

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 2024

Cynon Taf Community Housing (2007) Limited

Contents

	Page
Board of Management, Senior Executives and Advisors	3
Strategic Report	4 – 13
Board Report	14 - 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 - 85

Cynon Taf Community Housing (2007) Limited

Strategic Report

BOARD OF MANAGEMENT, SENIOR EXECUTIVES AND ADVISORS

Board of Management Voting members

Mrs J Kent	Group Chair – Resigned June 2023
Mr J Chown	Appointed Group Chair June 2023
Ms N Azad	Group Vice Chair
Mr J Morgan	
Ms C Gunning	
Mr H Davies	
Mr J Evans	
Ms A Pillai	Resigned September 2023
Ms L Murphy	
Mr P Benson	Resigned February 2024
Mr B Stephens	Appointed September 2023
Mr K O’Leary	Appointed September 2023 – Resigned February 2024
Dr B D’Cruz	Appointed September 2023
Mr P Tyndall	Co-opted February 2024
Mr R Tallamy	Co-opted February 2024

Senior Executives

Ms K Palmer	Interim Chief Executive – Resigned November 2023
Ms A Miller	Chief Executive – Appointed February 2024
Ms K Ellis	Group Director of Housing and Communities
Mrs A Williams	Group Director of Finance, IT and Development
Mrs C White	Company Secretary

Registered Office Unit 4, Navigation Park, Abercynon CF45 4SN

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

Internal Auditor Barcud Shared Services, 2 Alexandra Gate, Ffordd Pengam, Cardiff CF24 2SA

Bankers Barclays, 5 Callaghan Square, Cardiff CF10 5BT

Solicitors Hugh James, Two Central Square, Cardiff CF10 1FS
Morgan La Roche, Bay House, Phoenix Way, Swansea SA7 9YT
Blake Morgan, One Central Square, Cardiff CF10 1FS

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 auditor's report, for the year ended 31 March 2024.

The Group comprises Cynon Taf Housing Association, Cwm Taf Care & Repair, and Down to Zero Ltd.

As a Registered Social Landlord, the principal activity of Cynon Taf Housing Association is to develop and manage good quality rented accommodation within Rhondda Cynon Taf. At 31 March 2024 the Association managed 1,932 properties.

Cwm Taf Care & Repair's aim is to ensure clients remain in their own homes with greater independence, warmth, security and safety. The Agency provides a free support and advice service for older and disabled people that assists the client's choice to remain living in their own homes across Rhondda Cynon Taf and Merthyr Tydfil. The Agency listens to clients and works closely with them to tailor individual packages of support that are then delivered by an experienced team of Case Officers, Technical Officers and Handypersons.

Our other subsidiary, Down to Zero Ltd, focuses on mitigating climate impact, tracking the decrease in the Group's carbon footprint and offering training, volunteering and direct benefits back to our tenants and wider community.

2023-24 was year three of the Group's five-year Corporate Plan 2021-25.

Our **Vision** is to be part of happy, healthy, and prosperous valley communities, where everyone has a chance to live well.

Our **Purpose** is to provide great homes and support for the people who make up our communities.

Our Values are:

- **Passion** – We care passionately about what we do
- **Respect** – We treat everyone with respect,
- **Responsibility** – We take responsibility for our actions
- **Integrity** – We carry out our roles with honest and sincerity
- **Excellence** – We always do our absolute best.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Our priorities remain to:

- Support resilient communities
- Deliver excellent services
- Grow our supply of homes
- Protect our financial sustainability
- Invest in our governance, our people and our systems
- Partner with others to achieve shared goals.

All our work is aligned with these priorities.

There are also themes that cut across everything we do – value for money, equality and fairness, climate impact mitigation – and more recently, looking at everything through a cost-of-living lens. Delivering consistent, cost-effective and meaningful services and support to our tenants in what continue to be challenging economic times remains more important than ever.

We are a people-based organisation, passionate about providing great services and support, being a good employer, and a respected partner in our region and across Wales.

It has been a year of change for the Group's senior leadership. We welcomed Auriol Miller as our new Group Chief Executive in mid-February 2024 and we thank Kath Palmer and Alison Williams for their service as Interim Chief Executive until November 2023 and from then until February 2024 respectively.

Support resilient communities

The past few years have been turbulent with the Covid-19 pandemic, high inflation and the cost-of-living crisis having a huge impact on many lives. This combination of factors has also changed what our tenants need, which in turn means we need to ensure that our services are both fit for purpose and more bespoke than ever. We aim to frontload the support we provide for people during really challenging times and, of course, continue to provide value for money as well as affordable rent.

We have worked hard with our tenants and communities to ensure that we can support people to pay their rent in challenging times. We have moved to generic working this year to build better relationships with our tenants and intervene early when tenants are struggling. Whilst our rent arrears have slightly increased this year, we are still operating around a 4% figure, as was the case last financial year. We hope that we can continue to see the benefits of working in smaller patches on our rent arrears as we move forward.

Cynon Taf Community Housing (2007) Limited

Strategic Report

In 2023-24, we have also supported more tenants to reach their potential but, as the cost-of-living crisis continues to impact on so many in our communities, we have also seen more tenants turn to us for help and support. We delivered almost 1,400 interventions for our tenants, with most requests being for additional support to improve their wellbeing. These interventions include financial and digital inclusion, wellbeing activities, training and volunteering opportunities. The team maximised income support for 200 tenants, enabling them to access an additional £287,000 over the course of the year, more than double the amount we were able to access last year.

Deliver excellent services

Responding to tenant feedback about our customer services, we reorganised our housing and communities directorate to ensure that we can deliver excellent customer services across all touchpoints, from first phone call to ongoing tenancy support and right through to end of tenancy. Our new team of seven customer services officers are taking around 1,300 calls a month, of which 700 are repairs calls. We are working hard to understand busy periods better, so we can manage demand more effectively.

Over the year we have worked hard to improve our complaints handling and improve our responses upstream so that our tenants are more satisfied and do not feel the need to make a complaint in the first place. We have also revamped our compliments and complaints process and dedicated a member of the team to providing a more consistent management of the process.

Alongside this reorganisation, our housing team completed a tenant profiling exercise which included more than 1,600 of our homes, which is 90% of our households. We are proud of our deep knowledge of our local community and know that open, collaborative partnerships result in better outcomes for all.

Like other housing associations in Wales, we are preparing to meet the challenge of implementing the new Welsh Housing Quality Standards 2023 which came into effect on 1 April 2024. We have significant work ahead of us to ensure that our homes are energy efficient, with the aim of delivering EPC-C ratings by March 2030, and our Optimised Retrofit Programme (ORP) will be key to delivering this. We secured a total of £846k of additional retrofit funding from Welsh Government in 2023-24 to support this ambition and we completed retrofit measures to 31 properties. These included new solar photovoltaic panels, new triple glazing and loft insulation measures. By monitoring these measures, we have evidenced we have significantly reduced electricity usage in these properties, positively impacting on our tenants.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Of course, maintaining our homes to a high standard is just as important as building new ones. In 2023-24, we invested £3.5 million in repairs and component replacement, and our internal maintenance team installed 71 kitchens, 62 boilers and 39 bathrooms. However, we know that there is a significant backlog of improvements to address so we are clear that continuing to increase our rate of investment into our existing properties will remain a priority focus for several years ahead.

We have also invested heavily in ensuring we continue to meet our health and safety obligations, overhauling our assessing, reporting and compliance systems so that they are fit for the future. Landlord health and safety remains a priority for us, and we continue to work well with our trusted contractors across a range of important property compliance areas.

We are pleased that we have been able to support the local authority with their out of hours calls and repairs service in their private lettings scheme. This has meant that we have been able to deliver repairs at short notice for a wider range of people across Rhondda Cynon Taf.

Cwm Taf Care & Repair continue to deliver excellence for their clients, helping people resettle at home after hospital stays and installing adaptations to enable all clients to live independently for as long as possible. They have provided support for more than 8,300 clients in 2023-24, a 13% increase for the agency from 2022-23. This work equates to a value of £2.6 million and highlights how their services are making a real difference locally, with 81% of clients reporting that the support provided has had a positive impact on their confidence and wellbeing. A separate, detailed annual report is available for Cwm Taf Care & Repair.

