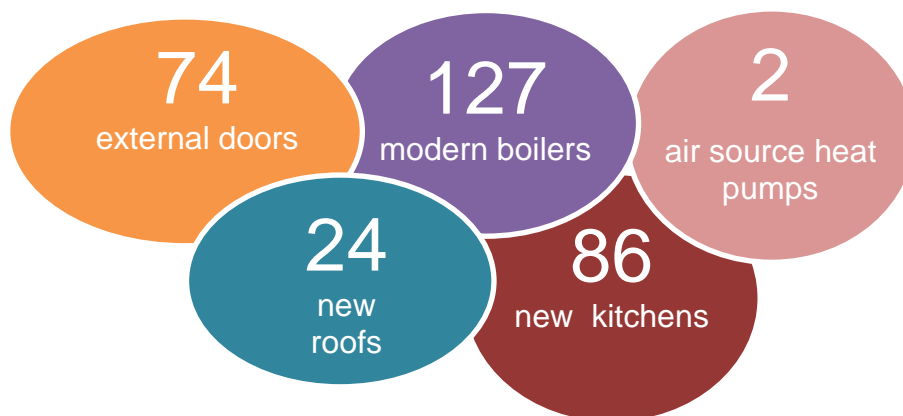
4433 Twitter followers

Cynon Taf Community Housing (2007) Limited

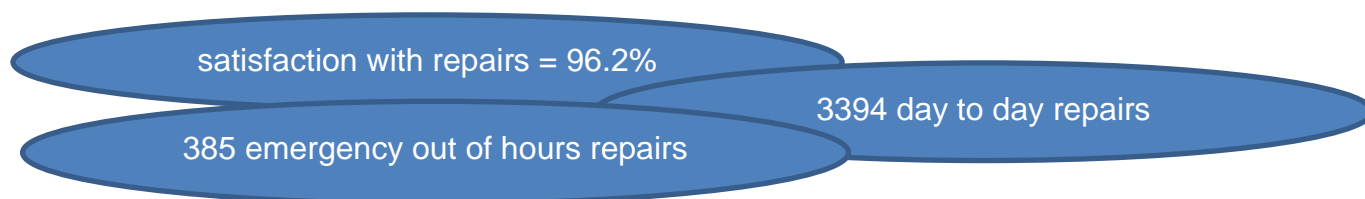
Strategic Report

Maintaining Our Homes

£1.26m was spent on Planned Capital Investment works completed during 2021/22. We completed...



This year we are proud to have developed and grown our in-house trade team, employing a number of talented, local people in roles such as plumbing, plastering and carpentry to deliver our repairs service.



Keeping our tenants safe in their homes

100% Homes have up to date Gas Service and Safety Certificate	1736 = Gas Safety Checks
315 = Electrical Safety Checks	334 = Asbestos Safety Checks

FUTURE FOCUS

- Prepare for WHQS2 and higher standard for ready to let homes
- Implement new Performance Management Framework
- Implement new Tenant and Staff Involvement structure
- Develop new Asset Management and Investment Strategy
- Refocused Equality, Diversity, Inclusion workstream

Cynon Taf Community Housing (2007) Limited

Strategic Report

Growing our supply of homes

Homes completed and handed over in 2021/22 = **31**

Clos Y Briallu, Tonypandy



Oxford Buildings



Homes on-site and planned for completion and handover in 2022/23= **32**

Developments started 2021/22
Abergorki – 13 new homes (6 supported living)
Well Place – provision of 2 purpose built adapted bungalows

- Entered into contract for 12 new homes at Penygraig and drawn down all of our SHG Grant
- Purchased Porth Infants school for redevelopment
- Secured additional funding from Land and Buildings Development Fund on Porth Infants to support the redevelopment funding

FUTURE FOCUS

- Bring into management the remaining 17 homes at Cwrt y Gamlas
- Complete and bring into management 2 purpose built adapted bungalows at Well Place and 13 homes at Abergorki (which includes 6 supported living homes)
- Porth Infants - into Planning and on site, Penygraig - works and delivery
- Nidum – explore redesign and firm up options for this site

Cynon Taf Community Housing (2007) Limited

Strategic Report

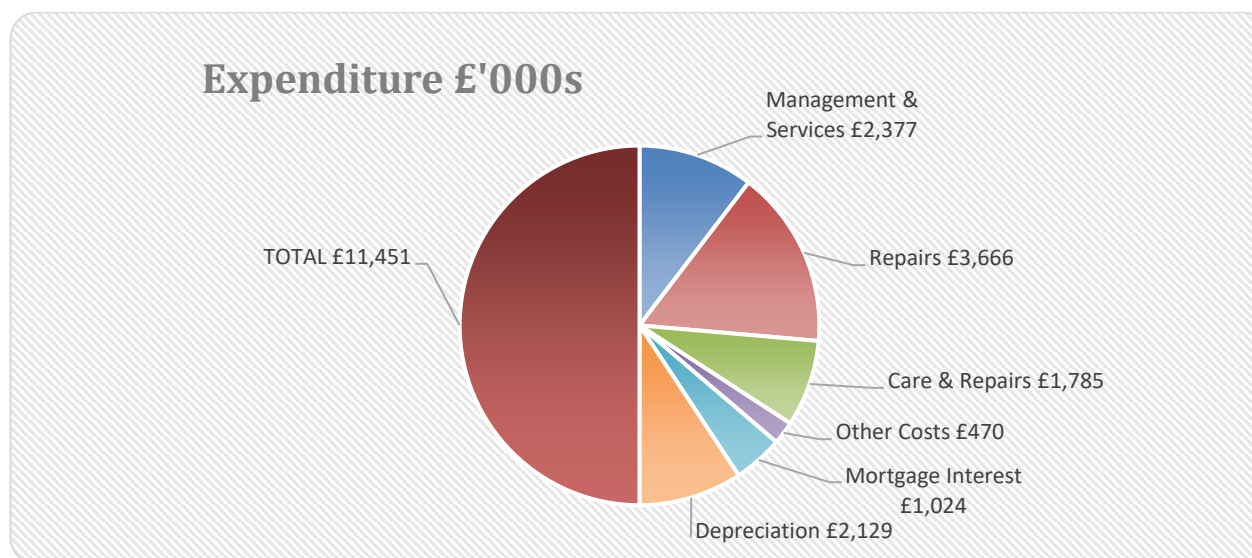
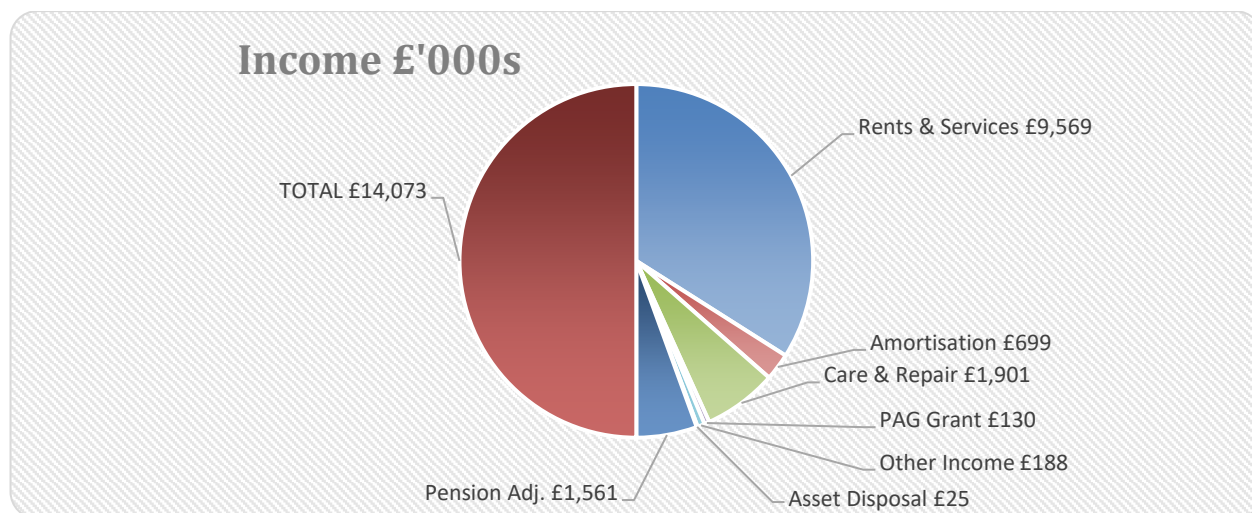
Protecting our financial sustainability

<p>£</p>	<p>The impact of Covid, Brexit and hostilities in the Ukraine presented continuing and new challenges both financially and in the provision of services to our tenants as well as impact on our staff and wider communities.</p> <ul style="list-style-type: none"> • Affordability of rent and service charges for our tenants were carefully considered when setting rents within our own and WG rent policy, against the need to fulfil new policy challenges within a challenging economic climate, whilst maintaining investment in existing and new properties, servicing loans and supporting employees through cost of living pressures; . • Budgets were set and monitored to ensure we maintained the financial resilience of the Association and Group whilst addressing the challenging and rapidly changing economic, social and working environment; • Material cost increases and supply chain issues have been closely monitored for the impact on new development and the maintenance costs for investing in our existing properties; • Robust business planning, stress testing and mitigations remained a key focus for management and Board; and • Loan agreements were transitioned from Libor to Sonia/base rate.
<p>✓</p>	<ul style="list-style-type: none"> • 100% annual covenant compliance for all our Lenders and within Board tolerance levels • ‘Clean’ audits with unqualified opinions on the financial statements of both Cynon Taf Community Housing and Cwm Taf Care & Repair • WG Interim Regulatory Judgement – ‘Standard’
<p>Tendering</p>	<ul style="list-style-type: none"> • External Audit services were tendered and Bevan and Buckland retained the provision for the service. • Insurances were tendered and Arthur J Gallagher retained the broker service.
<p>Internal Audit</p>	<ul style="list-style-type: none"> • Options for the provision of Internal Audit Services were explored and Cynon Taf became of member of the Barcud Shared Services Group with the service starting from April 2022.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Financial Performance




FUTURE FOCUS

- Review external funding requirements for future growth and investment, present options and ensure funding in place
- Review VFM strategy and implement action plan, including metrics
- Continue to develop smarter and more integrated working with the Agency to help improve their capacity and sustainability
- Implement new finance structure
- Widen business continuity focus to include extreme weather, inflationary and supply pressures and test our resilience following Board and employee training

Cynon Taf Community Housing (2007) Limited

Strategic Report

Investing in our governance, our people and our systems



We continued our work with Tai Pawb through progressing our Deeds Not Words pledge, maintained our QED Award for Year Two and introduced Equality, Diversity & Inclusion themed blogs.

