Cardiff Community Housing Association
Cymdeithas Tai Cymuned Caerdydd

Financial Statements

for the year ended
31 March 2019

Strategic report

In last year's annual report I set out the significant concerns identified around the performance of our repairs service and tenant safety management. This resulted in a Governance downgrade by Welsh Government in its regulatory assessment in February 2018. I said in that report the steps we were taking would result in an upgrading of the Governance status. I am pleased to report that our regulatory status was re-assessed and subsequently upgraded in March 2019. I am grateful to the interim leadership team that took the helm, supported by some of the former leadership team, throughout this period.

In addition to addressing issues around the repairs service and landlord health and safety we also made significant strides around our whole Governance structure. The Board, the majority of which were new, not only oversaw this difficult period but also set an agenda to make us an organisation fit for the future. I am grateful to each Board member for the commitment and determination shown during this difficult period. Against this challenging background we still had some positive highlights throughout the year.

Our recent satisfaction shows that tenants were either satisfied or very satisfied on a range of 73 to 89 per cent across a series of aspects of service delivery. During the year, we spent £4.4 million maintaining and £1.2 million on improving tenants' homes. Nearly all our homes are compliant with Welsh Government's Welsh Housing Quality Standard and we are aiming to renew kitchens and bathrooms on a more regular basis in the future.

The effect of Welfare Reforms continues to take effect. Over 400 tenants, who make up around 14 per cent of overall tenancies are now in receipt of Universal Credit and 84 per cent of those are in arrears. These arrears make up 43 per cent of the overall arrears totals. This has increased our overall arrears from 2.53 to 2.86 per cent. We are supporting a significant number of the tenancies affected, in order to keep families in their homes.

During the year we have refocused our efforts to ensure we put tenants at the heart of our business and we provide opportunities through a co-production approach, where they can shape the services we deliver and the way in which they are delivered. Our tenants and communities activities across the year have included a tenant led conference, focus groups and estate improvements. Tenants also played a pivotal role in the recruitment of the individuals who have formed the new corporate leadership team and they continue to be involved in our recruitment process.

We have continued to be active in our communities. We continued our JETS project which focuses on bringing people without jobs into the workplace. It also supports those with low earnings. We helped 35 people during the year. We started our European Social Funded active inclusion 'REACH' project, which compliments JETS. Over 170 participants engaged with the REACH project, improving their well-being as well as entering employment and volunteering opportunities. Through our community benefits we have run our "Opportunity Knocks" careers events for 160 children, as well as a number of other community based activities.

We are still actively building much needed housing within Cardiff. We delivered 80 new affordable rented homes in the year. There were 40 new homes at Schooner Way in Cardiff Bay and 40 at the Maelfa regeneration scheme in Llanederyn. We also built 85 apartments for sale, with the majority of them sold within four months of completion. The profit from these sales will help to maintain our current homes as well as building new affordable homes.

Across the board our activities generated positive cash flow of £4.7 million and we maintained the highest Regulatory rating for financial viability.

Following our Governance Regulatory upgrade late in 2018-19, I am pleased to report that the year ended on a much stronger note than when it began. The Governance structure leaves the organisation fit for the future, laying a strong foundation upon which we can build. Our new corporate leadership team was in place before the year end, again adding to this strong foundation. More details of the achievements and challenges of the past year can be found in the Self Evaluation document, which is due to be published shortly.

Duncan Forbes
Board Chair
24th July 2019

Annual Governance Statement / Statement of Internal Control

Corporate Strategy

The corporate strategy operates within the business framework parameters the Board have set. The Board set the strategic direction of the organisation during 2018/19, by approving a new corporate strategy based on five core objectives:

- Community champion & advocate.
- Community anchor & catalyst for change.
- Landlord of choice.
- Development partner of choice.
- Setting the standard in governance.

Following the appointment of the new Corporate Leadership Team and the Board away day in May 2019, the strategy has been further refined to include:

- Employer of choice.

Further work is now underway to identify what success looks like and how this can be measured in respect of these objectives over the coming year 2019/20.

Our business framework

CCHA is a community based housing association whose main business aims are to provide a wide range of high quality homes and services, supporting and regenerating the communities in Cardiff in which CCHA operates. CCHA's mission is provide excellent homes and services and create communities where people want to live.

We view CCHA as a long-term business and want to:

- Ensure that our tenants and leaseholders are at the heart of all of our operations, including governance and how we are managed; and involved in the design and evaluation of our services.
- Maintain rents at affordable levels.
- Control costs and achieve Value for Money (VFM) to ensure that we have sufficient surpluses to invest in sustaining services, funding the development programme, repaying loans and reinvesting in the planned maintenance programme.
- Continue to develop high quality new homes.
- Put in place long-term funding plans.
- To work to ensure that our stock is WHQS compliant.
- Be willing to work in partnership and collaborating with others, in particular Welsh Government and Cardiff City Council.

We understand that taking and managing planned risks are an important element of innovation. We therefore mitigate those risks by the application of an effective Risk Management Framework that is overseen by both the Senior Management Team and the Board.

However, there must be evidence that demonstrates that innovative projects will make a return that supports our core business.