Down To Zero have made significant progress in their second year of existence with more than 150 participants getting involved at the Pontyclun site, from one-off visits to regular volunteering to enable the project to grow and flourish. They have also received almost £100,000 in funding to provide further employment opportunities with beekeeping, as well as establishing the Llysh Bocs initiative, which we are excited to see develop further in 2024-25. A separate, detailed annual report is available for Down to Zero.

Grow our supply of homes

Playing our own part in contributing to delivering against the Welsh Government's commitment to building 20,000 affordable homes by 2026, we invested £3.3 million across three development sites. These will provide 49 new high quality and energy efficient homes in Porth, Penygraig and Hirwaun. We also took time to reflect on the lessons we have learned in recent developments to ensure that we continue to strengthen and streamline our approach.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Protect our financial sustainability

A considerable focus in 2023-24 was the restructuring and strengthening of our Finance team coupled with an intensive training programme. The newly configured team reviewed all our finance processes, including our business continuity strategy. We also undertook a VAT assessment across the Group and began the registration process with HMRC. A refinancing exercise will take place in 2024-25 to ensure we are sufficiently resourced to deliver against our WHQS and other priorities.

In 2023-24, our operating surplus increased from £1.96 million in 2022-23 to £2.46 million, a significant achievement in hugely economic challenging times with high inflation and interest rates affecting every part of our business.

Invest in our governance, our people and our systems

Governance

We want to be an organisation that sets the standard in governance, and we have worked hard over the last year on key governance issues. We implemented a combined risk register and assurance framework which strengthens our risk management and streamlines processes.

We also implemented changes to our organisational rules, which ensured that the Group is in line with other housing associations and the wider sector. At the 2023 AGM, we formally adopted Community Housing Cymru's Model Rules and Code of Governance.

We strengthened the skill set and diversity of our Board during the year through a robust recruitment process which resulted in the appointment of three new Board Members and two co-opted members.

We held several development sessions for Board Members over the year, covering topics such as Development and Construction, Governance, Risk, Health and Safety and Anti Racism.

People

We know that our staff are one of our greatest assets and we would like to thank them for the support and partnership approach that they have demonstrated during the period of interim leadership of the organisation. Staff wellbeing is a key priority for us, and we undertook a wellbeing audit during the year which informed our objectives for 2024-25.

Cynon Taf Community Housing (2007) Limited

Strategic Report

We aspire to be an employer of choice locally and we know that Learning and Development is a significant part of that. In 2023-24, we invested more than £46,000 in developing our team. From completing essential safety training to stretching professional development, we want to make sure our people have the support they need to hone existing skills as well as develop new skills to do their jobs to the highest standard.

As an organisation, we strive to continually improve our services. In 2023-24, Cynon Taf Housing Association committed to seek re-accreditation of the Quality in Equality and Diversity (QED) quality mark from Tai Pawb. We are proud to continue this investment and determined that our organisation is known as an active ally for equality, diversity and inclusion.

Systems

We took active measures to protect the Group in terms of cyber security, implementing new firewalls and ransomware protection. New resilient phone lines were installed for Cwm Taf Care & Repair, and we installed a new telephone system to ensure the Housing Association's new Customer Services Team is fully equipped to respond to tenants efficiently and effectively.

As part of our ongoing drive to ensure a seamless, joined-up service for our tenants, in 2023-24 we started a major new project to digitise all our housing records by procuring a new document management system.

Partner with others to achieve shared goals

Part of our ethos is working collaboratively with other housing associations, sharing learning and maximising the impact of our collective work so that tenants benefit from a shared approach to key issues, no matter who their landlord is.

We worked as part of a consortium with six other housing associations, hosting a shared role to increase tenant knowledge and understanding around damp, mould and condensation. We also continued to share ongoing learning through the Carbon Literacy Consortium.

This year, we have focused on investment in our decarbonisation process, carrying out a baseline carbon assessment and agreeing a carbon savings strategy for the Group. We concluded our SMART partnership with Cardiff Metropolitan University to support our sustainability work and have been successful in setting up a new Knowledge Transfer Partnership with the University that will start in 2024-25. This will test, trial and learn from innovative new technologies that will help us reduce our carbon footprint and help the Group reach net zero emissions by 2030.

Cynon Taf Community Housing (2007) Limited

Strategic Report

Through Cwm Taf Care & Repair, we continue to play a key partnership role with Cwm Taf Morgannwg University Health Board.

Our subsidiary, Down to Zero, has leased two plots of land locally where our team will work with communities to address climate impact. We have strengthened relationships with local partners and stakeholders in community development and sustainable food, and we look forward to playing an active role furthering the green and economic resilience agenda in Rhondda Cynon Taf.

Our Future Focus in 2024-25

We have a challenging year ahead of us as we continue our modernisation process across the business and transition to a digital-first organisation that uses data and evidence to continuously improve our services to tenants, while importantly retaining the community feel of a locally rooted organisation. Alongside this transformation, we will be working closely with tenants and staff to envision the future of Cynon Taf Community Housing Group and to ensure it is appropriately resourced to respond to tenants' future needs.

Our objectives for 2024-25 are as follows:

Supporting resilient communities

- Implement service charge improvements
- Deliver significant investment plan for decarbonising existing homes
 - KTP with Cardiff Met implemented, ORP3 implemented for 300 properties, Asset Management Strategy (AMS) and data cleansing programme all implemented
- Develop 'Green the Organisation' project
 - Electrification of fleet reviewed, options for retrofitting office explored
- New five-year Tenant Engagement Strategy and Group-wide community development approach agreed
- Group-wide system for capturing social value capturing, procurement support needs assessed and actioned
- Explore Apprenticeship programme
- Develop Down to Zero carbon reduction project
 - Cwmbach Wetlands purchased, veg box subscription service developed, and financial sustainability strengthened

Cynon Taf Community Housing (2007) Limited

Strategic Report

Delivering excellent services

- Ensure Housing and Communities team fit for future and review performance and resource around tenancy sustainability
- Improve complaints handling
 - New Customer Services team embedded, data tools and visualisations developed and incorporated into Performance Management Framework
- Develop and align Performance Management Framework with Year 4 of current corporate plan (2021-25)
- Implement Asset Management and Investment Strategy
 - New strategy implemented, AMS team restructured, resource needs (finance, data and people) assessed in relation to 30-year business plan
- Ensure QED accreditation retained

Growing our supply of homes

- Complete current schemes at Penygraig (September 2024), Porth (January 2025) and Nidum (Spring 2025)
- Review Development Strategy
- Conclude stock transfer of properties W&WHA
- Seek new opportunities for short- to medium term pipeline of new homes
- Review capacity and resource requirements

Protecting our financial sustainability

- Update 30-year Financial Business Plan (Brixx) incorporating Asset Management Strategy investment/ Decarb and development appetite
- Refinance the Group
- Review Treasury management
- Review and develop Value for Money Strategy and metrics for Group, ensuring reference to new Tenant Engagement Strategy
- Review Procurement Strategy, Supply Chain and associated risks
- Ensure VAT registration with HMRC and implications correctly implemented
- Further develop services to subsidiaries C&R & DTZ

Cynon Taf Community Housing (2007) Limited

Strategic Report

Governance

- Undertake Regulatory Judgement process as required
- Review governance of Group and implement existing recommendations
- Embed robust data protection culture, processes and learning across services and ensure effective accountability and management oversight
- Resource development of and agree process of developing new Corporate Plan for April 2025 onwards, involving tenants, clients, staff and key stakeholders, in line with well-being of future generations principles
- Attain charity status for C&R having assessed risks

People

- HR Action Plan priorities delivered with key focus on
 - Pay and benefits strategy approve
 - All outstanding policies reviewed, and review framework implemented
 - New overarching People Strategy developed and submitted for Board approval to include pay and benefits, clear focus on staff wellbeing, health and safety, learning and development, leadership and management, communications with staff
 - Agreed plan implemented on gender pay gap and other equality impact assessment implications
 - Reaccreditation of QED achieved
 - Group Learning and Development Plan agreed
- Continue focus on Health and Safety structures and reporting
 - New Group H&S Manager recruited, new H&S policy and audit recommendations implemented, new management information system implemented
 - Development of a Fire Strategy and Policy
- Plan and implement remaining office refurbishment
- Deliver organisational communications strategy and review resource requirements to support effective delivery of these priorities

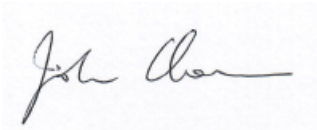
Cynon Taf Community Housing (2007) Limited

Strategic Report

Systems

- Assess and agree delivery plan for organisation-wide information management priorities including implementation of Housing Management review, Document Management System, Ransomware Protection, intranet site development
- Review IT Strategy, infrastructure, capacity and resource requirements
- Review and develop AI usage policy

We look forward to delivering against our objectives in the final year of our current Corporate Plan in 2024-25 and to working collaboratively with tenants, staff, Board and partners to shape our new Plan from April 2025 onwards.