Victoria Slade, our Group Chief Executive, has been appointed as the new Chief Executive of Guernsey Housing Association.


Victoria said: "I'm sad to be leaving Cynon Taf, but also hugely excited to join Guernsey Housing Association following the announcement of Steve Williams' retirement. I know Steve will be sorely missed by everyone and I'll be working hard with the Board, colleagues, tenants and partners to do his legacy justice.

I'm really proud of the achievements of everyone in the Cynon Taf Group – the Association and the Agency - particularly during the challenge of the pandemic. The focus on tenants and clients really reflected what's important to us all – being rooted in the community, doing the right thing and living our values.


Those are qualities which I know are a match with Guernsey Housing Association and I'm looking forward to joining the team in October."

Joy Kent, Chair of Cynon Taf Community Housing Group added, "I'm sure I speak on behalf of all the staff, tenants, clients and board when I say that we're really sad to lose Victoria. She's led the organisation with energy, focus, imagination and most importantly, integrity through one of the toughest times imaginable. We wish her well in her new role."

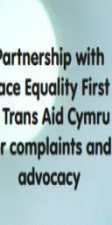
The Board will now focus on leading the organisation through the coming changes making sure the interests of our tenants, clients, workforce and wider community remain our top priority going forward."




We celebrated LGBT History Month for the first time.




Pronoun Pledge




Partnership with Race Equality First & Trans Aid Cymru for complaints and advocacy




ZERO RACISM WALES




Equality Diversity & Inclusion intranet page & suggestion box



£ New EDI budget



Extended Diversity Events Calendar



#My name is:

Completed external governance review and developed action plan	Developed new Standing Orders as part of Governance Toolkit	Completed first stage of Gender Pay Gap review	Completed first stage of pay strategy
Introduced one to one conversations with Strategic Management Team for all employees	Developed employee behavioural competencies which match our values	Restructured Resources Team to meet growth expectations	Refreshed Union Recognition agreement
Reviewed Health & Safety structure to strengthen independent assurance for Board, creating a new Health & Safety Manager position		Introduced new HR system with interactive features and self-service for employees	

Cynon Taf Community Housing (2007) Limited

Strategic Report

Investing in our Systems

With the return of the of ICT systems back in-house, this year has been focused around business continuity and security whilst continuing to look at the future vision. We have:

Created a new 'Disaster Recovery as a Service' setup, that can replicate our IT infrastructure in the cloud if we lost our head office. Enabling continuation of business resources even in the worst business continuity situations	Updated Network firewalls and upgraded VPN connections	Updated Citrix environment to maximise security
Implemented two factor authentication across the business	Upgraded head office internet lines to add resilience and prepare for Voice traffic.	Continued staff equipment improvement
Added staff training elements into the company intranet.	Assisted staff with new working practises using new tools from the Office 365 toolset	Implementing a new website

Future Focus

- Set a medium term pay strategy and implement job evaluation
- Develop action plan to address gender pay gap
- Implement staff-designed agile working
- Review cost of living issues for employees
- Implement a Volunteering Policy to enable employees to contribute their time and skills to benefit the communities we work in
- Improve our ICT system resilience
- Improvement of communication facilities for the group
- Maximising investment in office 365 by structuring effectively and linking with other applications to aid agile working for staff and information access for tenants.
- Continued focus on Cybersecurity

Cynon Taf Community Housing (2007) Limited

Strategic Report

Partnering with others to achieve shared goals

Down to Zero Project

Down to Zero is a unique project that is focused on capturing carbon through land-based draw down but has so many additional benefits. The project will engage tenants, staff and local communities in a wide range of social business initiatives such as food growing, tree hive production and agroforestry.

We have secured a piece of land in the Rhondda Cynon Taf area and will capture and draw down carbon - in simple terms using land to collect and keep carbon. On the land we will set up a series of initiatives that will help us to collect and keep carbon.

This includes employment and volunteering opportunities, local food production, collaboration with local schools and groups, low carbon building methods and innovative techniques such as biochar production.

We are so excited about this!



Responsibility

We have a responsibility to our tenants, staff and communities to act against climate breakdown.



Integrity

Our contribution to the environmental crisis must make an impact.



Excellence

A sector leading project that would set an example and case study for others to follow.

More information on the project can be found on its dedicated website www.down-to-zero.co.uk

Renting Homes (Wales) Act 2016

In 2016, Welsh Government passed the Renting Homes (Wales) Act 2016 with the aim of making it simpler and easier for landlords and tenants to rent a home in Wales. The Act is the biggest change to housing law in Wales for decades

Cynon Taf is working in partnership with five peers - Cadwyn, Caredig, First Choice, Merthyr Housing and Newydd – in a joint-implementation project with a shared Project Manager to make sure we are all ready to implement the Act in full

Barcud Shared Services – Provision of internal audit service.. As a member, we benefit from peer learning, challenge and expertise with a truly Welsh context

FUTURE FOCUS

- Maximise benefits and learning from membership of Barcud and explore shared services within the Barcud membership
- Continue to provide a housing perspective to the work led by Beth Winter MP, supported by the Bevan Foundation, on Post Covid Economic Recovery in Cynon Valley
- New SMART Partnership starts with Down to Zero
- Explore shared procurement opportunities to support delivery of optimised retrofit and the new Welsh Housing Quality Standard
- Continue to strengthen relationships with key partners and stakeholders
- Support and link up with the local authority on the green and shared prosperity agenda

Cynon Taf Community Housing (2007) Limited

Strategic Report

Charity



During the past two years our chosen charity has been Cots For Tots.

This charity was very close to our hearts as our Colleague Hannah accessed the charity services following the birth of her baby Ivy Grace

We recognized the vital work this charity has undertaken since 1995. We are proud to be raising money for this wonderful charity.

Cots for Tots is the special care baby charity raising money to save and transform lives at the Neonatal Intensive Care Unit at St Michael's Hospital Bristol, and Cots for Tots House, free 'home from home' accommodation for families of babies from Bristol, the Southwest, South Wales and beyond.

It was another very difficult year due to COVID and staff working remotely but we still managed to raise an amazing **£8,192**.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Cwm Taf Care & Repair

Care & Repair is the older persons champion in Wales and actively works to ensure that all older people have homes that are safe, secure and appropriate to their needs.

Our role is to provide a free support and advice service for older and disabled people that assists the clients choice to remain living in their home. A client led, individually tailored package of support will be identified and delivered by an experienced team of Case Officers and Technical Officers with the aim of ensuring clients remain in their own homes with greater independence, warmth, security and safety.

<p><u>Supporting Resilient Communities</u> Unclaimed benefits Income maximised = £189,498</p> <p>100 Winter Warmer packs to clients in energy hardship</p> <p>Attended numerous events across Cwm Taf</p> <p>Volunteer support for Merthyr & Cynon Foodbank</p>	<p><u>Dementia Services</u> 4 Dementia friends champions 160 referrals & visits £85,199 funding to complete 138 jobs 160 Benefit Assessments completed = £18,855 unclaimed benefits 70 client customer satisfaction forms with 100% agreeing:</p> <ul style="list-style-type: none"> • intervention improved their quality of life • Would recommend our services to others -Satisfied with the standard of work completed 	<p><u>Managing Better Service</u> Supported 159 clients with Sensory loss, visual impairment or hearing loss</p> <p>Completed 142 essential jobs = £66,644</p> <p>Completed 154 home visits Successful with 7 benefit applications raising clients income = £26,778 pa. 100% of client survey returns stated:</p> <ul style="list-style-type: none"> • recommend the service to others • standard of work provided
---	---	--

Delivering Excellent Services

- First agency in Wales to achieve Advice Quality Standards accreditation in 2021 – 2022
- Supported **4385** clients during 2021-2022
- Completed **5299** jobs on behalf of clients across Cwm Taf
- Focus on ensuring that non essential works that were placed on hold during the pandemic were completed achieving a total value of **£1,452,654**
- Completed **2567** support visits to older people across Cwm Taf
- **3188** customer satisfaction forms returned
 - **98%** confirmed interventions had improved their confidence, independence and wellbeing
 - **99%** of clients were satisfied with services received from Cwm Taf Care & Repair and would recommend to others.
 - **98%** satisfied with the standard of work completed in their homes.
 - **76%** advised interventions had improved their quality of life.
 - Completed **44** Maintenance Repair Assistance Grants in Rhondda Cynon Taf to the value of **£148,356.00**

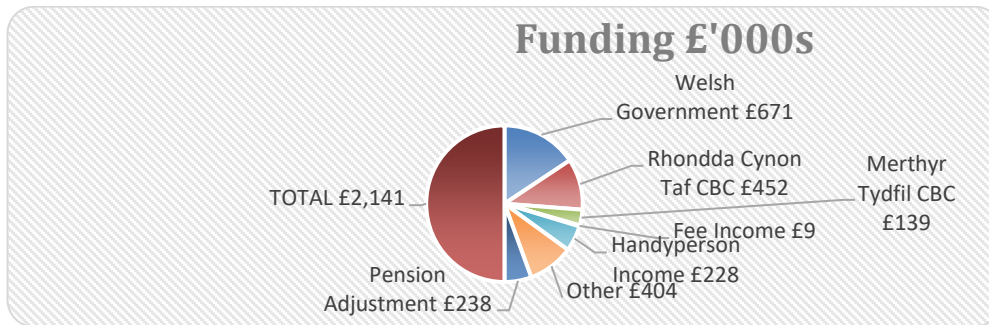
Cynon Taf Community Housing (2007) Limited