An important element of innovation is enhancing what we already do i.e. continue to deliver our core business; but do it better and more cost-effectively.

Our Board of Management

During March 2018, CCHA went into Regulatory intervention. The Chair and four Board Members resigned, leaving a Board of four and no Chair. At a Special General Meeting in June 2018, a new Chair and Board Members were elected. This temporary arrangement was to provide oversight of progress against the improvements necessary resulting from Regulatory intervention.

As a result of the leadership of this Board, CCHA was able to secure an improved regulatory grading (from 'intervention' to 'increased') by the end of 2018/19. This Board have since appointed a new Chair and Board to continue CCHA's improvement journey into 2019/20.

In terms of the function of the Board, the Board has ultimate responsibility for the governance of CCHA. Having a robust Board committed to CCHA and the highest standards of governance is essential.

During 2018/19, as a result of the 2018 Regulatory Judgement, the Board appointed Central Consultancy to undertake a review of governance arrangements to support and enhance the way in which we manage our business to deliver our stated outcomes and are best placed to meet future challenges. This work was successfully completed in December 2018.

In addition, reports detailing CCHA's compliance against the Regulator's Performance Standards and an independent assessment of compliance against Community Housing Cymru's (CHC) Code of Governance (CCHA's adopted code) have been received by the Board in March 2019.

The Board comprised of eight members during 2018/19 (this number has since increased to nine with the appointment of the new Board in July 2019). CCHA's rules also permit Board observers, as required, to ensure continuity of skills and succession planning. New Board members are appointed in accordance with a maximum term of office of nine years. Board members are subject to induction and both group and individual appraisals.

The Board's central role is to direct the CCHA's work, to determine strategic direction, to establish control and risk management frameworks and to ensure that CCHA achieves its outcomes. Ensuring that tenants' voices are heard and embedded in the work that we do is fundamental to the achievement of our objectives.

The Board meets formally 10 times per year and delegates the day-to-day management and implementation of the Association's work to the Chief Executive and the Corporate Leadership Team.

In addition, the Board is supported by a number of committees and working groups:

- Audit & Risk Committee
- People & Culture Committee (newly established by the Board in 2018/19)
- Remuneration Committee (newly established by the Board in 2018/19).

Audit & Risk Committee

The Audit & Risk Committee met six times during 2018/19 and supports the Board particularly in respect of risk control, governance and both internal and external audit.

The Committee is appointed by the Board, annually, and is comprised of at least three Board members, one of whom should be a member of the People and Culture Committee, and other independent members as directed by the Board. For 2019/20 an Independent Member of the Audit & Risk Committee has been appointed for the first time.

The Committee's overall purpose is to review on behalf of the Board and to make recommendations to the Board about the integrity of the financial statements, the appointment and work of the external and internal auditors, the internal controls and risk management systems, the risk management strategy and matters relating to governance, statutory and legal compliance and fraud.

The Audit & Risk Committee receives assurance reports from a number of external sources:

- Internal audit system reviews and compliance reports based on the agreed annual plan.
- External auditor's management letters and reports.
- Compliance reports issued by WG.
- Other regulators, independent assurance providers such as the HSE etc.

The internal and external audit contracts were retendered in early 2019 for a three year term commencing in 2019/20. The 2018/19 financial year represents the final year of the previous contractual arrangements. During 2019 the Audit & Risk Committee will review the effectiveness of these contracts as part of their arrangements for assessing 'fitness to serve'.

Both internal and external audit undertake their work in accordance with a plan approved annually by the Audit & Risk Committee. These plans adapt a risk based approach and are subject to amendment if higher risk areas are identified during the year.

Internal Control

The Board is responsible for ensuring that our business operates effectively and achieves its objectives. It is the Board's responsibility to have a system in place that identifies and manages risk. This includes effective internal control systems and procedures to minimise the risk of loss through fraud, corruption, errors and mismanagement.

Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Audit Committee which will rely on a number of forms of assurance to fulfil this purpose:

- The Audit & Risk Committee receives and reviews reports upon all aspects of internal control to ensure they are working effectively and being followed, including fraud and irregularities.
- Regular reports from directors and managers, which cover operational and financial matters, to give assurance that internal controls are working effectively.
- Regular monitoring and reporting of all risk related matters, including effectiveness of mitigating controls, actions to ensure current risk scores meet target risk scores, within the Board's defined risk appetite and monitoring the three lines of assurance against those strategic risks. This is as well as assurance on risk management systems clearly articulated within CCHA's Risk Strategy.

- The Audit & Risk Committee reviews and monitors reports from Internal Audit to provide reasonable assurance that control procedures are in place and being followed.
- The Audit & Risk Committee reviews reports from the external auditors and other external assurance providers where on areas where such assurance is required, such as grant funding projects which are subject to separate audit.

The Board has strategies in place for preventing, detecting and the recovery of assets associated with:

- Fraud and corruption
- Bribery
- Money laundering

Risk assessments associated with these strategies are reviewed and suspected irregularities are reported to the Audit & Risk Committee at each meeting.