Mr J Chown
Chair
Date 6th August 2024



Mrs C White
Secretary
Date 6th August 2024

Cynon Taf Community Housing (2007) Limited

Board Report

Annual Governance Statement

Financial Performance 2024

The Board of Management present the financial statements for the year ended 31 March 2024.

The financial result for 2024 was a surplus for the year of £390,925 as compared to a surplus of £293,018 in 2023. 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.

Our Board of Management

Ensuring strong and effective governance remains a high priority for the Board. Our most recent regulatory rating was in September 2021, and we received the highest rating of Standard for both Governance (including tenant services) and Financial Viability, confirming our 2019 judgement. We did not receive a new regulatory grading during 2023-24 however we have maintained ongoing dialogue with the regulator as part of our co-regulatory engagement. We have continued to maintain governance, service delivery and financial viability to the highest levels.

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.

Risk Management

We operate a formal Risk Register which is approved by the Board. This articulates the risk appetite of the Board and places clear responsibility for risk management with the Board.

We operate a three lines of defence model. This is carried out by:

First line of assurance:

- Day to day management of risks in line with the Risk Register and risk appetite set by the Board
- Operationally identifying, assessing and responding to risks
- Defining, implementing, reviewing and monitoring key controls; and

Cynon Taf Community Housing (2007) Limited

Board Report

- Day to day activities supported by oversight and management with set policies, procedures and processes.

Second line assurance:

- Ensuring that adequate first line assurance is in place through management supervision
- Quality checks and reviews of systems, controls and other processes
- Business data and performance information
- Providing advice and guidance to challenge business units on their management of risk; and
- Strategic Management Team coordination of risk management with planned and ad hoc reviews of risk to ensure that they are being managed within the overall framework and risk appetite.

Third line assurance:

- Driven by internal and external audit and other specialist third party organisations
- Conduct controls testing across first and second lines of defence
- Review risks by reviewing key controls as set out; and
- Highlighting areas of risk and making recommendations for mitigation.

A programme of internal audit reviews throughout the year highlight areas of control improvement and identify any risks that could be better addressed.

The Strategic Management Team, led by the Chief Executive, leads on risk management at an operational level on a day-to-day basis. The Board has delegated responsibility for monitoring and scrutiny of risk management issues to the Audit and Risk Committee.

Strategic risks are ones which threaten our ability to deliver our corporate objectives if they are not actively managed. During the year we refocused 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 our 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 Risk Committee to complete 'deep dives' on any areas which require more time and scrutiny.

Cynon Taf Community Housing (2007) Limited

Board Report

Risk Appetite

As part of the move to an integrated strategic risk and assurance framework in 2023-24, we have indicated our appetite for risk in relation to each of our identified strategic risks. This is reviewed annually.

Statement of Compliance with our Code of Governance

In 2023-24 Cynon Taf Community Housing Association adopted the Community Housing Cymru (CHC) Group Code of Governance. We reviewed our existing practice against the Code, the results of which have informed the development of a new Governance Action Plan. We also undertook an internal audit on compliance against the CHC Code of Governance and we implemented the recommendations from the audit during the year.

Board and Committee Decision Making

The Board's central role is to direct the strategic direction of Cynon Taf Community Housing Group and to be assured of its ongoing operations. The Board operates a supervisory model that makes it which are its responsibilities, and which are the responsibilities of the Strategic Management Team and staff team. We continue to operate formal schemes of delegation and have established a robust control and risk management framework. The Board met formally seven times in 2023-24.

The Board's structure is supported by two committees: the Governance Committee and the Audit and Risk Committee. Each committee meets throughout the year to fulfil the duties laid out in its Terms of Reference. The Chair of each committee then reports back to the full Group Board. There are also two separate Boards for the subsidiaries Cwm Taf Care & Repair and Down to Zero. The Chair of each of these also reports back to the full Group Board.

Governance Committee

The Governance Committee met four times in 2023-24. The Committee provides assurance to the Board that all governance-related risks are addressed. It reviews all policies annually and has a key role to play in providing assurance that the Group is fulfilling its obligations as a responsible employer. It also reviews the structure, size and composition of the Board, recommending changes as necessary, as well as implementing the Board appraisal system and setting learning and development plans for Board members. It receives the Group's annual equality and diversity data and makes recommendations to the Board on any necessary action. It also reviews the Group's annual self-evaluation and compliance statement and makes recommendations to the Board.

Cynon Taf Community Housing (2007) Limited

Board Report

The committee is appointed annually by the Board and is comprised of a minimum of two Board members and other independent members as directed by the Board.

The committee provides oversight and advice to the board on matters listed within its terms of reference and reports to the Board after each meeting via the committee chair. The terms of reference are reviewed annually.

Audit and Risk Committee

The Audit and Risk Committee met four times in 2023-24. The Committee provides assurance to the Board on the effectiveness of the risk and internal control frameworks, financial reporting and accounting whilst overseeing the internal and external audit functions. The committee is appointed annually by the Board and is comprised of at least three board members and other independent members as directed by the Board.

The committee provides oversight and advice to the Board on matters listed within its terms of reference and reports to the Board after each meeting via the committee chair. The terms of reference are reviewed annually. The committee has the opportunity to hold private discussions with the internal and external auditors without the management team being present. The committee chair also meets with the Chief Executive, Finance Director and other partners to better understand any areas of concern or issues.

The Audit and Risk Committee receives assurance reports from a range of independent external sources as a third line of defence. These include:

- All internal audit reviews and compliance reports. These are based on an agreed annual plan from the committee, reviewed and linked to our risk management framework; and
- Our external auditors' management letters and report.

The internal and external audit contracts continued in 2023-24 with Barcud Shared Services operating as the appointed provide for the organisation's internal audit service and Bevan and Buckland LLP continuing as external auditors.

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

Cynon Taf Community Housing (2007) Limited

Board Report

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.

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.

Cynon Taf Community Housing (2007) Limited

Board Report

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 Risk 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 Risk 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 Risk Committee prior to Board.

The Board has reviewed the effectiveness of the Group's internal control for the year ended 31 March 2024.

Internal Audit Control

The table below summarises the internal audit work undertaken by Barcud Shared Services during the year 2023-24:

- Staff Wellbeing
- Damp, Mould and Condensation
- Information Security and Data Protection (including cyber-security)
- Rent Collection, Accounting and Arrears
- Supply Chain and Contingency Management
- Electrical Testing and Gas Servicing
- Business and IT Continuity & Disaster Recovery
- Cwm Taf Care & Repair – Adaptions Process Review
- Risk Maturity Follow Up
- Governance: Code of Governance
- Void Management
- Key Financial Controls

Cynon Taf Community Housing (2007) Limited

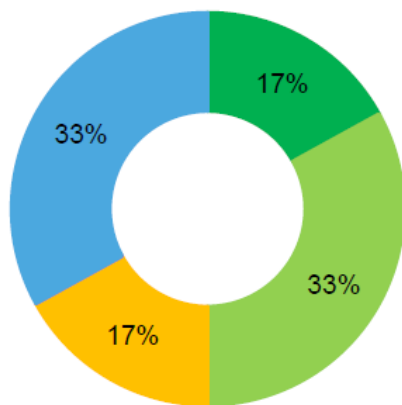
Board Report

- Staff Health and Safety
- And 4 follow up reviews.