Strategic Report

Keeping people safe in their own homes

- Safe Contractor accreditation maintained in 2021
- Completed 5032 jobs under our small works of adaptation service with 77% relating to falls prevention

Protecting our Financial Sustainability



Investing in our Governance, our people and our systems



Through continuous staff wellbeing surveys we have been able to listen and react to our staffs wellbeing throughout the year

53 sets of accredited training completed

Investing in our Systems

With the return of the of ICT systems to Cynon Taf, this year has been focused around understanding the environment, securing, improvement of existing facilities and looking at the future vision. We have:

De-cluttered the infrastructure/wifi set-up	Improved Antivirus set-up – now centrally managed from CT	Implemented two-factor authentication	Assisted with new mobile phone contract (making cost and service improvements)	Assisted with new printer contract (making cost and service improvements)
---	---	---------------------------------------	--	---

FUTURE FOCUS

- Improvement of office internet connections to improve communications quality
- Maximising investment in office 365 by structuring effectively
- Implementation of cloud backup service for the office 365 environment
- Derive improvement areas with C&R management to outline future focus areas

Partnering with others shared goals

Successful Delivery of 70 plus project in partnership with Bridgend Care & Repair & Care & repair Cymru. The service received 95 referrals this year with projections that the service will be needed more than ever as we move into 2022-2023

Cynon Taf Community Housing (2007) Limited

Strategic Report

Governance and Management of Risk

Strategic risks are ones which threaten our ability to deliver our corporate objectives if they are not actively managed. During the year we refocussed our attention to key principles, presenting risks and scoring in a way which enables members to focus on residual risk scores, understand further work needed, monitor progress against actions and confirm any movement in scoring as a result.

All risks within the Risk Register are linked to the Corporate objectives and are reviewed by Board at each scheduled meeting. We have strengthened this by building in the ability for Group Board to call on Audit and Performance Committee to complete 'deep dives' on any areas which require more time and scrutiny. Our top strategic risks incorporate the new WG Sector Risk analysis. They are:

Existing	Corporate objective
Decarbonisation and optimised retrofit	Protect our financial sustainability; support resilient communities
Development	Grow our supply of homes; protect our financial sustainability
Health and Safety	Deliver excellent services
Brexit impacts	Protect our financial sustainability; support resilient communities
Data Security	Invest in our governance, people and systems; protect our financial sustainability
WHQS compliance and transition to WHQS2	Deliver excellent services; protect our financial sustainability
Cyber Attack	Invest in our governance, people and systems; protect our financial sustainability
Counter Party Risk	Invest in our governance, people and systems; protect our financial sustainability
Community Decline	Support resilient communities; deliver excellent services; protect our financial sustainability
Differential inflation rates amended to include wider focus on Cost of Living and the economic pressures which drive it	Protect our financial sustainability
Renting Homes (Wales) Act	Support resilient communities; deliver excellent services; protect our financial sustainability
Down to Zero	Support resilient communities; protect our financial sustainability

Risks which are tolerated with monitoring are Pension Deficit Liability, Welfare Reform, and Covid-19







Cynon Taf Community Housing (2007) Limited

Strategic Report

Governance

The Association aims to achieve high standards of governance and has adopted the Community Housing Cymru Code of Governance. The Board is supported by two committees – the Audit and Performance Committee and the Governance Committee. In addition, there is a Down to Zero Project Board, which reports into Group Board, to manage risk around this project. All members of these Committees are drawn from the non-executive board members of Cynon Taf.

Our Board of Management

 Joy Kent Chair	 Julie Nicholas Vice Chair	 John Chown Board Member
 Jonathan Morgan Board Member	 Nazia Azad-Warren Board Member	 Clare Gunning Board Member
 James Thomas Tenant Board Member	 Barry Stephens Board Member	 Howard Osbourne Tenant Board Member

Ms J Kent
Chair



Ms C.White
Secretary



Date

9th August 2022

Cynon Taf Community Housing (2007) Limited

Board Report

The Board of Management present the financial statements for the year ended 31st March 2022.

FINANCIAL PERFORMANCE 2022

The financial result for 2022 was a surplus for the year of £2.622m as compared to a loss of £881k in 2021. The primary reason for the significant movement year on year is the actuarial losses and gains for the defined benefit pension scheme. These are analysed further in Note 24.

REVIEW OF THE OPERATIONS

The principal activity of the Association continues to be that of developing and managing good quality rented accommodation within Rhondda Cynon Taf.

Cwm Taf Care and Repair Limited continues to help older and disabled people in Rhondda Cynon Taf to improve or maintain a suitable home environment by enabling repairs, improvements and adaptations to be carried out.

For further information, please refer to the Strategic Report on pages 4 to 24.

GOING CONCERN

The Group has considerable financial resources and, as a consequence, the Board believe that the Group is well placed to manage its business risks, including Covid-19 and others mentioned in the notes to the accounts, successfully despite current uncertainties in the social housing sector.

BOARD OF MANAGEMENT AND SENIOR EXECUTIVES

The Board of Management and Senior Executives who served during the year are listed on page 3.

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

EMPLOYEES

The groups intention is to be a fair employer offering staff training openings and career advancement against a continuing commitment to equal opportunities in respect of employment and access to services.

DONATIONS

Donations amounted to £4,000 (2021 - £4,000). There were no political donations.

Cynon Taf Community Housing (2007) Limited

Board Report

INSURANCE EFFECTED FOR OFFICERS AND BOARD

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

ANNUAL MEETING

The annual meeting of the association will be held on 13th September 2022.

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Group and Association will continue in business.

The Board are responsible for maintaining satisfactory systems of internal control and keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association, and enable them to ensure that the financial statements comply with Housing Association legislation. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Association's website.

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Group's auditors is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members, in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of the information.

Cynon Taf Community Housing (2007) Limited

Board Report

INTERNAL CONTROL STATEMENT

The Board is committed to achieving high standards of corporate governance and acknowledges its responsibility for ensuring that the Association and the Group have in place a system of internal controls that are appropriate to the various business environments in which we operate. These controls are designed to give reasonable assurance with respect to:

- Reliability of financial information
- Administration and maintenance of proper accounting records; and
- Safeguarding of unauthorised use of assets.

It is the Board's responsibility to establish and maintain systems of internal financial control, providing reasonable assurance against material financial misstatement or loss. Key controls include:

- Clearly defined management and reporting structures.
- Formal policies and procedures including the Schedule of Delegated Authority, Financial Control Regulations and Anti-Fraud Policy.
- Effective recruitment and training programmes
- Audit and Performance Committee structure that has delegated power to scrutinise budget setting, quarterly management information and financial forecasting, examining any significant variances prior to findings and making relevant recommendations to Board. This allows Board to monitor the key business risks and objectives and assess delivery against the financial plan set for the year.
- Risk Management Framework with regular review of the risk register. Risk has been set as a standard agenda item at both Board and Audit and Performance Committee. At the request of the board, certain risks are subject to a deep dive review by the Audit and Performance Committee.
- Good working relationships with Welsh Government, Rhondda Cynon Taf County Borough Council and Cwm Taf Health Board.
- Internal Audit and External Audit, with all reports being reviewed at Audit and Performance Committee prior to Board.

The Board has reviewed the effectiveness of the Groups internal control for the year ended 31st March 2022.

By order of the Board of Management

Ms J Kent



Chair

Date 9th August 2022

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

In addition to our audit on the financial statements for the year ended 31st March 2022, we have reviewed the Board's statement of Cynon Taf Community Housing (2007) Limited's ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Group's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 27, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



Bevan Buckland LLP

Chartered Accountants & Statutory Auditors

Cardigan House
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date 9th August 2022

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

Opinion

We have audited the financial statements of Cynon Taf Community Housing (2007) Limited ("the Association") for the year ended 31 March 2022 which comprise the consolidated and Association statements of comprehensive income, consolidated and Association statements of changes in reserves, the consolidated and Association statements of financial position, the consolidated cash flow statement and its 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 31st March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Boards' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

uncertainties that may cast significant doubt about the Group and Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. 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.

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.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 26), 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

In preparing the financial statements, the Board are responsible for assessing the Group and 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 intend to liquidate the group 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the organisation operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Cynon Taf Community Housing (2007) Limited

Independent Auditor's report to the members of Cynon Taf Community Housing (2007) Limited registered under the Co-Operative and Community Benefit Societies Act 2014

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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.



Bevan Buckland LLP

Chartered Accountants & Statutory Auditors

Cardigan House
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date 9th August 2022

Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £	2021 £
TURNOVER	3	12,486,161	11,933,061
Operating Expenditure	3	(10,430,842)	(9,252,651)
Gain/(loss) on disposal of housing properties	4	<u>25,205</u>	<u>(38,901)</u>
OPERATING SURPLUS	7	2,080,524	2,641,509
Interest receivable	6	519	515
Interest and financing costs	5	(1,023,598)	(1,033,530)
Pension deficit remeasurements	24	3,845	(241)
Financing costs - pension deficit	24	<u>(41)</u>	<u>(188)</u>
SURPLUS FOR THE YEAR		1,061,249	1,608,065
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	25	1,561,000	(2,489,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,622,249</u></u>	<u><u>(880,935)</u></u>

The results relate wholly to continuing activities and there are no recognised gains or losses for the period other than the profit and loss.

The notes on pages 39 to 84 form part of these financial statements.