CCHA has received the internal audit annual report which highlights that the following audits were undertaken during 2018/19:

- Responsive Repairs
- Compliance reviews (three reviews, undertaken approximately quarterly)
- Data Integrity
- Fraud, money laundering and Bribery
- Landlord health & safety
- GDPR
- Supported Housing
- Performance Management KPI's
- Contractor Management
- Business Continuity
- VFM
- Follow Up.

Adequate and substantial assurance was reported on all of these systems. The Internal Auditor's annual report concludes:

'In our opinion Cardiff Community Housing Association has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the organisation. While we noted some areas of weakness from our Landlord Health & Safety work (residual issues with the governance arrangement around LLH&S and significant failures of control around Electrical Safety and Fire Risk Management), we noted substantial improvements have been achieved by the Association in this area over the last 12 months'.

No instances of actual or suspected fraud have been encountered during their audit work.

After the tragic events at the Grenfell, CCHA has continued to reassess our management of high rise complex buildings and respond to guidance and directives regarding fire risk management as it is received. We will continue to be responsive to the best practice recommendations arising from the various inquiries to ensure safe management of our high rise complex buildings.

The Audit & Risk Committee has reviewed the effectiveness of systems of internal control, including sources of assurance.

This year, the Audit & Risk Committee and the Board have put tenant engagement at the heart of governance. The Co-Design Group have designed CCHA's approach to tenant engagement including its governance, and 2019/20 will see this work being embedded in practice.

Having reviewed the evidence presented Board are satisfied that there are no weaknesses in our system of internal control which might lead to material losses, contingencies or uncertainties which require disclosure in the financial statements or the external auditor's report on the financial statements.

Risk Management

Overview

Managing risk is important if CCHA is to operate successfully and in a safe and effective manner. It a regulatory requirement that the Board has a thorough understanding of the risks facing the organisation and to be confident that those risks are being managed effectively.

Realising opportunities and managing risks

CCHA has a formal risk management strategy, which is approved annually by the Board. This stipulates that the Board has ultimate responsibility for risk management.

The management team, led by the Chief Executive, has overall responsibility for risk management at the operational and day to day level. The Board has delegated its responsibility for monitoring risk management issues to the Audit & Risk Committee.

There are many challenges facing us. However, it is not the challenges that define us as an organisation, but how we respond to them. At CCHA, we seek to create a culture of empowerment whereby staff maximise the opportunities that exist to improve the communities that we serve.

CCHA is cautious in its approach to risk, without being unduly risk averse. This is clear within the Board's defined risk appetite which it set in January 2019.

The management of risk must be an appropriate fit to the organisation; but there is a level of risk which is unacceptable for it to operate outside. Our acceptable level of exposure to risk is set at a level which does not:

- Damage the capacity of the organisation to exist into the future (i.e. does not significantly impede its financial or operational viability).
- Materially damage the relationship with its tenants or the tenant/service user experience.
- Significantly impact on the good reputation of CCHA overall.

Risks must be measured and our new approach to reporting risk via the risk dashboard and register system, which includes the three lines of assurance model, has enhanced our approach to the management of risk.

We operate within our thirty-year financial forecast which is reviewed annually by the Board. The plan is robustly stress tested each year to ensure that it is resilient to unknown or unplanned external impacts.

The key strategic risks at the year-end, which we managed as part of delivering our Corporate Strategy are detailed in rank order below:

Failure to achieve optimum income from open market sales.

In 2015/16 CCHA acquired a development site for building a number of outright sales. After careful consideration of the risks the Board approved the commencement of the construction of Schooner Wharf during 2017 with the aim of generating additional funds to build more affordable rented housing. Completion was initially planned for the October 2018 with resulting sales completed by June 2019. While good progress had been made on sales, at the year-end there some units remained.

The Board have since mitigated this risk by determining a strategy to convert a proportion of these remaining units to market rent.

Inadequate preparation for Brexit has an adverse impact on service delivery and operations

The effect of Brexit was considered an emerging risk to CCHA, along with the rest of the sector, in the later part of the 2018/19 financial year, as the UK approached the initial deadline to leave the European Union (EU) by 31 March 2019. The potential risks this posed to CCHA included a deteriorating housing market, inflation peaks, negative effect on credit availability, labour shortages in construction, reduction in access to materials and components, implications for data held outside the EU and demand for services if the economy went into decline.

This risk has since been mitigated by the extension of the deadline to leave to 31 October 2019 and the mitigating controls put in place, for example with suppliers and data holder checks. It remains a risk that we monitor.

Inability to maintain service delivery in the event of a serious disruption to activities.

This risk relating to business continuity in the event of a serious disruption to our activities, for example, arising from a data breach, supplier failure or major incident such as a fire.

In response to this, we have implemented a new business continuity policy, business impact assessment, continuity plan and undertaken a live test of our arrangements. While there is still some work to do to further refine existing arrangements, a recent internal audit of these systems undertaken in March 2019, gave a substantial assurance opinion, therefore confidence in the work undertaken to date.

We fail to comply with our legal, regulatory and governance requirements, failing to improve on our current regulatory standing (for governance & services which is 'Increased').

This strategic risk arose out of CCHA's Regulatory intervention by Welsh Government in early 2018/19.