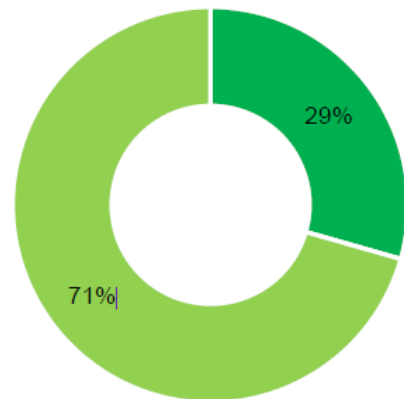
Of these, all were assurance reviews. Three high importance recommendations were issued, two of which were appropriately actioned within the timeframe required. The recommendation to review and update the Data Asset Register is still being actioned. A Follow Up review indicated that Reasonable progress had been made in implementing all recommendations.

Assurance Provided Compared to Previous Year

2022/23 Assurance:



2023/24 Assurance:



■ Substantial ■ Reasonable ■ Some ■ Limited ■ Advisory

Employees

The Group is a Living Wage employer. It is in the process of seeking re-accreditation to the Tai Pawb Quality in Equality and Diversity standard. It is the Group's intention to be a fair employer offering a comprehensive learning and development programme and career advancement together with a continuing commitment to equal opportunities in respect of employment and access to services.

Donations

Donations amounted to £3,000 (2023 - £3,000). 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.

Statement on Board rates of pay and expenses reimbursed

We do not currently pay Board members although this is regularly kept under review.

In 2023-24, one Board member was reimbursed £68 in expenses.

Going Concern

The Group has considerable financial resources and, consequently, the Board believe that the Group is well-placed to manage its business risks. This includes the legacy risks of pandemic and Brexit, alongside the current challenges in the social housing sector and volatility of the financial markets.

The Board ensures all significant decisions are taken in accordance with Cynon Taf Housing Association rules, policies and procedures. The Schedule of Delegated Authority is reviewed annually. In preparing financial statements Board members have reviewed the Association's plans and have received assurances that the Association has adequate resources to continue to operate for the foreseeable future. Whilst maintaining our highest level of regulatory judgement this external endorsement assesses the Association's ability to meet its future challenges. The annual financial statements are prepared on a going concern basis.

Overall Assessment

Based on the assessment within the annual Governance and Statement of Internal Control the Board is confident that we have appropriate arrangements in place to give it assurance on the adequacy of governance, internal controls and risk management frameworks operated by the Association.

Viability

The Board has undertaken an assessment of the future financial prospects of the Association and has undergone assessments of its current and future risks. During 2023-24, the Board were present with robust stress testing of our financial business plan which involved several assumptions and scenarios.

Cynon Taf Community Housing (2007) Limited

Board Report

Disclosure of Information to Auditors

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

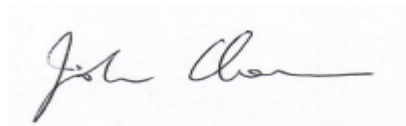
- As far as the Board members are aware, there is no relevant audit information of which the Group's auditors is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members, to make themselves aware of any relevant audit information and to establish that the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

Annual General Meeting

The Annual General Meeting (AGM) of the Association will be held on 17 September 2024.

At this meeting, the Association's 2023-24 Annual Report and Accounts will be presented for adoption and a resolution proposed to re-appoint Bevan Buckland LLP as external auditors to Cynon Taf Community Housing Group.

This report was approved for issue by the Board in August 2024 and signed on its behalf by:



Mr J Chown
Chair

Date 6th August 2024

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 31 March 2024, 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 18-20, 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:

6th August 2024

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 2024 which comprise the consolidated and Association statements of comprehensive income, consolidated and Associated 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 2024 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 Board’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

- the Board have not disclosed in the financial statements any identified material 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 16), 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.

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;

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.

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: 6th August 2024

Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £	2023 £
TURNOVER	3	14,557,544	13,422,164
Operating Expenditure	3	(12,094,097)	(11,492,005)
Gain/(loss) on disposal of housing properties	4	<u>-</u>	<u>33,344</u>
OPERATING SURPLUS	7	2,463,447	1,963,503
Interest receivable	6	1,426	683
Interest and financing costs	5	(1,404,970)	(1,240,041)
Pension deficit remeasurements	24	(77,559)	25
Financing costs - pension deficit	24	<u>(35)</u>	<u>(28)</u>
SURPLUS FOR THE YEAR		982,309	724,142
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	25	(591,000)	(426,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>391,309</u></u>	<u><u>298,142</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 85 form part of these financial statements.

Cynon Taf Community Housing (2007) Limited

Association Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £	2023 £
TURNOVER	3	11,886,141	11,090,747
Operating Expenditure	3	(9,503,652)	(9,223,029)
Gain/(loss) on disposal of housing properties	4	<u>-</u>	<u>33,344</u>
OPERATING SURPLUS	7	2,382,489	1,901,062
Interest and financing costs	5	(1,404,970)	(1,240,041)
Pension deficit remeasurements	24	(77,559)	25
Financing costs - pension deficit	24	<u>(35)</u>	<u>(28)</u>
SURPLUS FOR THE YEAR		889,925	661,018
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	25	(509,000)	(368,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>390,925</u></u>	<u><u>293,018</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 85 form part of these financial statements.

Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024		2023	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		76,233		69,617
Housing Properties	10		109,474,912		106,327,780
Other tangible fixed assets	12		1,764,770		1,760,383
FIXED ASSET INVESTMENTS					
Homebuy loans receivable	13		383,120		404,720
TOTAL FIXED ASSETS			111,699,035		108,562,500
CURRENT ASSETS					
Stock	14	41,918		28,430	
Debtors	15	1,188,486		735,040	
Properties held for sale	16	14,563		14,563	
Cash at bank and in hand		1,432,499		5,347,968	
		<u>2,677,466</u>		<u>6,126,001</u>	
CREDITORS					
Amounts falling due within one year	18	(9,034,774)		(8,769,738)	
NET CURRENT LIABILITIES			(6,357,308)		(2,643,737)
Debtors: Amounts falling due after more than one year	17		590,278		608,264
TOTAL ASSETS LESS CURRENT LIABILITIES			105,932,005		106,527,027
CREDITORS					
Amounts falling due more than one year	19		(79,343,117)		(80,479,445)
Pension - Defined Benefit liability	25		(2,153,000)		(2,003,006)
NET ASSETS			<u>24,435,888</u>		<u>24,044,576</u>
CAPITAL AND RESERVES					
Called up share capital	26		144		141
Unrestricted reserves	27		24,396,374		24,004,213
Restricted reserves	27		39,370		40,222
TOTAL RESERVES			<u>24,435,888</u>		<u>24,044,576</u>

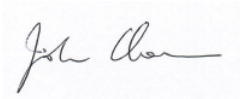
Cynon Taf Community Housing (2007) Limited

Consolidated Statement of Financial Position

At 31 March 2024

The financial statements of Cynon Taf Community Housing (2007) Limited were approved by the Board 17 September 2024.

Signed on its behalf by:



Mr J Chown
Chair



Mrs C White
Secretary



Mr J Morgan
Chair ARC

Cynon Taf Community Housing (2007) Limited

Association Statement of Financial Position

At 31 March 2024

	Notes	2024		2023	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		76,233		69,617
Housing Properties	10		109,474,912		106,327,780
Other tangible fixed assets	12		1,478,804		1,507,038
FIXED ASSET INVESTMENTS					
Homebuy loans receivable	13		383,120		404,720
Other Investments			1		1
TOTAL FIXED ASSETS			111,413,070		108,309,156
CURRENT ASSETS					
Stock	14		16,138		11,492
Debtors	15		1,022,542		614,305
Properties held for sale	16		14,563		14,563
Cash at bank and in hand			742,728		4,604,202
			<u>1,795,971</u>		<u>5,244,562</u>
CREDITORS					
Amounts falling due within one year	18		(8,831,944)		(8,582,361)
NET CURRENT LIABILITIES			(7,035,973)		(3,337,799)
Debtors: Amounts falling due after more than one year	17		590,278		608,264
TOTAL ASSETS LESS CURRENT LIABILITIES			104,967,375		105,579,621
CREDITORS					
Amounts falling due more than one year	19		(79,336,141)		(80,462,315)
Pension - Defined Benefit liability	25		(1,889,000)		(1,766,000)
NET ASSETS			23,742,234		23,351,306
CAPITAL AND RESERVES					
Called up share capital	26		144		141
Unrestricted reserve	27		23,742,090		23,351,165
TOTAL RESERVES			23,742,234		23,351,306

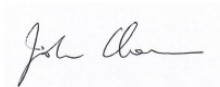
Cynon Taf Community Housing (2007) Limited

Association Statement of Financial Position

At 31 March 2024

The financial statements of Cynon Taf Community Housing (2007) Limited were approved by the Board 17 September 2024.