Cynon Taf Community Housing (2007) Limited

Association Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £	2021 £
TURNOVER	3	10,622,580	10,397,721
Operating Expenditure	3	(8,645,836)	(7,811,287)
Gain/(loss) on disposal of housing properties	4	<u>25,205</u>	<u>(38,901)</u>
OPERATING SURPLUS	7	2,001,949	2,547,533
Interest and financing costs	5	(1,023,598)	(1,033,530)
Pension deficit remeasurements	24	3,845	(241)
Financing costs - pension deficit	24	<u>(41)</u>	<u>(188)</u>
SURPLUS FOR THE YEAR		982,155	1,513,574
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	25	1,323,000	(2,189,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,305,155</u></u>	<u><u>(675,426)</u></u>

The results relate wholly to continuing activities and there are no recognised gains or losses for the period other than the profit and loss.

The notes on pages 39 to 84 form part of these financial statements.

Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		62,835		82,351
Housing Properties	10		104,478,187		101,891,201
Other tangible fixed assets	12		1,840,112		1,771,716
FIXED ASSET INVESTMENTS					
Homebuy loans receivable	13		404,720		404,720
TOTAL FIXED ASSETS			106,785,854		104,149,988
CURRENT ASSETS					
Stock	14		43,578		36,872
Debtors	15		2,126,565		1,038,172
Properties held for sale	16		14,563		77,340
Cash at bank and in hand			1,699,139		2,267,824
			<u>3,883,845</u>		<u>3,420,208</u>
CREDITORS					
Amounts falling due within one year	18		(6,236,421)		(5,358,295)
NET CURRENT LIABILITIES			(2,352,576)		(1,938,087)
Debtors: Amounts falling due after more than one year	17		624,473		640,862
TOTAL ASSETS LESS CURRENT LIABILITIES			105,057,751		102,852,763
CREDITORS					
Amounts falling due more than one year	19		(79,291,319)		(77,821,261)
Pension - Defined Benefit liability	25		(2,020,006)		(3,907,319)
NET ASSETS			<u>23,746,426</u>		<u>21,124,183</u>
CAPITAL AND RESERVES					
Called up share capital	26		133		139
Unrestricted reserves	27		23,705,218		21,082,116
Restricted reserves	27		41,075		41,928
TOTAL RESERVES			<u>23,746,426</u>		<u>21,124,183</u>

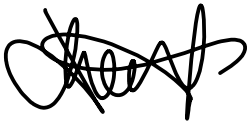
Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Financial Position

At 31 March 2022

The financial statements of Cynon Taf Community Housing (2007) Limited were approved by the Board
9th August 2022.

Signed on its behalf by:



Mrs J Kent
Chair



Mrs C White
Secretary



Mr J Chown
Chair APC

Cynon Taf Community Housing (2007) Limited

Association Statement of Financial Position

At 31 March 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		62,835		82,351
Housing Properties	10		104,478,187		101,891,201
Other tangible fixed assets	12		1,568,776		1,481,175
FIXED ASSET INVESTMENTS					
Homebuy loans receivable	13		404,720		404,720
Other Investments			1		1
TOTAL FIXED ASSETS			106,514,519		103,859,448
CURRENT ASSETS					
Stock	14		12,297		4,793
Debtors	15		2,034,944		871,643
Properties held for sale	16		14,563		77,340
Cash at bank and in hand			986,079		1,654,578
			3,047,883		2,608,354
CREDITORS					
Amounts falling due within one year	18	(6,068,406)		(5,152,402)	
NET CURRENT LIABILITIES			(3,020,523)		(2,544,048)
Debtors: Amounts falling due after more than one year	17		624,473		640,862
TOTAL ASSETS LESS CURRENT LIABILITIES			104,118,469		101,956,262
CREDITORS					
Amounts falling due more than one year	19		(79,274,189)		(77,804,131)
Pension - Defined Benefit liability	25		(1,786,000)		(3,399,000)
NET ASSETS			23,058,280		20,753,131
CAPITAL AND RESERVES					
Called up share capital	26		133		139
Unrestricted reserve	27		23,058,147		20,752,992
TOTAL RESERVES			23,058,280		20,753,131

Cynon Taf Community Housing (2007) Limited

Association Statement of Financial Position

At 31 March 2022

The financial statements of Cynon Taf Community Housing (2007) Limited were approved by the Board
9th August 2022.

Signed on its behalf by:



Mrs J Kent
Chair



Mrs C White
Secretary



Mr J Chown
Chair APC

Cynon Taf Community Housing (2007) Limited

Group Statement of Changes to Reserves

For the year ended 31 March 2022

	Unrestricted Reserve £	Restricted Reserve £	Total £
At 1 April 2020	21,962,198	42,781	22,004,979
Transfer from reserves	-	-	-
Transfer to reserves	-	-	-
Surplus for the year	(880,082)	(853)	(880,935)
At 31 March 2021	<u>21,082,116</u>	<u>41,928</u>	<u>21,124,044</u>
Transfer from reserves	-	-	-
Transfer to reserves	-	-	-
Surplus for the year	2,623,102	(853)	2,622,249
At 31 March 2022	<u>23,705,218</u>	<u>41,075</u>	<u>23,746,293</u>

Association Statement of Changes in Reserves

At 31 March 2022

	Unrestricted Reserve £	Total £
At 1 April 2020	21,248,418	21,248,418
Surplus for the year	(675,426)	(675,426)
At 31 March 2021	<u>20,572,992</u>	<u>20,572,992</u>
Surplus for the year	2,305,155	2,305,155
At 31 March 2022	<u>23,058,147</u>	<u>23,058,147</u>

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2022

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Operating surplus	2,080,524	2,641,509	2,001,949	2,547,533
Adjustments for non cash items				
Depreciation & impairment of fixed assets	2,172,203	2,556,507	2,152,998	2,537,440
Government grants amortised in year	(698,593)	(778,658)	(698,593)	(778,658)
Amounts written off share capital	(6)	(3)	(6)	(3)
Pension DB Accounting adjustments	81,500	(50,746)	71,000	(56,531)
(Gain)/Loss on disposal of fixed asset	(23,724)	38,901	(23,724)	38,901
Working capital movements				
(Increase)/decrease in stock	(6,706)	6,294	(7,504)	1,578
Decrease/(Increase) in trade and other debtors	35,499	(110,497)	(39,407)	80,112
Increase in creditors	35,392	235,814	73,267	150,332
Pension deficit contributions paid	(409,565)	(402,024)	(362,751)	(356,199)
Net cash generated from operating activities	3,266,524	4,137,097	3,167,229	4,164,505
Interest received	519	515	-	-
Interest and mortgage fees paid	(1,021,280)	(1,100,466)	(1,021,280)	(1,100,466)
Adjustments for reinvestment in existing properties				
Component replacements	(1,189,095)	(772,821)	(1,189,095)	(772,821)
Purchase of other fixed assets	(204,800)	(56,870)	(204,800)	(33,470)
Free cash generated/(expended) before loan repayments	851,868	2,207,455	752,054	2,257,748
Loans repaid (excluding revolving credit facilities)	(1,148,018)	(2,896,984)	(1,148,018)	(2,896,984)
Free cash expended after loan repayments	(296,150)	(689,529)	(395,964)	(639,236)
Cash flow from investing activities				
Purchase and development of properties	(3,386,249)	(4,085,241)	(3,386,249)	(4,085,241)
Proceeds from sales of properties and other fixed assets	287,623	77,753	287,623	77,753
Grants received	1,126,091	2,338,677	1,126,091	2,338,677
Grants repaid	-	-	-	-
	(1,972,535)	(1,668,811)	(1,972,535)	(1,668,811)

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2022

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Cashflow from financing activities				
Drawdown of new loan facility	1,700,000	2,700,000	1,700,000	2,700,000
Share capital allotted	-	-	-	-
	<u>1,700,000</u>	<u>2,700,000</u>	<u>1,700,000</u>	<u>2,700,000</u>
Net increase in cash and cash equivalents	<u>(568,685)</u>	<u>341,660</u>	<u>(668,499)</u>	<u>391,953</u>
Cash and cash equivalents at beginning of year	<u>2,267,824</u>	<u>1,926,164</u>	<u>1,654,578</u>	<u>1,262,625</u>
Cash and cash equivalents at end of the year	<u>1,699,139</u>	<u>2,267,824</u>	<u>986,079</u>	<u>1,654,578</u>

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2022

Reconciliation of net debt

Group

	At 1 April 2021	Cashflows	Other non-cash changes	At 31 March 2022
	£	£	£	£
Cash & cash equivalents	2,267,824	(568,685)	-	1,699,139
Borrowings:				
Due within one year	(1,170,171)	1,148,018	(1,940,612)	(1,962,765)
Due after one year	(29,145,738)	(1,700,000)	1,967,225	(28,878,513)
	(30,315,909)	(551,982)	26,613	(30,841,278)
Total	(28,048,085)	(1,120,667)	26,613	(29,142,139)

Association

	At 1 April 2021	Cashflows	Other non-cash changes	At 31 March 2022
	£	£	£	£
Cash & cash equivalents	1,654,578	(668,499)	-	986,079
Borrowings:				
Due within one year	(1,170,171)	1,148,018	(1,940,612)	(1,962,765)
Due after one year	(29,145,738)	(1,700,000)	1,967,225	(28,878,513)
	(30,315,909)	(551,982)	26,613	(30,841,278)
Total	(28,661,331)	(1,220,481)	26,613	(29,855,199)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

1. LEGAL STATUS

The Association is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered provider of social housing.

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with 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) and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Cynon Taf Community Housing (2007) Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The financial statements are presented in Sterling (£).

Statement of compliance

The financial statements comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP).

Basis of consolidation

The group accounts consolidate the accounts of the association and all its subsidiaries at 31 March under the requirements of FRS 102. The Association is required under the Co-operative and Community Benefit Societies Act 2014 to prepare group accounts. The consolidation has been carried out in accordance with current accounting standards in order to show the financial information for the group as a single economic entity. Where any conflict arises between the Housing SORP 2018 and applicable financial reporting standards, then the Housing SORP 2018 prevails. Details of the subsidiary undertaking are shown in Note 32.