This risk has been successfully mitigated during 2018/19, by focusing on issues identified by the Regulator as part of the initial intervention regarding landlord health & safety, repairs and maintenance, governance and board assurance, risk management and CCHA's approach to co-regulation.

The Audit & Risk Committee and the Board will continue to monitor progress against the Regulatory Assurance Plan (agreed with Welsh Government), notably focusing on the remaining areas where attention is required (VFM and effectively embedding the new Board), with the aim of achieving a further improved Regulatory rating in due course.

Causing serious harm or neglect to a tenant, supplier or 3rd party.

Safety is paramount to our business. We have undertaken a substantial review of our systems following the Regulatory judgement on our landlord Health & Safety systems and the subsequent Internal Audit review that identified weakness in the systems put in place to manage health and safety risks in the early part of 2018/19. A key objective for the Board during this period has been to ensure effective implementation of recommendations arising. The effectiveness of this has culminated in the internal auditor's year-end assessment of Landlord Health & Safety arrangements which noted that significant progress had been made.

The new health & safety assurance reporting system to the Audit & Risk Committee and internal Health & Safety Committee will ensure this risk continues to be managed.

Our culture is not fit for purpose and inhibits our performance and delivery of the Corporate Strategy.

Having the right culture is essential. Culture underpins strategy, performance, service delivery, governance and customer service.

The introduction of the People & Culture Committee and the planned People Strategy will enhance arrangements further in mitigating against this risk.

We fail to ensure that the services we provide meet the future needs of our tenants

The provision of effective services that meet the future need of our tenants and leaseholders, which also demonstrate value for money, is critical to tenant satisfaction and the management of our properties.

Our new corporate strategy and asset management strategy, together with our new approach to tenant engagement will help to mitigate this risk going forward, 'future proofing' our operations and providing homes and services our tenants really value.

Financial plans and assumptions are not fit for purpose which has a negative impact on the delivery of the corporate strategy.

Having robust financial plans in place is crucial to enabling us to deliver our strategy, allow us to re-invest in our properties and develop new homes. Our approach to financial management, including cash flow forecasting, multi variate stress testing and close monitoring of our golden rules (gearing, interest cover, liquidity), enables us to continue to mitigate this risk.

Impact on rents of Universal Credit & welfare reform.

The challenges posed by the welfare reform agenda continue to evolve. From a business perspective an increase in the non-payment or delayed payment of rent represents as a result of the continued roll-out of Universal Credit remains a key risk facing CCHA in the short to medium term.

Our Financial Inclusion Team aims to provide budgeting support to tenants, thereby assisting them in their ability to pay their rent.

Going concern

The Board ensures that all significant decisions are taken in accordance with

CCHA's rules, policies and procedures and in line with the thirty year financial forecast.

The Welsh Government regulation team reviewed the Association's thirty year financial forecast and provided a positive Financial Viability Judgement on the Association's ability to meet future challenges.

Overall assessment

Based on the above, the Board can conclude that CCHA has appropriate arrangements in place to give assurance on the adequacy of the governance, internal control and risk management systems in operation at CCHA.

Significant progress has been made by CCHA during the last 12 months, in addressing the concerns which led to Welsh Government's Regulatory intervention in early 2018/19. The Audit & Risk Committee and the Board will continue to review progress against the Regulatory Assurance Plan which has been agreed with Welsh Government and be a 'learning organisation', including seizing and acting on lessons learned arising from Regulatory interventions in the sector.

Statement of Board of Management responsibilities

The Board of Management is responsible for preparing the financial statements in accordance with applicable law, Financial Reporting Standard FRS102 and the Statement of Recommended Practice for registered social housing providers.

The Co-Operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards and the Statement of Recommended Practice (Accounting by Registered Housing Associations) have been followed, subject to any material departures disclosed, and explained in the financial statements.
- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Association will continue in business for the foreseeable future.

The Board of Management is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Association and enable them to ensure that the financial statements comply with the relevant housing association legislation.

The Board of Management is also responsible for maintaining an adequate system of internal control for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

At the date of approval of this report the Board have confirmed that:

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

Annual General Meeting

The Annual General Meeting will be held at 6.00pm on the 4th September 2019 at County Hall, Cardiff.

At this meeting, the Association's 2018/19 Annual Report will be presented for adoption and a resolution to appoint Bevan & Buckland as auditors to Cardiff Community Housing Association Limited will be proposed at the Annual General Meeting.