Signed on its behalf by:



Mr J Chown
Chair



Mrs C White
Secretary



Mr J Morgan
Chair ARC

Cynon Taf Community Housing (2007) Limited

Group Statement of Changes to Reserves

For the year ended 31 March 2024

	Share Capital £	Unrestricted Reserve £	Restricted Reserve £	Total £
At 1 April 2022	133	23,705,218	41,075	23,746,426
Transfer from reserves				
Transfer to reserves	-	-	-	-
Surplus for the year	-	298,995	(853)	298,142
Issued / (Cancelled)	8			8
At 31 March 2023	<u>141</u>	<u>24,004,213</u>	<u>40,222</u>	<u>24,044,576</u>
Transfer from reserves		-	-	-
Transfer to reserves		-	-	-
Surplus for the year		392,161	(852)	391,309
Issued / (Cancelled)	3			3
At 31 March 2024	<u>144</u>	<u>24,396,374</u>	<u>39,370</u>	<u>24,435,888</u>

Association Statement of Changes in Reserves

At 31 March 2024

	Unrestricted Reserve £	Total £
At 1 April 2022	23,058,147	23,058,147
Surplus for the year	293,018	293,018
At 31 March 2023	<u>23,351,165</u>	<u>23,351,165</u>
Surplus for the year	390,925	390,925
At 31 March 2024	<u>23,742,090</u>	<u>23,742,090</u>

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2024

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Operating surplus	2,463,447	1,963,503	2,382,489	1,901,062
Adjustments for non cash items				
Depreciation & impairment of fixed assets	2,566,270	2,268,642	2,541,993	2,225,651
Government grants amortised in year	(682,795)	(654,702)	(682,795)	(654,702)
Amounts written off share capital	(3)	(8)	(3)	(8)
Pension DB Accounting adjustments	85,000	49,000	75,000	44,000
(Gain)/Loss on disposal of fixed asset	-	72,801	-	77,801
Working capital movements				
(Increase)/decrease in stock	(13,488)	15,148	(4,646)	805
Decrease/(Increase) in trade and other debtors	(506,053)	(186,032)	(416,251)	(169,395)
Increase/(Decrease) in creditors	(148,986)	106,238	(173,440)	99,358
Pension deficit contributions paid	(526,549)	(492,525)	(461,486)	(432,530)
Net cash generated from operating activities	3,236,840	3,142,065	3,260,861	3,112,042
Interest received	1,426	683	-	-
Interest and mortgage fees paid	(1,404,970)	(1,226,113)	(1,404,970)	(1,226,121)
Adjustments for reinvestment in existing properties				
Component replacements	(1,242,780)	(1,113,462)	(1,242,780)	(1,113,462)
Purchase of other fixed assets	(189,843)	(128,998)	(132,943)	(128,998)
Free cash generated/(expended) before loan repayments	400,673	674,175	480,168	643,469
Loans repaid (excluding revolving credit facilities)	(1,635,277)	(1,753,663)	(1,635,277)	(1,753,663)
Free cash expended after loan repayments	(1,234,604)	(1,079,488)	(1,155,109)	(1,110,194)
Cash flow from investing activities				
Purchase and development of properties	(4,141,544)	(3,401,618)	(4,141,544)	(3,401,618)
Proceeds from sales of properties and other fixed assets	100,590	33,344	100,590	33,344
Grants received	1,334,589	6,596,591	1,334,589	6,596,591
Grants repaid	-	-	-	-
	(2,706,365)	3,228,317	(2,706,365)	3,228,317

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2024

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Cashflow from financing activities				
Drawdown of new loan facility	-	1,500,000	-	1,500,000
Share capital allotted	-	-	-	-
	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Net increase/(Decrease) in cash and cash equivalents	<u>(3,940,969)</u>	<u>3,648,829</u>	<u>(3,861,474)</u>	<u>3,618,123</u>
Cash and cash equivalents at beginning of year	<u>5,373,468</u>	<u>1,699,139</u>	<u>4,604,202</u>	<u>986,079</u>
Cash and cash equivalents at end of the year	<u><u>1,432,499</u></u>	<u><u>5,373,468</u></u>	<u><u>742,728</u></u>	<u><u>9,604,202</u></u>

Cynon Taf Community Housing (2007) Limited

Statement of Cash flows and Free Cash

For the year ended 31 March 2024

Reconciliation of net debt

Group

	At 1 April 2023	Cashflows	Other non-cash changes	At 31 March 2024
	£	£	£	£
Cash & cash equivalents	5,373,468	(3,940,969)	-	1,432,499
Borrowings:				
Due within one year	(1,419,813)	1,635,277	(2,816,142)	(2,600,678)
Due after one year	(28,734,972)	-	2,842,755	(25,892,217)
	(30,154,785)	1,635,277	26,613	(28,492,895)
Total	(24,781,317)	(2,305,692)	26,613	(27,060,396)

Association

	At 1 April 2023	Cashflows	Other non-cash changes	At 31 March 2024
	£	£	£	£
Cash & cash equivalents	4,604,202	(3,861,474)	-	742,728
Borrowings:				
Due within one year	(1,419,813)	1,635,277	(2,816,142)	(2,600,678)
Due after one year	(28,734,972)	-	2,842,755	(25,892,217)
	(30,154,785)	1,635,277	26,613	(28,492,895)
Total	(25,550,583)	(2,226,197)	26,613	(27,750,167)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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

Volatility in the economy and financial markets remain a primary focus due to the changing political environment along with the continued legacy impact of Brexit, pandemic and other worldwide issues. Board do not believe these pose a going concern risk, however general increase of inflation on cost for supplies, material and utilities also continue to be 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 2024

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. 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 during the development. Capitalisation ceases 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 2024

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 2024

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.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

Stock

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

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 2024

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 2024

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 2024

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 2024

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 administered 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 2024

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.

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

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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 25.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

Association

	Turnover	Operating costs	Loss on disposal of housing properties	2024 Operating Surplus
	£	£	£	£
Social housing lettings	11,786,511	(9,469,396)	-	2,317,115
Other Social housing activities	-	-	-	-
Non Social Housing Activities:				
Care & Repair	63,653	-	-	63,653
Big Lottery	9,920	(9,920)	-	-
VSRF	-	-	-	-
Community Potential Project	2,154	(2,154)	-	-
Potential Project	-	-	-	-
Other Initiatives	-	-	-	-
Other income	23,903	(22,182)	-	1,721
	<u>11,886,141</u>	<u>(9,503,652)</u>	<u>-</u>	<u>2,382,489</u>

	Turnover	Operating costs	Loss on disposal of housing properties	2023 Operating Surplus
	£	£	£	£
Social housing lettings	10,868,447	(9,076,439)	-	1,792,008
Other Social housing activities	-	-	33,344	33,344
Non Social Housing Activities:				
Care & Repair	61,919	-	-	61,919
VSRF	8,331	-	-	8,331
Community Potential Project	78,071	(71,218)	-	6,853
Potential Project	56,863	(74,011)	-	(17,148)
Other Initiatives	-	-	-	-
Other income	17,116	(1,406)	-	15,755
	<u>11,090,747</u>	<u>(9,223,029)</u>	<u>33,344</u>	<u>1,901,062</u>