Going concern

The future impact of Brexit, pandemic and hostilities in the Ukraine remains unclear and the Board do not believe that it poses a going concern risk, however general increase of cost for supplies, material and utilities are being closely monitored for impact on the Group and the community it serves.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

The Association has long-term debt facilities in place which provide adequate resources to finance committed investment in existing properties and development programmes, along with the Association's day to day operations. The long-term business plan shows that the Association is able to service its debts whilst continuing to comply with lenders' covenants. Board also sets its own covenant tolerance levels above that of the lenders to ensure sufficient headroom is in place to accommodate any fluctuations in financial risk.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in preparing the annual report and the financial statements.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and amortised Social Housing Grant. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Amortisation of Social Housing and other government grants is accounted for in line with the accounting policy.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Surpluses or loss resulting from the sale of properties and fixed asset investments are shown in the income and expenditure account under surpluses/loss from the sale of fixed assets. Revenue is recognised when sale completion of the property has been achieved.

Intangible Assets

Intangible assets consist of computer software that is used for administrative and operating purposes and is stated at historic cost less accumulated amortisation. Amortisation is provided on intangible assets on a straight line basis over 5 years.

Property, plant and equipment - housing properties

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of properties includes the cost of acquiring land and buildings together with incidental costs of acquisition and directly attributable development costs to the construction of new housing properties

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Development administration costs which can be shown to be directly attributable to the development activity are added to the cost of the housing properties in the statement of financial position. Where development and administration costs are incurred internally or in providing services to other organisations which cannot be recovered they are taken to the statement of comprehensive income.

Improvements

Expenditure relating to component replacement is capitalised and depreciated over its useful economic life rather than charged in full to the Statement of Comprehensive Income. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in the Statement of Comprehensive Income. Such enhancement can occur if the improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs
- A significant extension to the life of the property
- A significant increase in the market value of the property.

Only main component improvements that meet these criteria are capitalised and these are depreciated over their estimated component life span. On a straight line basis.

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:

Structure	150 years	Efficiency improvements	25 years
Roofs	60 years	External works	35 years
Doors and windows	25 years	Electrics	35 years
Kitchens	15 years	Heating systems	20 years
Bathrooms	25 years	Boilers	15 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Freehold land is not depreciated.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

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 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.

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

Non-housing property, plant and equipment

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The surplus or deficit made on the disposal of fixed assets is recognised in the Statement of Comprehensive Income in the period of disposal.

Depreciation is calculated to write off the cost of the fixed asset less any residual value, on a straight line basis over its estimated useful economic life. The rates used for other assets are:

Freehold office buildings	-	equal instalments over fifty years
Computer equipment	-	equal instalments over four, five or fifteen years.
Office furniture and equipment	-	equal instalments over three to fifteen years.

Freehold land is not depreciated.

Home buy option

Where the Group received an allowance from Welsh Government to administer the sale of property under the "Home Buy Option" initiative and in turn has made an interest free loan to the purchaser secured by a charge on the property, the loan is accounted for under investments at cost with the associated grant included in long term liabilities on the statement of financial position.

Investment in subsidiary

Investment in the subsidiary is accounted for at cost less any impairment.

Stock

Stock is valued at the lower of cost and net realisable value, using the first in first out method.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. They are derecognised when the contractual rights to the cash flows expire, or when the financial assets and all substantial risks and rewards are transferred.

Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Where deferral of payment terms have been agreed at below market rate and where material, the balance is shown at the present value, discounted at a market rate. At the reporting date, the effect of discounting is not material to the value of financial assets of the Group, so discounting is omitted.

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management as irrecoverable.

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.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. They are derecognised only when the contractual obligation is extinguished, that is when the obligation is discharged, cancelled or expires.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Loans

Basic financial instruments are recognised at amortised historical cost. Loan arrangement fees are capitalised and recognised over the term of the loan through the effective interest rate applied to the loan (and amendments there to when subsequent fees arise during the course of such loans). The Interest calculated using the effective interest rate is recognised as an expense in the Statement of Comprehensive Income.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event. It is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Social Housing Grant and other Government grants

Where grants are received from government agencies which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Social Housing Grants (SHG) are capital grants receivable from the Welsh Government which are repayable in certain circumstances, primarily following sale of a property (but also demolition or change of use to an ineligible activity) to the extent that it is not subject to abatement. These grants are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property.

Grant relating to assets is recognised in the Statement of Comprehensive Income on a straight line basis from the date of acquisition. It is allocated first to building structure (to the value of its cost) and then to its components as follows:

Structure	150 years
Components	31 years (being the weighted average of the components excluding Land and Structure)

Where individual components are disposed of, any unamortised grant remaining relating to these assets is not recognised as revenue but continues to be amortised over the weighted average life of the components and not separately accounted for on individual components.

All repayable grants amortised through the Statement of Comprehensive Income is reported as a contingent liability in the financial statements, with the liability crystallising as and when the grant becomes repayable to the Welsh Government.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Where grants are received in advance, they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. Grants repayable are included within creditors in the statement of financial position.

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.

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 useful life of the housing property structure. 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.

Housing Finance Grant (HFG)

HFG is paid by 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 this and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme.

The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Leasing charges in respect of operating leases are recognised in the Statement of Comprehensive Income over the period of the lease agreements as incurred.

Interest and Financing costs

Financing costs are interest and other costs incurred in connection with the borrowing of funds. The capitalisation rate used in an accounting period shall be the weighted average of rates applicable to the entity's general borrowings that are outstanding during the period. Borrowing costs are amortised over the period that the Group derives benefit from a financial instrument, such as a loan, using the effective interest rate method.

Employee benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they incurred.

Termination Payments

Termination benefits are employee benefits payable as a result of either: (a) The Group's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept voluntary redundancy in exchange for those benefits.

Termination payments do not provide future economic benefits and are therefore recognised as an expense in the Statement of Comprehensive Income immediately.

Taxation

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.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Designated Funds

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the Board. The Group has a number of designated funds including a designated reserve for the estimated costs that would be incurred if the subsidiary (Cwm Taf Care and Repair Limited) was wound up in the event of its core funding being withdrawn and a Furniture replacement reserve to cover the capital cost of replacement of communal equipment.

Restricted Reserves

Restricted funds are funds subject to specific restrictions specified by the donor.

Pensions

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The Association and its Subsidiary participate 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 scheme in the UK. The Association and its subsidiary have closed this Scheme to new entrants.

The scheme is funded by contributions partly from the employees and partly by the Group at rates determined by independent actuaries. The scheme assets are invested separately from the Group's assets in independently administrated multi-employer funds.

Triennial valuations by the independent actuaries of the schemes highlight the estimated pension liability in respect of past service commitments, and the requisite employer contributions resulting from the projected surplus or deficit. The present value of these estimated future contributions is recognised as a liability in the statement of financial position.

The liability recognised in the Statement of Financial Position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at 31st March less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the Statement of Comprehensive Income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Defined contribution scheme

The Association's subsidiary undertaking 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.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future 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 Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

Management have to make an assessment as to whether an indicator of impairment exists. In making this judgement, management considered the detailed criteria set out in the Statement of Recommended Practice for Social Housing Providers (2014). Specifically this includes whether there is an impairment indicator for a cash-generating unit. For these purposes, a cash-generating unit is defined as a property scheme.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Value in use of an asset

Tangible fixed assets, other than investment properties, are depreciated over their useful economic lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset.

For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual economic lives are assigned to these components. Management have reviewed the components and have concluded that the asset lives are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in the estimation of liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Defined Benefit Pension Scheme

The Group 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. The significant actuarial assumptions are detailed in Note 2.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

3. ANALYSIS OF TURNOVER AND COSTS

(a) Particulars of turnover, cost of sales operating costs and operating

Group

	Turnover	Operating costs	Loss on disposal of housing properties	2022 Operating Surplus
	£	£	£	£
Social housing lettings	10,420,989	(8,430,235)	-	1,990,754
Other Social housing activities	-	-	25,205	25,205
Non Social Housing Activities:				-
Care & Repair	1,901,029	(1,786,890)	-	114,139
VSRF	9,487	(9,487)	-	-
Community Potential Project	70,245	(70,245)	-	-
Potential Project	60,020	(60,020)	-	-
Other Initiatives	-	(73,965)	-	(73,965)
Other income	24,391	-	-	24,391
	<u>12,486,161</u>	<u>(10,430,842)</u>	<u>25,205</u>	<u>2,080,524</u>

	Turnover	Operating costs	Loss on disposal of housing properties	2021 Operating Surplus
	£	£	£	£
Social housing lettings	10,308,272	(7,733,603)	-	2,574,669
Other Social housing activities	-	-	(38,901)	(38,901)
Non Social Housing Activities:				
Care & Repair	1,566,696	(1,441,822)	-	124,874
Big Lottery funding	20,663	(19,573)	-	1,090
VSRF	12,014	(12,014)	-	-
Other Initiatives	-	(45,639)	-	(45,639)
Other income	25,416	-	-	25,416
	<u>11,933,061</u>	<u>(9,252,651)</u>	<u>(38,901)</u>	<u>2,641,509</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Association

	Turnover	Operating costs	Loss on disposal of housing properties	2022 Operating Surplus
	£	£	£	£
Social housing lettings	10,420,989	(8,432,119)	-	1,988,870
Other Social housing activities	-	-	25,205	25,205
Non Social Housing Activities:				
Care & Repair	37,448	-	-	37,448
VSRF	9,487	(9,487)	-	-
Community Potential Project	70,245	(70,245)	-	-
Potential Project	60,020	(60,020)	-	-
Other Initiatives	-	(73,965)	-	(73,965)
Other income	24,391	-	-	24,391
	<u>10,622,580</u>	<u>(8,645,836)</u>	<u>25,205</u>	<u>2,001,949</u>

	Turnover	Operating costs	Loss on disposal of housing properties	2021 Operating Surplus
	£	£	£	£
Social housing lettings	10,308,272	(7,734,061)	-	2,574,211
Other Social housing activities	-	-	(38,901)	(38,901)
Non Social Housing Activities:				
Care & Repair	31,356	-	-	31,356
Big Lottery funding	20,663	(19,573)	-	1,090
VSRF	12,014	(12,014)	-	-
Other Initiatives	-	(45,639)	-	(45,639)
Other income	25,416	-	-	25,416
	<u>10,397,721</u>	<u>(7,811,287)</u>	<u>(38,901)</u>	<u>2,547,533</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

A detailed analysis of the social housing turnover and related operating costs is provided in note 3 (b). Management costs represent the costs of the Association for running the core operations of the organisation. Services represent the direct costs of the Associations Housing Department. Maintenance costs for administering repairs to properties are split between routine maintenance and major repairs/planned maintenance. Other costs include development costs representing those development overheads which are not directly attributable to bringing fixed assets into their working condition for their intended purposes. Central overheads are allocated based upon the utilisation of key personnel within each area.