Duncan Forbes
Board Chair
24 July 2019

Board Members

Name	Start Date	Retirement Date	Board	Audit Committee
Ms J Beauchamp			11/11	
Mr D Forbes			10/11	
Ms B Gladwyn		26/04/2018	2/2	
Mr N Hazelden		12/04/2018	1/1	
Mr A Jones	06/06/2018		6/8	3/5
Mr I Jones		30/04/2018	2/2	1/1
Mr G Kenning		01/05/2018	2/2	0/1
Ms K Malekin		30/04/2018	2/2	
Mr P Max			9/11	5/6
Mr P Miles		01/05/2018	2/2	
Ms D Rosser		04/09/2018	6/6	3/3
Ms M Sinfield	06/06/2018	13/07/2019	7/8	5/5
Ms T Stirling	06/06/2018		7/8	
Ms E Venus		01/05/2018	2/2	
Mr G Worthington			9/11	6/6

Board Observers

Name	Start Date	Retirement Date	Board	Audit Committee
Ray Chick		27/06/2018	4/5	
Dominic Rai			8/11	

Senior Staff

Secretary
Mr P Miles (retired 1 May 2018)
Mr M Potter (left 11/3/2019)
Mr B Pickett (from 12/3/2019)

Executive Officers

Chief Executive
Mr K Protheroe
Ms H Selway (from 4/2/2019)

Interim Chief Executive
Mr S Cook (appointed 16 April 2018 – to 28/2/2019)

Director of Finance & ICT
Mr M Potter (left 11/3/2019)

Director of Customer and Community Services
Mr M Thomas (left 15 June 2018)

Development Director
Mrs C Lewis (left 4/10/2018)

Director of Corporate Services
Mrs L Sulley (left 7/9/2018)

Corporate Director – Tenant Services
Mr S Evans (from 11/3/2019)

Corporate Director – Central Services
Mr B Pickett (from 12/3/2019)

Registered Office

Tolven Court
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Cardiff
CF24 5LQ

Area Office

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Cardiff
CF24 0HE

Professional Advisers

External Auditors

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7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Internal Auditors

Mazars LLP
43 Church Street
Birmingham
B3 2RT

Principal Bankers

Barclays Bank plc,
1-5 St Davids Way
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Cardiff
CF10 2DP

Legal Advisers

Trowers & Hamlins
Blake Morgan
Hugh James
L G Williams & Prichard

Registered under the Co-Operative and Community Benefit Societies Act 2014
No. 21667R

Registered by the Welsh Government
No. L035

Independent Auditor's Report to the Members of Cardiff Community Housing Association

Opinion

We have audited the financial statements of Cardiff Community Housing Association Ltd (the 'Association ') for the year ended 31 March 2019 which comprise the Statement of comprehensive income, Statement of Financial Position, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice.)

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, schedule 1 to the Housing act 1996 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

- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on the matters prescribed under Housing for Wales Circular HFW 02/10 "Internal controls and reporting"

In our opinion, with respect to the Board's statement on internal financial control:

- the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account and not maintained a satisfactory system of control over its transactions in accordance with the requirements of the legislation; or

- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Association 's books of account; or

- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's responsibilities in respect of the Housing for Wales Circular HFW 02/10 "Internal controls and reporting"

We review whether the Board's statement on internal financial control reflects the Association's compliance with the Housing for Wales Circular HFW 02/10 "Internal controls and reporting" and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Use of Report

This report is made solely to the Association's members, as a body, in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, schedule 1 to the Housing act 1996 and The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. 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.

Haines Watts Wales LLP

Haines Watts Wales LLP
Statutory Auditor
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Cardiff
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3 September 2019

Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	2	27,885	18,557
Operating expenditure		(23,950)	(13,928)
Operating surplus		**3,935**	**4,629**
Surplus on disposal of property, plant and equipment	3	111	509
Interest receivable	5	355	45
Interest and financing costs	4	(2,219)	(1,611)
Surplus/(deficit) on revaluation of investment properties	12	72	410
Surplus for the year		**2,254**	**3,982**
Taxation	13	(205)	-
Surplus for the year after taxation		**2,049**	-
Initial recognition of multi-employer defined benefit scheme	21	(1,621)	-
Actuarial loss in respect of pension schemes	21	(261)	-
Total comprehensive income for the year		**167**	**3,982**

Statement of Financial Position
at 31 March 2019

	Note	2019 £'000	2018 £'000 Restated
Fixed assets			
Housing properties	9	171,533	172,724
Fixed asset investments	12	6,005	15,650
Intangible fixed assets	11	106	154
Other property, plant and equipment	10	9,120	9,335
		186,764	**197,863**
Current assets			
Stock	14	5,198	57
Debtors	15	2,955	2,181
Investments	16	8,000	4,000
Cash		3,190	2,418
		19,343	**8,656**
Current liabilities			
Creditors: amounts falling due within one year	17	(12,628)	(9,783)
Social housing and other government grants: amounts falling due within one year	19	(1,613)	(1,508)
Net current assets		**5,102**	**(2,635)**
Total assets less current liabilities		**191,866**	**195,228**
Non-current liabilities			
Creditors: amounts falling due after more than one year	18	(61,845)	(64,622)
Social housing and other government grants: amounts falling due after more than one year	19	(95,287)	(98,160)
Provisions for liabilities	20	(315)	(213)
Provisions for pensions	21	(3,844)	(1,825)
Total net assets		**30,575**	**30,408**
Capital and reserves			
Share capital		-	-
Revenue reserve		30,532	30,365
Restricted reserve		43	43
Total reserves		**30,575**	**30,408**

The financial statements of Cardiff Community Housing Association Limited were approved by the Board of Management on the 24 July 2019 and signed on its behalf by:

Duncan Forbes
Chair

Graham Worthington
Board Member

Brian Pickett
Secretary

Statement of Changes to Reserves

for the year ended 31 March 2019

	Revenue reserve £'000	Designated reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2018	**31,210**	**-**	**43**	**31,253**
Loan balance reinstatement – note 18	(845)	-	-	(845)
Restated 1 April 2018	30,365	-	43	30,408
Surplus for the year after taxation	**2,049**	**-**	**-**	**2,049**
Initial recognition of multi-employer defined benefit scheme	(1,621)	-	-	(1,621)
Actuarial loss in respect of pension schemes	(261)	-	-	(261)
At 31 March 2019	**30,532**	**-**	**43**	**30,575**

Statement of Cash Flows
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	**23**	**5,047**	**6,509**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,711)	(9,718)
Purchase of investment property		(593)	(7,824)
Proceeds from sale of property, plant and equipment		494	836
Proceeds from sale of investment property		9,329	527
Grants received		2,137	2,807
Interest received		34	45
Net cash flows from investing activities		**3,690**	**(13,327)**
Cash flows from financing activities			
Interest paid		(2,183)	(1,611)
New loans		3,000	543
Repayments of borrowings		(4,782)	(3,437)
Withdrawal from deposits		-	-
Net cash flows from financing activities		**(3,965)**	**(4,505)**
Net increase in cash and cash equivalents		**4,772**	**(11,323)**
Cash and cash equivalents at 1 April		**6,418**	**17,741**
Cash and cash equivalents at 31 March		**11,190**	**6,418**

Statement of Free Cash
For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	**23**	**5,047**	**6,509**
Cash flows from investing activities:			
Interest paid		(2,183)	(1,611)
Interest received		34	45
		(2,149)	**(1,566)**
Adjustments for existing properties:			
Component replacements		(1,843)	(1,479)
Component replacement grant received		598	404
Purchase of other replacement fixed assets		(30)	(323)
		(1,275)	**(1,398)**
Free cash generated before loan repayments		**1,623**	**3,545**
New Loan Finance		3,000	-
Repayments of borrowings		(4,782)	(3,437)
Adjustment for revolving credit		-	-
Free cash generated after loan repayments		**(159)**	**108**

Note 1: Notes to the financial statements

Legal Status

The Association is registered under the Co-Operative and Community Benefit Societies Act 2014 and is a registered social landlord. The Association has adopted charitable rules.

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. This is modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The statements comply with the Statement of Recommended Practice for Registered Social Housing Providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Cardiff Community Housing Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Property, plant and equipment - housing properties

Housing properties are stated at cost less depreciation and accumulated impairment losses. Cost includes the acquisition of land and buildings, development costs and borrowing costs directly attributable to the development.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure -	new house	150 years
Structure -	new flat	100 years
Structure -	refurbished house	100 years
Structure -	refurbished flat	50 years
Roofs		65 years
Doors and windows		30 years
Kitchens		15 years
Bathrooms		27 years

Boilers	15 years
Boiler plant	25 years
Heating systems	15 years
Lifts	25 years

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

As a result of a review of assets, the useful economic life of kitchens has been reduced from 27 to 15 years. This has resulted in £1.2m of additional depreciation and additional amortisation of grant of £0.7m in the current year. The impact in future years will be an increased depreciation charge of £185k and increased grant amortisation of £95k.

Improvements

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

Leaseholders

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

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land. The rates and methodology of depreciation are shown below:

Freehold offices	50 years
Leasehold land and buildings	50 - 125 years
Furniture, fixtures & fittings	10 years
Telephone system	4 - 10 years
Vehicles	4 years
Computer equipment	4 - 6 years

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer software 3-6 years

Impairment of social housing properties

Social housing properties are sensitive to potential changes in value that may lead to impairment. In accordance with FRS102 the association carries out an annual impairment test assessing the future value taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and ongoing maintenance costs.

Social Housing Grant and other government grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies, health authorities and the European Commission 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.

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. The timing of recognition matches the timing of the related costs. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the components. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Government grants are recognised as revenue when the grant proceeds are received or receivable. Where a grant imposes specified future performance-related conditions it is recognised as revenue when the performance-related conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability. Where government grant is provided for the construction of housing properties within a specific scheme, then the performance related condition is met when the construction of the housing properties is complete.

Donation or acquisition of land or other asset at below market value

Where a donation of land and/or other assets is received or land and/or other assets are acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land or other assets is received or acquired below their market value from a non-governmental third party the transaction is recognised as an asset in the Statement of Financial Position at fair value. The difference between the amount paid for the asset and the fair value of the asset is recognised as surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government over a period of thirty years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of HFG receivable over the thirty-year period is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element. 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 discount rate used

for the net present value calculations is the same rate of the associated borrowing to fund the housing assets.
The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed 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.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

Leased assets

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

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge using the effective interest rate method. This produces a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Interest payable

Borrowing costs are classified as interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument. It is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate. The interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Pensions

Defined contribution

The Association participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Defined benefit pension scheme - The growth plan (TPT retirement solutions)

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

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement the association 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 note 21. The unwinding of the discount rate is recognised as a finance cost.