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

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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	2024 Total	2023 Total
	£	£	£	£
Income				
Rent receivable	9,517,994	498,824	10,016,818	9,243,344
Service charge income	527,840	246,492	774,332	750,234
Amortisation of social housing and other government grants	682,795	-	682,795	654,702
Grant Income from support services	56,250	-	56,250	
WG Revenue grant HFG2	21,352	-	21,352	23,129
PAG Grants	234,964	-	234,964	193,038
Turnover from social housing lettings	11,041,195	745,316	11,785,511	10,868,447
Operating costs				
Management costs	2,057,742	235,756	2,293,498	2,023,893
Service costs	578,012	21,002	599,014	591,685
Routine maintenance	3,540,003	-	3,540,003	3,620,376
Major Repairs/planned maintenance	156,001	-	156,001	411,901
Bad debts	167,015	-	167,015	89,017
Depreciation and impairment of housing properties	2,464,629	-	2,464,629	2,096,490
Other	249,237	-	249,237	243,077
Operating costs on social housing activities	9,212,638	256,758	9,469,397	9,076,439
Operating surplus on social housing lettings	1,772,307	488,558	2,317,114	1,792,008
Rent Foregone due to properties being vacant	49,162	-	49,162	66,483

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

4. LOSS ON SALE OF HOUSING PROPERTIES

	Group & Association	
	2023	2023
	£	£
Disposal proceeds: Housing properties	-	52,603
Disposal costs: Housing properties	-	(19,259)
Gain/(Loss) on sale of housing properties	-	33,344

5. INTEREST AND FINANCING COSTS

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Bank loans and overdrafts	1,556,486	1,195,073	1,556,486	1,195,073
Imputed interest from effective interest rate calculation	(151,516)	44,968	(151,516)	44,968
Total interest payable	1,404,970	1,240,041	1,404,970	1,240,041

6. INTEREST RECEIVABLE

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Bank interest receivable	1,426	683	-	-

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

7. OPERATING SURPLUS

Surplus on ordinary activities is stated after charging:

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Depreciation:				
- Housing properties	2,377,428	2,051,490	2,377,428	2,051,490
- Other	154,565	172,152	154,565	154,161
Impairment	10,000	45,000	10,000	45,000
Amortisation of deferred Government grants	(682,795)	(654,702)	(682,795)	(698,593)
Coronavirus job retention scheme	-	-	-	-
Bad Debts	167,015	89,017	167,015	89,017
Auditors' remuneration:				
- In their capacity as auditors	24,388	20,425	24,388	17,625
- In respect of other services	18,959	16,435	18,959	11,835
Operating leases:				
- Land and buildings	8,182	6,963	8,182	2,490
- Other assets	33,261	38,239	33,261	14,645
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 £182 (2023: £225) in the year. Expenses reimbursed to Board of management during the year totalled £68 (2023: £nil).

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

	2024	2023
Aggregate emoluments of executive officers	193,920	184,153
Emoluments of highest paid director (and highest paid employee), excluding pension contributions	84,308	72,673
	<u> </u>	<u> </u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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	
	2024	2023
£50,000 - £59,999	-	2
£60,000 – £69,999	-	-
£70,000 – £79,999	1	1
£80,000 – £89,999	1	-
£90,000 – £99,999	-	-
£100,000 - £109,999	1	-

Note that the interim Chief Executive in post for most of 2022-23 and 2023-24 was employed on a part-time consultancy basis.

(b) Employee information

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

	Group		Association	
	2024	2023	2024	2023
Actual	105	97	69	64
Full time equivalent	99	95	63	65

The aggregate employment costs of these persons were as follows:

	Group		Association	
	2024	2023	2024	2023
Wages and salaries	3,614,803	3,254,505	2,537,771	2,389,984
Social security costs	309,110	295,350	203,638	208,500
Other pension costs	247,059	230,211	181,091	181,823
Total staff costs	4,170,972	3,780,066	2,922,500	2,780,307

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

9. INTANGIBLE FIXED ASSETS

	Group £	Association £
Cost or valuation		
At 1 April 2023	317,685	306,998
Additions	46,241	46,241
Disposals	(72,756)	(72,756)
At 31 March 2024	291,170	280,483
Amortisation		
At 1 April 2023	248,068	237,381
Charge for the year	39,629	39,629
Disposals	(72,760)	(72,760)
At 31 March 2024	214,937	204,250
Net book value		
At 31 March 2024	76,233	76,233
At 31 March 2023	69,617	69,617

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group & Association

	Social Housing Properties	Properties under construction	Share ownership	Total
		£	£	£
Cost or valuation				
At 1 April 2023	129,235,893	8,032,771	155,724	137,424,388
Additions	-	4,141,544	-	4,141,544
Schemes Completed	6,203,107	(6,209,890)	6,783	0
Components Capitalised	1,467,606	-	-	1,467,606
Disposals	(482,280)	-	-	(482,280)
At 31 March 2024	136,424,326	5,964,425	162,507	142,551,258
Depreciation				
At 1 April 2023	30,353,477	691,500	51,631	31,096,608
Charge for the year	2,376,094	-	1,334	2,377,428
Impairment losses	10,000	-	-	10,000
Eliminated on disposals	(407,690)	-	-	(407,690)
Transfer to Current Assets	691,500	(691,500)	-	-
At 31 March 2024	33,023,381	-	52,965	33,076,346
Net Book Value				
At 31 March 2024	103,400,945	5,964,425	109,542	109,474,912
At 31 March 2023	98,882,416	7,341,271	104,093	106,327,780

	2024	2023
	£	£
Housing properties comprise:		
Freehold land and buildings	106,169,871	102,993,102
Long leasehold land and buildings	1,946,615	1,964,495
Short leasehold land and buildings	1,358,426	1,370,183
At 31 March	109,474,912	106,327,780

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

11. UNITS IN MANAGEMENT

				Group & Association	
	Opening units at 01 April 2023	Sales	Transfers	New Build	Closing units at 31 March 2024
General needs	1,801	-	25	1	1,827
Supported Housing	123	-	(14)	-	109
Shared ownership	26	-	(6)	-	20
Under development	54	-	(5)	-	49
	<u>2,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,005</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

12. OTHER TANGIBLE FIXED ASSETS

Group

	Freehold offices £	Leasehold Property £	Motor vehicles £	Computer equipment £	Office furniture & equipment £	Total £
COST						
At 1 April 2023	1,420,417	33,723	44,705	265,151	1,363,361	3,127,357
Additions	19,678	-	-	20,414	103,783	143,602
Disposals	-	-	-	(14,354)	(15,827)	(30,181)
At 31 March 2024	1,440,095	33,723	44,705	270,938	1,451,317	3,240,778
DEPRECIATION						
At 1 April 2022	350,803	33,723	34,998	188,728	758,723	1,228,123
Charge for the year	23,414	-	6,294	27,485	82,020	138,848
Eliminated on disposal	-	-	-	(14,354)	(15,827)	(30,181)
At 31 March 2024	374,217	33,723	41,293	201,859	824,916	1,476,008
NET BOOK VALUE						
At 31 March 2024	1,065,878	-	3,412	69,079	626,401	1,764,770
At 31 March 2023	1,069,414	-	9,706	76,423	604,638	1,760,381

Included in Freehold offices is freehold land of £256,041 (2023: £256,041) which is not depreciated.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

12. OTHER TANGIBLE FIXED ASSETS – continued.

Association

	Freehold Offices	Computer Equipment	Office Furniture & Equipment	Total
		£	£	£
COST				
At 1 April 2023	1,095,049	205,207	1,314,432	2,614,688
Additions	19,678	20,141	46,883	86,702
Disposals	-	(14,354)	(15,827)	(30,181)
At 31 March 2023	<u>1,114,727</u>	<u>210,994</u>	<u>1,345,488</u>	<u>2,671,209</u>
DEPRECIATION				
At 1 April 2022	268,448	128,785	710,417	1,107,650
Charge for the year	17,191	27,485	70,260	114,936
Eliminated on disposal	-	(14,354)	(15,827)	(30,181)
At 31 March 2023	<u>285,639</u>	<u>141,916</u>	<u>764,850</u>	<u>1,192,405</u>
NET BOOK VALUE				
At 31 March 2023	<u>829,088</u>	<u>69,078</u>	<u>580,638</u>	<u>1,478,804</u>
At 31 March 2022	<u>826,601</u>	<u>76,422</u>	<u>604,015</u>	<u>1,507,038</u>

Included in Freehold offices is freehold land of £256,041 (2023: £256,041) which is not depreciated.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

13. FIXED ASSETS INVESTMENTS – HOMESBUY LOANS RECEIVABLE

	Group & Association	
	2024	2023
	£	£
At 1 April	404,720	404,720
Additions	-	-
Disposals	(21,600)	-
At 31 March	<u>383,120</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	
	2024	2023	2024	2023
	£	£	£	£
Raw materials and consumables	<u>41,918</u>	<u>28,430</u>	<u>16,138</u>	<u>28,430</u>