(b) Particulars of Income and Expenditure from social housing lettings

Group & Association	General needs and sheltered housing £	Supported housing £	2022 Total £	2021 Total £
Income				
Rent receivable	8,401,894	479,061	8,880,955	8,666,633
Service charge income	448,798	239,059	687,857	680,110
Amortisation of social housing and other government grants	698,593	-	698,593	778,658
WG Revenue grant HFG2	23,693	-	23,693	24,238
PAG Grants	129,892	-	129,892	158,633
Turnover from social housing lettings	9,702,870	718,120	10,420,990	10,308,272
Operating costs				
Management costs	1,660,588	179,233	1,839,822	1,653,162
Service costs	537,872	-	537,872	525,130
Routine maintenance	3,291,106	-	3,291,106	2,765,104
Major Repairs/planned maintenance	374,439	-	374,439	205,884
Bad debts	29,750	-	29,750	48,073
Depreciation and impairment of housing properties	2,129,215	-	2,129,215	2,403,157
Other	229,915	-	229,915	133,093
Operating costs on social housing activities	8,252,885	179,233	8,432,119	7,733,603
Operating surplus on social housing lettings	1,449,985	538,887	1,988,871	2,574,669
Rent Foregone due to properties being vacant	63,145	-	63,145	48,425

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

4. LOSS ON SALE OF HOUSING PROPERTIES

	Group & Association	
	2022	2021
	£	£
Disposal proceeds: Housing properties	170,252	78,391
Disposal costs: Housing properties	(145,047)	(117,292)
Gain/(Loss) on sale of housing properties	<u>25,205</u>	<u>(38,901)</u>

5. INTEREST AND FINANCING COSTS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts	992,998	1,002,302	992,998	1,002,302
Imputed interest from effective interest rate calculation	30,600	31,228	30,600	31,228
Total interest payable	<u>1,023,598</u>	<u>1,033,530</u>	<u>1,023,598</u>	<u>1,033,530</u>

6. INTEREST RECEIVABLE

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Bank interest receivable	<u>519</u>	<u>515</u>	<u>-</u>	<u>-</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

7. OPERATING SURPLUS

Surplus on ordinary activities is stated after charging:

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Depreciation:				
- Housing properties	2,032,422	2,079,615	2,032,422	2,079,615
- Other	163,137	152,466	143,932	133,399
Impairment	(23,356)	323,542	(23,356)	353,542
Amortisation of deferred Government grants	(698,593)	(778,658)	(698,593)	(778,658)
Coronavirus job retention scheme	(2,387)	(50,194)	(2,387)	(6,993)
Bad Debts	29,755	48,073	29,755	48,073
Auditors' remuneration:				
- In their capacity as auditors	18,720	18,432	16,320	16,032
- In respect of other services	14,265	17,826	10,960	13,173
Operating leases:				
- Land and buildings	13,744	13,860	9,657	9,804
- Other assets	34,299	37,645	11,120	19,862

8. DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The directors are defined as members of the Board of Management and the Senior Executives as listed on page 3. None of the members of the Board of Management received any remuneration during the year or the previous year. Board members received benefits totalling £479 (2021: £287) in the year. Expenses reimbursed to Board of management during the year totalled £nil (2021: £143).

The remuneration of the Senior Executives (including compensation for loss of office) was as follows:

	2022	2021
Aggregate emoluments of executive officers	241,658	244,713
Emoluments of highest paid director (and highest paid employee), excluding pension contributions	92,361	91,298

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Retirement benefits are accruing under defined benefit schemes. The Chief Executive is an ordinary member of a defined benefit pension scheme. No enhanced or special terms apply and the Association makes no contribution to any individual pension arrangement.

The full time equivalent number of key management personnel (including the Chief Executive) whose remuneration payable in the period fell within the following bands was:

	Group & Association	
	2022	2021
£50,000 - £59,999	-	-
£60,000 – £69,999	1	-
£70,000 – £79,999	1	2
£80,000 – £89,999	-	-
£90,000 – £99,999	-	1
£100,000 - £109,999	1	-

(b) Employee information

The average number of staff (including executive officers) employed during the year was:

	Group		Association	
	2022	2021	2022	2021
Actual	93	80	67	54
Full time equivalent	84	74	59	50

The aggregate employment costs of these persons were as follows:

	Group		Association	
	2022	2021	2022	2021
Wages and salaries	2,766,393	2,405,491	2,051,806	1,765,700
Social security costs	249,238	224,998	183,617	164,611
Other pension costs	207,923	190,912	165,134	149,927
Total staff costs	3,223,554	2,821,401	2,400,557	2,080,238

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

9. INTANGIBLE FIXED ASSETS

	Group £	Association £
Cost or valuation		
At 1 April 2021	281,270	270,583
Additions	14,985	14,985
Disposals	(29,347)	(29,347)
At 31 March 2022	266,908	256,221
Amortisation		
At 1 April 2021	198,919	193,386
Charge for the year	34,501	34,501
Disposals	(29,347)	(29,347)
At 31 March 2022	204,073	193,386
Net book value		
At 31 March 2022	62,835	62,835
At 31 March 2021	82,351	82,351

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group & Association

	Social Housing Properties	Properties under construction	Share ownership	Total
	£	£	£	£
Cost or valuation				
At 1 April 2021	120,600,535	9,032,258	171,285	129,804,078
Additions	-	3,465,587	-	3,465,587
Schemes Completed	5,255,576	(5,255,576)	-	-
Components Capitalised	1,264,830	-	-	1,264,830
Disposals	(697,494)	-	(15,561)	(713,055)
Transfer to current assets	95,032	-	-	95,032
At 31 March 2022	<u>126,518,479</u>	<u>7,242,269</u>	<u>155,724</u>	<u>133,916,472</u>
Amortisation				
At 1 April 2021	27,282,812	579,000	51,065	27,912,877
Charge for the year	2,031,331	-	1,091	2,032,422
Impairment losses	(90,856)	67,500	-	(23,356)
Eliminated on disposals	(514,954)	-	(960)	(515,914)
Transfer to current assets	32,256	-	-	32,256
At 31 March 2022	<u>28,740,589</u>	<u>646,500</u>	<u>51,196</u>	<u>29,438,285</u>
Net Book Value				
At 31 March 2022	<u>97,777,890</u>	<u>6,595,769</u>	<u>104,528</u>	<u>104,478,187</u>
At 31 March 2021	<u>93,317,723</u>	<u>8,453,258</u>	<u>120,220</u>	<u>101,891,201</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

	2022	2021
	£	£
Housing properties comprise:		
Freehold land and buildings	101,143,509	98,599,192
Long leasehold land and buildings	1,964,495	2,052,282
Short leasehold land and buildings	1,370,183	1,239,727
At 31 March	<u>104,478,187</u>	<u>101,891,201</u>

11. UNITS IN MANAGEMENT

	Group & Association				
	Opening units at 01 April 2021	Sales	Transfers	New Build	Closing units at 31 March 2022
General needs	1782	(4)	23	-	1801
Supported Housing	95	-	8	-	103
Shared ownership	21	(1)	-	-	20
Under development	63	-	(31)	49	81
	<u>1961</u>	<u>(5)</u>	<u>-</u>	<u>49</u>	<u>2005</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

12. OTHER TANGIBLE FIXED ASSETS

Group

	Freehold offices £	Leasehold Property £	Motor vehicles £	Computer equipment £	Office furniture & equipment £	Total £
COST						
At 1 April 2021	1,420,417	33,723	44,705	245,306	1,163,211	2,907,362
Additions	-	-	-	13,746	184,767	198,513
Disposals	-	-	-	(3,929)	(33,711)	(37,640)
At 31 March 2022	1,420,417	33,723	44,705	255,123	1,314,267	3,068,235
DEPRECIATION						
At 1 April 2021	304,040	33,723	12,646	132,466	652,771	1,135,646
Charge for the year	23,381	-	11,176	29,692	64,387	128,636
Eliminated on disposal	-	-	-	(3,685)	(32,474)	(36,159)
At 31 March 2022	327,421	33,723	23,822	158,473	684,684	1,228,123
NET BOOK VALUE						
At 31 March 2022	1,092,996	-	20,883	96,650	629,583	1,840,112
At 31 March 2021	1,116,377	-	32,059	112,840	510,440	1,771,716

Included in Freehold offices is freehold land of £270,254 (2021: £270,254) which is not depreciated.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

12. OTHER TANGIBLE FIXED ASSETS – continued.

Association

	Freehold Offices	Computer Equipment	Office Furniture & Equipment	Total
		£	£	£
COST				
At 1 April 2021	1,095,049	185,362	1,114,282	2,394,693
Additions	-	13,746	184,767	198,513
Disposals	-	(3,929)	(33,711)	(37,640)
At 31 March 2022	1,095,049	195,179	1,265,338	2,555,566
DEPRECIATION				
At 1 April 2021	234,132	73,737	605,649	913,518
Charge for the year	17,158	28,478	63,795	109,431
Eliminated on disposal	-	(3,685)	(32,474)	(36,159)
At 31 March 2022	251,290	98,530	636,970	986,790
NET BOOK VALUE				
At 31 March 2022	843,759	96,649	628,368	1,568,776
At 31 March 2021	860,917	111,625	508,633	1,481,175

Included in Freehold offices is freehold land of £256,041 (2021: £256,041) which is not depreciated.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

13. FIXED ASSETS INVESTMENTS – HOMESBUY LOANS RECEIVABLE

	Group & Association	
	2022	2021
	£	£
At 1 April	404,720	404,720
Additions	-	-
Disposals	-	-
At 31 March	<u>404,720</u>	<u>404,720</u>

The investment grants include the funding received from the Welsh Government for the Homebuy loans. These loans are stated at cost in accordance with Housing SORP 2018.