Defined Benefit Pension Scheme – Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. For this financial year it has been possible to obtain sufficient information for the first time to enable the company to account for the scheme as a defined benefit scheme.

Historically as sufficient information had not been available, the association had accounted for the SHPS pension scheme as a defined contribution scheme in accordance with FRS 102 paragraphs 28.11 and 28.11A. The transitional impact has been shown on a separate line in the Statement of Comprehensive Income.

For the SHPS scheme, assets are measured at fair value. Scheme liabilities are measured on an actuarial basis and are discounted at a relevant discount rate. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments (past service costs) are charged against any operating surplus in the current reporting period. Interest is calculated on the net defined benefit liability or asset. Remeasurements are reported in other comprehensive income. The assumptions made are detailed within note 21.

Taxation

Current tax is recognised for the amount of income tax payable in respect of taxable surpluses. The tax charge is calculated using the tax rates and laws that have been enacted by the reporting date. The disclosures relating to the tax charge are included in note 13.

Deferred taxation

CCHA has no deferred tax implications as the surpluses which came under the scope of taxation did not attract any taxable temporary differences.

Value Added Tax (VAT)

CCHA is partially exempt for VAT purposes. CCHA charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Turnover

Turnover represents rent and service charges receivable net of void loss. It also includes disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities, Welsh Government, other public sector bodies and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Supported housing and other managing agents

The Association has involvement in managing supported housing and similar schemes on behalf of third parties. Where there has been a substantial transfer of the risks and benefits attached to a scheme to a third party, all relevant income and expenditure is excluded from the financial statements.

Investments

Investments are measured at fair value where they are publicly traded or their fair value can be measured reliably. Fair value changes are recognised in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Service charge sinking funds and service costs

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

Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities carried at amortised cost

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

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost. Subsequently they are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

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

Financing transactions

Public benefit entity concessionary loans

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

Cash and cash equivalents

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

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

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

Impairment of social housing properties

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

Estimation uncertainty

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

Fair value measurement

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

Provisions

Provision is made for dilapidations, aborted development schemes and redundancy costs. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Note 2. Particulars of turnover, operating costs and operating surplus

	2019 Turnover	2019 Operating costs	2019 Operating surplus
	£'000	£'000	£'000
Social housing lettings	18,790	(15,614)	3,176
Revenue grants	182	(673)	(491)
Non-social housing activities	8,913	(7,663)	1,250
Total	**27,885**	**(23,950)**	**3,935**

	2018 Turnover	2018 Operating costs	2018 Operating surplus
	£'000	£'000	£'000
Social housing lettings	17,526	(12,797)	4,729
Revenue grants	915	(1,015)	(100)
Non-social housing activities	116	(116)	-
Total	**18,557**	**(13,928)**	**4,629**

Particulars of income and expenditure from social housing lettings

	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	2019 Total £'000	2018 Total £'000
Income					
Rents receivable	14,939	-	12	14,951	14,275
Service charge income	1,266	-		1,266	1,196
Commercial income	-	-	304	304	383
Income from support services	-	140	-	140	160
Amortised government grant	2,129	-	-	2,129	1,512
Turnover from social housing lettings	**18,334**	**140**	**316**	**18,790**	**17,526**
Expenditure					
Service charge costs	(1,266)	-	-	(1,266)	(1,196)
Estate costs	(167)	-	-	(167)	(197)
Management	(4,901)	(452)	(248)	(5,601)	(5,043)
Maintenance	(3,709)	-	-	(3,709)	(3,575)
Major repairs	(663)	-	-	(663)	(291)
Bad debts	(279)	-	(40)	(319)	(8)
Depreciation of housing properties	(3,889)	-	-	(3,889)	(2,487)
Operating costs	**(14,874)**	**(452)**	**(288)**	**(15,614)**	**(12,797)**
Operating surplus social housing lettings	**3,460**	**(312)**	**28**	**3,176**	**4,729**
Void losses	149	-	-	149	241

Note 3. Surplus on disposal of property, plant and equipment

	2019 £'000	2018 £'000
Sale of property, plant and equipment		
Sale	494	1,170
Cost of sale	(433)	(675)
Sale of fixed asset investment properties		
Sale	206	-
Cost of sale	(156)	-
Land held no longer for development		
Sale	-	14
Cost of sale	-	-
Surplus on disposal	**111**	**509**

Note 4. Interest and finance costs

	2019 £'000	2018 £'000
Bank loans and overdrafts	2,183	2,080
Pension interest charges	415	31
	2,598	**2,111**
Borrowing costs capitalised	(379)	(500)
	2,219	**1,611**

Reconciliation between actual interest charge and effective interest rate charge

	2019 £'000
Actual interest paid	1,838
Effective interest rate adjustment – amortised cost	345
Effective interest charge for the year	**2,183**

Note 5. Other finance income

	2019 £'000	2018 £'000
Bank interest receivable	34	45
Pension interest receivable	321	-
	355	**45**

Note 6. Operating surplus

The operating surplus before taxation is stated after charging/(crediting)