15. DEBTORS

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Arrears of rent and service charges	561,581	441,239	561,581	441,239
Less: provision for bad and doubtful debts	(426,595)	(297,376)	(426,595)	(264,868)
	<u>134,986</u>	<u>143,863</u>	<u>134,986</u>	<u>143,863</u>
Other Debtors	448,881	179,495	448,881	179,552
Prepayments and accrued income	604,619	411,682	312,199	209,067
Amounts due to Group undertakings	-	-	126,476	81,823
	<u>1,188,486</u>	<u>735,040</u>	<u>1,022,542</u>	<u>614,305</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

16. HOUSING PROPERTIES FOR SALE

	Group & Association	
	2024	2023
	£	£
Cost	22,088	22,088
Less: accumulated depreciation	(7,525)	(7,525)
Net Book Value	<u>14,563</u>	<u>14,563</u>

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

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Other debtors	<u>590,278</u>	<u>608,264</u>	<u>590,278</u>	<u>608,264</u>

18. CREDITORS – amounts falling due within one year

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Housing loans (note 20)	2,600,678	1,239,813	2,600,678	1,239,813
Welsh Government loans	-	180,000	-	180,000
Social Housing & other grants (note 22)	627,271	579,630	627,271	579,630
Social Housing Grant received advance	3,956,031	5,209,427	3,956,031	5,209,427
Pension provision (note 24)	442	442	442	442
Creditors for certified work and retentions unpaid	779,918	332,035	779,918	332,035
Accruals and deferred income	1,070,434	1,228,391	867,604	1,041,014
Amounts due to Group Undertakings	-	-	-	-
	<u>9,034,774</u>	<u>8,769,738</u>	<u>8,831,944</u>	<u>8,582,361</u>

Housing loans are shown net of capitalised loan fees of £151,516 (2023: £44,968)

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 2024

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

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Recycled capital grant fund (note 21)	19,259	164,754	19,259	164,754
Deferred income	6,976	17,130	-	-
Social Housing & other grants (note 22)	53,398,052	51,562,103	53,398,052	51,562,103
Housing loans (note 20)	24,918,830	27,734,972	24,918,830	27,734,972
Welsh Government loans	1,000,000	1,000,000	1,000,000	1,000,000
Pension provision (note 24)	-	486	-	486
	<u>79,343,117</u>	<u>80,479,445</u>	<u>79,336,141</u>	<u>80,462,315</u>

Housing loans are shown net of capitalised loan fees of £538,765 (2023: £352,709).

20. HOUSING LOANS

The loans are repayable as follows:

	Group & Association	
	2024	2023
	£	£
Amounts falling due:		
Within one year or less	2,600,678	1,239,813
Between one and two years	1,678,680	1,625,335
Between two and five years	3,341,826	4,523,526
After more than five years	<u>22,137,798</u>	<u>21,586,111</u>
	<u>27,158,304</u>	<u>27,734,972</u>
Total housing loans	<u>29,758,982</u>	<u>28,974,785</u>

Housing loans are shown net of capitalised loan fees of £690,281 (2023: £397,677).

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 63%/37% fixed and variable split.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

21. RECYCLED CAPITAL GRANT

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

	2024	2023
	£	£
At 1 April	164,754	145,495
Grant receivable	-	19,259
Grant recycled	(145,494)	-
At 31 March	<u>19,259</u>	<u>164,754</u>

The grant is repayable as follows:

Amounts falling due within in year	-	-
Amounts falling due after more than one year	19,259	164,754
At 31 March	<u>19,259</u>	<u>164,754</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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 2024	71,568,992	3,256,607	29,510	344,720	75,199,829
Schemes completed	1,566,249	(1,566,249)	-	-	-
Grant receivable	-	2,587,985	-	-	2,587,985
Housing property disposals	-	-	-	(21,600)	(21,600)
At 31 March 2024	<u>73,135,241</u>	<u>4,278,343</u>	<u>29,510</u>	<u>323,120</u>	<u>77,766,214</u>
Amortisation					
At 1 April 2023	23,046,296	-	11,800	-	23,058,096
Release in the year	682,795	-	-	-	682,795
Housing property disposals	-	-	-	-	-
At 31 March 2024	<u>23,729,091</u>	<u>-</u>	<u>11,800</u>	<u>-</u>	<u>23,740,891</u>
Net Grant Creditor					
At 31 March 2024	<u>49,406,150</u>	<u>4,278,343</u>	<u>17,710</u>	<u>323,120</u>	<u>54,025,323</u>
At 31 March 2023	<u>48,522,696</u>	<u>3,256,607</u>	<u>17,710</u>	<u>344,720</u>	<u>52,141,733</u>

Included within social housing properties grants are £4,463,179 (2022: £4,463,179) of non-repayable grants that are being amortised over the life of the relevant assets.

	2024	2023
	£	£
The grant is analysed as follows:		
Amounts falling due within one year	627,271	579,630
Amounts falling due after more than one year	53,398,052	51,562,104
At 31 March	<u>54,025,323</u>	<u>52,141,734</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

The grants are amortised as follows:

	2024	2023
	£	£
Amounts falling due:		
Within one year or less	627,271	579,630
Between one and two years	591,163	578,408
Between two and five years	1,572,456	2,149,127
In five years or more	46,632,970	45,233,242
Properties under construction grant	4,278,343	3,256,607
Investment grants	323,120	344,720
In more than one year	53,398,052	51,562,104
	<u>54,025,323</u>	<u>52,141,734</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.

23. INVESTMENT GRANTS

	Group & Association	
	2024	2023
	£	£
At 1 April	344,720	344,720
Additions	-	-
Disposals	(21,600)	-
At 31 March	<u>323,120</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.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

24. Pension provision

Group & Association

	2024	2023
	£	£
Amounts falling due:		
Within one year or less	433	442
Between one and two years	-	486
Between two and five years	-	-
In five years or more	-	-
In more than one year	-	486
	<u>433</u>	<u>928</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

SCHEME: TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company 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.

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)
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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 asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
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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.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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.

Present value of provision

	31-Mar-24 (£s)	31-Mar-23 (£s)	31-Mar-22 (£s)
Present value of provision	433	928	1,455

Reconciliation of opening and closing provisions

	Period Ending 31 March 2024 (£s)	Period Ending 31 March 2023 (£s)
Provision at start of period	928	1,455
Unwinding of the discount factor (interest expense)	35	28
Deficit contribution paid	(530)	(530)
Remeasurements - impact of any change in assumptions	-	(25)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	433	928

Income and expenditure impact

	Period Ending 31 March 2024 (£s)	Period Ending 31 March 2023 (£s)
Interest expense	35	28
Remeasurements – impact of any change in assumptions	-	(25)
Remeasurements – amendments to the contribution schedule	-	-

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

Assumptions

	31-Mar-24 % per annum	31-Mar-23 % per annum	31-Mar-22 % per annum
Present value of provision	5.31	5.52	2.35

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 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

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 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

	2024	2023
	£	£
At 1 April	(1,766,000)	(1,786,000)
Employer deficit contribution in year to DB scheme	461,000	360,969
Deficit recognised in statement of cash flows	461,000	360,969
Interest expense	(75,000)	(44,000)
Additional pension service costs/expenses	-	-
Additional amounts recognised in Operating costs	(44,000)	(75,000)
Actuarial gains/(losses) in respect of pension scheme	368,000	(509,000)
Total amount recognised in Other Comprehensive income	368,000	(509,000)
Net Defined liability at 31 March	(1,889,000)	(1,766,000)

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

	31 March 2024	31 March 2023
	(£000s)	(£000s)
Fair value of plan assets	7,992	8,070
Present value of defined benefit obligation	9,882	9,836
Surplus (deficit) in plan	(1,889)	(1,766)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,889)	(1,766)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2023 to 31 March 2024 (£000s)
Defined benefit obligation at start of period	9,836
Expenses	10
Interest expense	472
Actuarial losses (gains) due to scheme experience	56
Actuarial losses (gains) due to changes in demographic assumptions	(107)
Actuarial losses (gains) due to changes in financial assumptions	(73)
Benefits paid and expenses	(312)
Defined benefit obligation at end of period	9,882