14. STOCKS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	<u>43,578</u>	<u>36,872</u>	<u>12,297</u>	<u>4,793</u>

15. DEBTORS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Arrears of rent and service charges	375,869	353,684	375,869	353,684
Less: provision for bad and doubtful debts	(262,930)	(264,868)	(262,930)	(264,868)
	<u>112,939</u>	<u>88,816</u>	<u>112,939</u>	<u>88,816</u>
Other Debtors	1,698,879	558,924	1,698,927	558,970
Prepayments and accrued income	314,747	390,432	216,835	219,037
Amounts due to Group undertakings	-	-	6,243	4,820
	<u>2,126,565</u>	<u>1,038,172</u>	<u>2,034,944</u>	<u>871,643</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

16. HOUSING PROPERTIES FOR SALE

	Group & Association	
	2022	2021
	£	£
Cost	22,088	117,121
Less: accumulated depreciation	(7,525)	(39,781)
Net Book Value	<u>14,563</u>	<u>77,340</u>

17. DEBTORS – amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Other debtors	<u>624,473</u>	<u>640,862</u>	<u>624,473</u>	<u>640,862</u>

18. CREDITORS – amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Housing loans (note20)	1,602,165	816,954	1,602,165	816,954
Welsh Government loans	330,000	-	330,000	-
Social Housing & other grants (note 22)	713,508	699,421	713,508	699,421
Social Housing Grant received advance	1,585,766	1,702,277	1,585,766	1,702,277
Pension provision (note 24)	530	1,782	530	1,782
Creditors for certified work and retentions unpaid	838,921	1,029,702	838,921	1,029,702
Accruals and deferred income	1,165,531	1,108,159	997,516	902,265
Amounts due to Group Undertakings	-	-	-	1
	<u>6,236,421</u>	<u>5,358,295</u>	<u>6,068,406</u>	<u>5,152,402</u>

Housing loans are shown net of capitalised loan fees of £30,600 (2021: £33,217)

The Welsh Government loans relate to the Land for Housing scheme which repayable on the earliest of the issue of a certificate of practical completion in respect of the last unit in the housing development and the fifth anniversary of the purchase of the land. Interest is only payable on this loan if the proposed number of housing units are not developed.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

19. CREDITORS – amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Recycled capital grant fund (note 21)	145,495	71,058	145,495	71,058
Deferred income	17,130	17,130	-	-
Social Housing & other grants (note 22)	50,651,486	49,008,302	50,651,486	49,008,302
Housing loans (note 20)	27,476,283	28,389,512	27,476,283	28,389,512
Welsh Government loans	1,000,000	330,000	1,000,000	330,000
Pension provision (note 24)	925	5,259	925	5,259
	<u>79,291,319</u>	<u>77,821,261</u>	<u>79,274,189</u>	<u>77,804,131</u>

Housing loans are shown net of capitalised loan fees of £402,230 (2021: £426,226).

20. HOUSING LOANS

The loans are repayable as follows:

	Group & Association	
	2022	2021
	£	£
Amounts falling due:		
Within one year or less	1,602,165	816,954
Between one and two years	1,210,363	907,085
Between two and five years	4,522,461	4,042,353
Between one and two years	21,743,459	23,440,074
After more than five years	<u>27,476,283</u>	<u>28,389,512</u>
Total housing loans	<u>29,078,448</u>	<u>29,206,466</u>

Housing loans are shown net of capitalised loan fees of £432,830 (2021: £459,443).

Housing loans are secured by specific charges over the Association's housing properties and are repayable by instalments. Interest rates are fixed at between 2.02% and 12.725% or vary with the market. Housing loans are split on a 64%/36% fixed and variable split.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

21. RECYCLED CAPITAL GRANT

The movement on the recycled capital grant fund was as shown below:

	2022	2021
	£	£
At 1 April	71,058	-
Grant receivable	74,437	71,058
Grant recycled	-	-
At 31 March	<u>145,495</u>	<u>71,058</u>

The grant is repayable as follows:

Amounts falling due within in year	-	-
Amounts falling due after more than one year	145,495	-
At 31 March	<u>145,495</u>	<u>71,058</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

22. SOCIAL HOUSING AND OTHER GOVERNMENT GRANTS

Group & association

	Social Housing Properties	Properties under construction	Share ownership	Investment grants	Total
		£	£		£
Cost or valuation					
At 1 April 2021	66,293,011	4,803,335	29,510	344,720	71,470,576
Schemes completed	2,783,143	(2,783,143)	-	-	-
Grant receivable	340,887	2,050,137	-	-	2,391,024
Housing property disposals	(81,765)		-	-	(81,765)
At 31 March 2022	69,335,276	4,070,329	29,510	344,720	73,779,835
Amortisation					
At 1 April 2021	21,751,566	-	11,287	-	21,762,853
Release in the year	698,080	-	513	-	698,593
Housing property disposals	(46,605)	-	-	-	(46,605)
At 31 March 2022	22,403,041	-	11,800	-	22,414,841
Net Grant Creditor					
At 31 March 2022	46,932,235	4,070,329	17,710	344,720	51,364,994
At 31 March 2021	44,541,445	4,803,335	18,223	344,720	49,707,723

Included within social housing properties grants are £4,463,179 (2021: £4,467,866) of non-repayable grants that are being amortised over the life of the relevant assets.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

	2022	2021
	£	£
The grant is analysed as follows:		
Amounts falling due within one year	713,508	699,421
Amounts falling due after more than one year	50,651,468	49,008,302
At 31 March	<u>51,364,994</u>	<u>49,707,723</u>

The grants are amortised as follows:

	2022	2021
	£	£
Amounts falling due:		
Within one year or less	713,508	699,421
Between one and two years	652,451	650,070
Between two and five years	1,708,072	1,753,235
In five years or more	43,875,914	41,456,942
Properties under construction grant	4,070,329	4,803,335
Investment grants	344,720	344,720
In more than one year	<u>50,651,486</u>	<u>49,008,302</u>
	<u>51,364,994</u>	<u>49,707,723</u>

Social Housing Property and Shared ownership grant is amortised as per Group policy (See Note 2). Investment grants are not amortised. Amortisation of grant associated with properties under construction will commence when substantially all the activities that are necessary to get the asset ready for use are complete.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

23. INVESTMENT GRANTS

	Group & Association	
	2022	2021
	£	£
At 1 April	344,720	344,720
Additions	-	-
Disposals	-	-
At 31 March	<u>344,720</u>	<u>344,720</u>

The investment grant is funding received from the Welsh Government to fully fund the Homebuy and Homestep scheme, the assets of which are shown as a fixed asset investment (Note 13). All amounts are due in more than one year.

24. Pension provision

Group & association

	2022	2021
	£	£
Amounts falling due:		
Within one year or less	530	1,782
Between one and two years	530	1,835
Between two and five years	442	3,424
In five years or more	-	-
In more than one year	<u>972</u>	<u>5,259</u>
	<u>1,502</u>	<u>7,041</u>

SCHEME: TPT Retirement Solutions – The Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the 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.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
---------------------------------------	----------------------	-------------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
---	---

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Present value of provision

	31-Mar-22 (£s)	31-Mar-21 (£s)	31-Mar-20 (£s)
Present value of provision	1,455	7,041	8,342

Reconciliation of opening and closing provisions

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	7,041	8,342
Unwinding of the discount factor (interest expense)	41	188
Deficit contribution paid	(1,782)	(1,730)
Remeasurements - impact of any change in assumptions	(33)	241
Remeasurements - amendments to the contribution schedule	(3,812)	-
Provision at end of period	1,455	7,041

Income and expenditure impact

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	41	188
Remeasurements – impact of any change in assumptions	(33)	241
Remeasurements – amendments to the contribution schedule	(3,812)	-

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Assumptions

	31-Mar-22	31-Mar-21	31-Mar-20
	% per annum	% per annum	% per annum
Present value of provision	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

25. PENSION - Defined Benefit Liability

The Association and its subsidiary participate 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 scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association and its subsidiary are 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 financial years ending on or before 28 February 2019, it has not been possible for the Association and its subsidiary to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore they accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association and subsidiary to account for the Scheme as a defined benefit 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 this valuation were rolled forward for

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

accounting year-ends from 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

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

Net Defined Benefit Liability - Cynon Taf Community Housing (2007) LTD

	2022 £	2021 £
At 1 April	(3,399,000)	(1,621,000)
Employer deficit contribution in year to DB scheme	360,969	347,519
Deficit recognised in statement of cash flows	360,969	347,519
Interest expense	(70,969)	(33,000)
Additional pension service costs/expenses	-	(83,519)
Additional amounts recognised in Operating costs	(70,969)	(171,519)
Actuarial gains/(losses) in respect of pension scheme	1,323,000	2,096,000
Total amount recognised in Other Comprehensive income	1,323,000	2,096,000
Net Defined liability at 31 March	<u>(1,786,000)</u>	<u>(3,399,000)</u>