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

	Period from 31 March 2023 to 31 March 2024 (£000s)
Fair value of plan assets at start of period	8,070
Interest income	397
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(633)
Employer contributions	471
Benefits paid and expenses	(312)
Fair value of plan assets at end of period	7,993

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was £236,000.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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

	Period from 31 March 2023 to 31 March 2024 (£000s)
Expenses	10
Net interest expense	75
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	85

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2023 to 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(633)
Experience gains and losses arising on the plan liabilities - gain (loss)	(56)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	107
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	73
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(509)
Total amount recognised in Other Comprehensive Income - gain (loss)	(509)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

ASSETS

	31 March 2024	31 March 2023
	(£000s)	(£000s)
Global Equity	796	151
Absolute Return	312	87
Distressed Opportunities	282	244
Credit Relative Value	262	305
Alternative Risk Premia	254	15
Emerging Markets Debt	103	43
Risk Sharing	468	594
Insurance-Linked Securities	41	204
Property	321	347
Infrastructure	807	922
Private Equity	7	-
Private Debt	314	359
Opportunistic Illiquid Credit	312	345
High Yield	1	28
Opportunistic Credit	-	1
Cash	158	58
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	52	244
Secured Income	239	370
Liability Driven Investment	3,253	3,717
Currency Hedging	(3)	15
Net Current Assets	14	21

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 2024

KEY ASSUMPTIONS

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount Rate	4.91%	4.86%
Inflation (RPI)	3.14%	3.19%
Inflation (CPI)	2.78%	2.77%
Salary Growth	3.78%	3.77%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

Net Defined Benefit Liability – Cwm Taf Care and Repair Limited

Net Defined Benefit Liability

	2024	2023
	£	£
At 1 April	(237,000)	(234,006)
Employer contribution in year to DB scheme	65,000	59,995
Employer expenses in operating costs	3,000	3,011
Total amount recognised in Statement of Cash flows	68,000	63,006
Interest expense	(10,000)	(5,000)
Pension admin expenses	(3,000)	(3,000)
Total amount recognised in Operating costs	(13,000)	(8,000)
Actuarial gains/(losses) in respect of pension scheme	(82,000)	(58,000)
Total amount recognised in Other Comprehensive income	(82,000)	(58,000)
Net Defined benefit liability at 31 March	(264,000)	(237,000)

The Social Housing Pension Scheme is accounted for under a valuation basis based on an actuarial valuation on 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.

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

	31 March 2024	31 March 2023
	(£000s)	(£000s)
Fair value of plan assets	1,131	1,169
Present value of defined benefit obligation	1,395	1,406
Surplus (deficit) in plan	(264)	(237)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(264)	(237)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2023 to 31 March 2024 (£000s)
Defined benefit obligation at start of period	1,406
Expenses	3
Interest expense	67
Actuarial losses (gains) due to scheme experience	13
Actuarial losses (gains) due to changes in demographic assumptions	(3)
Actuarial losses (gains) due to changes in financial assumptions	(688)
Benefits paid and expenses	(59)
Defined benefit obligation at end of period	1,395

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

	Period from 31 March 2023 to 31 March 2024 (£000s)
Fair value of plan assets at start of period	1,169
Interest income	57
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(808)
Employer contributions	68
Benefits paid and expenses	(59)
Fair value of plan assets at end of period	1,131

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£47,000).

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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

	Period from 31 March 2023 to 31 March 2024 (£000s)
Expenses	3
Net interest expense	10
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	13

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2023 to 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(104)
Experience gains and losses arising on the plan liabilities - gain (loss)	(13)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	13
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	22
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(82)
Total amount recognised in Other Comprehensive Income - gain (loss)	(82)

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

ASSETS	31 March 2024	31 March 2023
	(£000s)	(£000s)
Global Equity	113	22
Absolute Return	44	13
Distressed Opportunities	40	35
Credit Relative Value	37	44
Alternative Risk Premia	36	2
Emerging Markets Debt	15	6
Risk Sharing	66	86
Insurance-Linked Securities	6	30
Property	45	50
Infrastructure	114	134
Private Equity	1	-
Private Debt	45	52
Opportunistic Illiquid Credit	44	50
High Yield	-	4
Opportunistic Credit	-	-
Cash	22	8
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	7	35
Secured Income	34	54
Liability Driven Investment	460	539
Currency Hedging	-	2
Net Current Assets	2	3
Total assets	1,131	1,169

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 2024

KEY ASSUMPTIONS

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount Rate	4.84%	4.84%
Inflation (RPI)	3.17%	3.17%
Inflation (CPI)	2.79%	2.79%
Salary Growth	3.79%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

26. SHARE CAPITAL

	Group & Association	
	2024	2023
	£	£
At beginning of the year	141	133
Issued during the year	3	8
Cancelled during the year	-	-
At end of the year	<u>144</u>	<u>141</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

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.

27. Reserves

Group

	Revenue Reserve £	Restricted Reserve £	Designated Reserve £	Total £
At 1 April 2022	23,045,430	41,075	659,788	23,746,293
Transfer from reserves	-	-	-	-
Transfer to reserves	-	-	-	-
Surplus for the year	297,872	(853)	-	297,019
	<u>23,343,302</u>	<u>40,222</u>	<u>659,788</u>	<u>24,043,312</u>
At 31 March 2023				
Transfer from reserves	-	-	-	-
Transfer to reserves	-	-	-	-
Surplus for the year	392,161	(852)	-	391,309
	<u>23,736,586</u>	<u>39,370</u>	<u>659,788</u>	<u>24,435,744</u>

Association

	Revenue Reserve £	Designated Reserve £	Total £
At 1 April 2022	22,598,104	460,043	23,058,147
Transfer from reserves	(8,671)	-	(8,671)
Transfer to reserves	-	8,671	8,671
Surplus for the year	291,895	-	291,895
	<u>22,881,328</u>	<u>468,714</u>	<u>23,350,042</u>
At 31 March 2023			
Transfer from reserves	(56,250)	-	(56,250)
Transfer to reserves	-	56,250	56,250
Surplus for the year	390,925	-	390,925
	<u>23,217,126</u>	<u>524,964</u>	<u>23,742,090</u>

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

28. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	Group & Association	
	2024	2023
	£	£
Contracted for but not provided for in the financial statements	7,174,970	9,984,739
Authorised but not contracted for	-	-

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	
	2024	2023	2024	2023
	£	£	£	£
Within one year or less	21,604	21,286	17,486	17,172
Between one and two years	3,491	3,173	3,486	3,172
Between two and five years	10,472	9,520	10,459	9,517
After more than five years	561,492	562,146	561,474	562,133
	<u>597,059</u>	<u>596,125</u>	<u>592,905</u>	<u>591,994</u>

Other

	Group		Association	
	2024	2023	2024	2023
	£	£	£	£
Within one year or less	27,646	30,194	8,292	9,597
Between one and two years	8,144	20,687	4,099	1,434
Between two and five years	2,844	8,174	-	50
After more than five years	-	-	-	-

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

38,634	59,055	12,391	11,081
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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 £9,846 (2023: £5,708) from four current and one former board members who are tenants. At the year end £103 was outstanding to the Association (2023: £103)

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 2023 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 £63,653 for management costs during the year (2023: £64,626). These are classed as intercompany costs that are eliminated on consolidation of the accounts.

In addition, the Agency incurred £48,862 in direct overhead costs apportioned and recharged by the Association (2023: £37,712). The Association incurred £25,107 (2023: £3,519) for recharges of other income and costs by the Agency.

There was a balance receivable by the Association of £126,476 (2023: £81,823) at the year end. This is eliminated on consolidation.

Down to Zero is not a registered social landlord. Its principal activity is to support CTCHG towards Net Zero through land-based mitigation strategies.

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

There was a balance receivable by the Association of £126,476 (2023: £81,823) and due from the Association to Down to Zero of £nil (2023: nil) at the year end. These are eliminated on consolidation.

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 £5,907,067 and £905,268 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 £23,740,891 (2023: £21,670,021).

Electrical Condition Reports (ECR) and Confirmation of (Electrical) Work

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

Cynon Taf Community Housing (2007) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2024

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time.