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022 (£000s)	31 March 2021 (£000s)
Fair value of plan assets	12,706	12,195
Present value of defined benefit obligation	14,492	15,594
Surplus (deficit) in plan	(1,786)	(3,399)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,786)	(3,399)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	15,594
Expenses	10
Interest expense	339
Actuarial losses (gains) due to scheme experience	289
Actuarial losses (gains) due to changes in demographic assumptions	(220)
Actuarial losses (gains) due to changes in financial assumptions	(1,289)
Benefits paid and expenses	(231)
Defined benefit obligation at end of period	14,492

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2021 to 31 March 2022 (£000s)
Fair value of plan assets at start of period	12,195
Interest income	268
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	103
Employer contributions	371
Benefits paid and expenses	(231)
Fair value of plan assets at end of period	12,706

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £371,000.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Expenses	10
Net interest expense	71
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	81

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	103
Experience gains and losses arising on the plan liabilities - gain (loss)	(289)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	220
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,289
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,323
Total amount recognised in Other Comprehensive Income - gain (loss)	1,323

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

ASSETS

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Global Equity	2,438	1,944
Absolute Return	510	673
Distressed Opportunities	455	352
Credit Relative Value	422	384
Alternative Risk Premia	419	459
Fund of Hedge Funds	-	1
Emerging Markets Debt	370	492
Risk Sharing	418	444
Insurance-Linked Securities	296	293
Property	343	253
Infrastructure	905	813
Private Debt	326	291
Opportunistic Illiquid Credit	427	310
High Yield	110	365
Opportunistic Credit	45	334
Corporate Bond Fund	848	721
Liquid Credit	-	146
Long Lease Property	327	239
Secured Income	473	507
Liability Driven Investment	3,546	3,100
Currency Hedging	(50)	-
Net Current Assets	35	74
Total assets	12,706	12,195

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.21%
Inflation (RPI)	3.49%	3.24%
Inflation (CPI)	3.15%	2.87%
Salary Growth	4.15%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

Net Defined Benefit Liability – Cwm Taf Care and Repair Limited

The Social Housing Pension Scheme is accounted for under a valuation basis based on an actuarial valuation at 30 September each year which is rolled forward to the year end. The liabilities are compared, at the relevant accounting date, with the agency's fair share of the scheme's total assets to calculate the agency's net deficit or surplus.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

Net Defined Benefit Liability

	2022	2021
	£	£
At 1 April	(508,319)	(248,360)
Employer contribution in year to DB scheme	46,814	45,825
Employer expenses in operating costs	2,999	3,396
Total amount recognised in Statement of Cash flows	49,813	49,221
Interest expense	(10,500)	(6,000)
Pension admin expenses	(3,000)	(3,000)
Total amount recognised in Operating costs	(13,500)	(9,000)
Actuarial gains/(losses) in respect of pension scheme	238,000	300,000
Total amount recognised in Other Comprehensive income	238,000	300,000
Net Defined benefit liability at 31 March	(234,006)	(508,319)

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	1,922	1,654
Present value of defined benefit obligation	2,156	2,162
Surplus (deficit) in plan	(234)	(508)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(234)	(508)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	2,162
Expenses	3
Interest expense	48
Actuarial losses (gains) due to scheme experience	174
Actuarial losses (gains) due to changes in demographic assumptions	(31)
Actuarial losses (gains) due to changes in financial assumptions	(189)
Benefits paid and expenses	(11)
Defined benefit obligation at end of period	2,156

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2021 to 31 March 2022 (£000s)
Fair value of plan assets at start of period	1,654
Interest income	37
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	192
Employer contributions	50
Benefits paid and expenses	(11)
Fair value of plan assets at end of period	1,922

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £229,000.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Expenses	3
Net interest expense	11
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	14

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	192
Experience gains and losses arising on the plan liabilities - gain (loss)	(174)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	31
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	189
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	238
Total amount recognised in Other Comprehensive Income - gain (loss)	238

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

ASSETS

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Global Equity	369	264
Absolute Return	77	91
Distressed Opportunities	69	48
Credit Relative Value	64	52
Alternative Risk Premia	63	62
Emerging Markets Debt	56	67
Risk Sharing	63	60
Insurance-Linked Securities	45	40
Property	52	34
Infrastructure	137	110
Private Debt	49	39
Opportunistic Illiquid Credit	65	42
High Yield	17	50
Opportunistic Credit	7	45
Cash	7	-
Corporate Bond Fund	128	98
Liquid Credit	-	20
Long Lease Property	49	32
Secured Income	72	69
Liability Driven Investment	536	421
Currency Hedging	(8)	-
Net Current Assets	5	10
Total assets	1,922	1,654

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.21%
Inflation (RPI)	3.49%	3.24%
Inflation (CPI)	3.15%	2.87%
Salary Growth	4.15%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

26. SHARE CAPITAL

	Group & Association	
	2022	2021
	£	£
At beginning of the year	139	139
Issued during the year	-	3
Cancelled during the year	(6)	(3)
At end of the year	<u>133</u>	<u>139</u>

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up and are not redeemable.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

27. Reserves

Group

	Revenue Reserve £	Restricted Reserve £	Designated Reserve £	Total £
At 1 April 2020	21,332,117	42,781	630,081	22,004,979
Transfer from reserves	(26,006)	-	(11,038)	(37,044)
Transfer to reserves	11,038	-	26,006	37,044
Surplus for the year	(880,082)	(853)	-	(880,935)
At 31 March 2021	<u>20,437,067</u>	<u>41,928</u>	<u>645,049</u>	<u>21,124,044</u>
Transfer from reserves	(25,777)	-	(11,038)	(36,815)
Transfer to reserves	11,038	-	25,777	36,815
Surplus for the year	2,623,102	(853)	-	2,622,249
At 31 March 2022	<u>23,045,430</u>	<u>41,075</u>	<u>659,788</u>	<u>23,746,293</u>

Association

	Revenue Reserve £	Designated Reserve £	Total £
At 1 April 2020	20,981,122	447,296	21,428,418
Transfer from reserves	(4,075)	-	(4,075)
Transfer to reserves	-	4,075	4,075
Surplus for the year	(675,426)	-	(675,426)
At 31 March 2021	<u>20,301,621</u>	<u>451,371</u>	<u>20,752,992</u>
Transfer from reserves	(8,672)	-	(8,672)
Transfer to reserves	-	8,672	8,672
Surplus for the year	2,305,155	-	2,305,155
At 31 March 2022	<u>22,598,104</u>	<u>460,043</u>	<u>23,058,147</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

28. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	Group & Association	
	2022	2021
	£	£
Contracted for but not provided for in the financial statements	3,902,510	4,881,006
Authorised but not contracted for	968,282	1,928,467

The commitments will be funded from Social Housing Grant and private finance.

29. OPERATING LEASES

Annual commitments under operating leases as follows:

Land & buildings

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Within one year or less	13,997	13,807	9,883	9,765
Between one and two years	9,884	2,766	9,883	2,765
Between two and five years	8,652	8,298	8,649	8,295
After more than five years	562,428	564,029	562,414	564,014
	<u>594,961</u>	<u>588,900</u>	<u>590,829</u>	<u>584,839</u>

Other

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Within one year or less	27,630	18,380	12,529	8,061
Between one and two years	23,891	5,153	2,054	3,973
Between two and five years	2,448	782	-	782
After more than five years	816	-	-	-
	<u>54,785</u>	<u>24,315</u>	<u>14,583</u>	<u>12,816</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

30. RELATED PARTY TRANSACTIONS

During the year Board members were tenants of the Association. Their tenancy agreements are under normal commercial terms and they are not able to use their position to their advantage.

During the year the Association received rental income of £16,564 (2021: £15,157) from four current and one former board members who are tenants. At the year end £29 was outstanding to the Association (2021: £214)

31. CONTROLLING PARTY

Cynon Taf Community Housing (2007) Limited is legally owned by its shareholders, but they are restricted and have no personal beneficial interest in the assets of the Association. The ultimate controlling party is considered to be the Board of directors.

Cynon Taf Community Housing (2007) Limited is the parent of the group for which the results are consolidated. Individual accounts for its subsidiary Cwm Taf Care and Repair Limited are available on request from the registered address of the Association.

32. SUBSIDIARY UNDERTAKINGS

At 31 March 2022 the Association had a controlling interest in the affairs of Cwm Taf Care & Repair Limited (The "Agency"). This was by virtue of the fact that the Association may appoint a majority of the organisation's Board of Management.

Cwm Taf Care & Repair Limited is not a registered social landlord. Its principal activity is to help older and disabled people improve and maintain a suitable home environment by enabling repairs, improvements and adaptations to be carried out.

The Association charged the Agency £32,775 for management costs during the year (2021: £31,356). These are classed as intercompany costs that are eliminated on consolidation of the accounts.

In addition, the Agency incurred £40,838 in direct overhead costs apportioned and recharged by the Association (2021: £41,124). The Association incurred £1,844 (2021: £458) for recharges of other income and costs by the Agency.

There was a balance receivable by the Association of £6,243 (2021: £4,820) and due from the Association to the Agency of £nil (2021: £1) at the year end. These are eliminated on consolidation.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2022

33. CONTINGENT LIABILITIES

The Association and Cwm Taf Care and Repair Limited have both been notified by the Pensions Trusts of their estimated employer debts on withdrawal from the Pension Plan, based on the financial position of the scheme as at 30 September 2019. As of this date, the employer debt for the Association was £13,470,693 and £1,897,906 for Cwm Taf Care & Repair Limited. Neither the Association or Cwm Taf Care & Repair Limited currently have any intention of withdrawing from the Plan.

We have been notified 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 has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue

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 amortised grant. The total amount of social housing grant written back to income and expenditure account and potentially repayable is £21,735,369 (2021: £21,147,041).