	2019 £'000	2018 £'000
Housing properties		
Depreciation	3,889	2,487
Amortisation of grant	(2,052)	(1,470)
Non-housing properties		
Depreciation	464	478
Amortisation of grant	(77)	(42)
Bad debts	319	8
Audit fees – statutory audit	18	18
Operating lease rentals:		
Land & buildings	11	15
Other assets	5	5

Note 7. Staff costs

	2019 £'000	2018 £'000
Wages and salaries	2,926	2,962
Social security costs	356	300
Pension costs	86	102
Pension past service deficit	-	(31)
	3,368	**3,333**

The full-time equivalent number of staff who received emoluments, including pension contribution, in excess of £50,000

Salary Band (£)	2019	2018
50,000 – 59,999	6	1
60,000 – 69,999	1	-
70,000 – 79,999	-	3
80,000 – 89,999	-	1
90,000 – 99,999	2	-
100,000 – 109,999	-	1
110,000 – 119,999	-	-
120,000 – 129,999	1	-
	10	**6**

The reorganisation of the executive team, combined with the redundancy of other long-serving staff members, resulted in a temporary increase of amounts paid and a widening of the salary bands over the previous year.

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

	2019	2018
Actual	90	98
Full-time equivalent	86	94

Note 8. Directors' remuneration and transactions

Key management personnel remuneration

	2019 £'000	2018 £'000
Former directors who were executive staff members		
Wages and salaries	348	397
Social security costs	34	49
Other pension costs	6	14
Estimated money value of any other benefits otherwise than in cash	-	6
Current directors who are executive staff members		
Wages and salaries	119	-
Social security costs	15	-
Other pension costs	9	-
Estimated money value of any other benefits otherwise than in cash	-	-
Board members		
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	531	**466**

Directors are defined as the members of the Corporate Leadership Team and the Chief Executive. The interim Chief Executive was not employed directly by the organisation.

	2019 £'000	2018 £'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	91	99

	2019 £'000	2018 £'000
Remuneration of the current chief executive, excluding pensions contributions:		
Emoluments	18	-

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply.

Note 9. Tangible fixed assets – housing properties

	Completed properties £'000	Under construction £'000	Total £'000
Cost or valuation			
At 1 April 2018	**202,535**	**5,945**	**208,480**
Additions	1,773	5,908	7,681
Completed properties acquired	4,750	(4,750)	-
Disposals	(534)	-	(534)
Transfers	(240)	(4,770)	(5,010)
At 31 March 2019	**208,284**	**2,333**	**210,617**
Depreciation			
At 1 April 2018	**35,756**	-	**35,756**
Charge for the year	3,889	-	3,889
Transfers	(75)	-	(75)
Eliminated on disposals	(486)	-	(486)
At 31 March 2019	**39,084**	-	**39,084**
Net book value			
At 31 March 2018	**166,779**	**5,945**	**172,724**
At 31 March 2019	**169,200**	**2,333**	**171,533**

Note 10. Other property, plant and equipment

	Freehold	Long/short leasehold	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2018	**6,230**	**2,472**	**3,137**	**94**	**11,933**
Additions	-	-	30	-	30
Revaluations	-	-	-	-	-
Disposals	-	-	(3)	-	(3)
Transfers	-	-	173	-	173
At 31 March 2019	**6,230**	**2,472**	**3,337**	**94**	**12,133**
Depreciation					
At 1 April 2018	**611**	**327**	**1,584**	**76**	**2,598**
Charge for the year	92	46	274	4	416
Disposals	-	-	(1)	-	(1)
At 31 March 2019	**703**	**373**	**1,857**	**80**	**3,013**
Net book value					
At 31 March 2018	**5,619**	**2,145**	**1,553**	**18**	**9,335**
At 31 March 2019	**5,527**	**2,099**	**1,480**	**14**	**9,120**

Included within freehold property are units with a cost of £2m that have been fully funded. These units are let on a 999 year lease at a less than market rate amount. To enable the accounts to show a true and fair view the above amounts are both held within other fixed assets presenting a nil net book value position.

Note 11. Intangible fixed assets

	2019 £'000	2018 £'000
Cost or valuation		
At 1 April 2018	**837**	**770**
Additions	-	67
At 31 March 2019	**837**	**837**
Depreciation		
At 1 April 2018	**683**	**610**
Charge for the year	48	73
At 31 March 2019	**731**	**683**
Net book value		
At 31 March 2019	**106**	**154**

Note 12. Fixed asset investments

	Commercial properties £'000	LCHO £'000	Properties for sale £'000	Total £'000
At 1 April 2018	**3,192**	**3,006**	**9,452**	**15,650**
Additions	-	224	369	593
Disposals	(150)	(339)	(7,384)	(7,873)
Transfers	-	-	(2,437)	(2,437)
Revaluations	40	32	-	72
At 31 March 2019	**3,082**	**2,923**	**-**	**6,005**

The above represents interest free loans in our Low Cost Home Ownership (LCHO) Scheme.

Commercial properties, which are all freehold, were valued to fair value at 31 March 2019, based on a valuation undertaken by Bruton Knowles, an independent valuer with recent experience in the location and class of the investment property being valued. There are no restrictions on the realisability of investment property.

If land and buildings were not subject to revaluation, they would have been included at Net Book Value at the following amounts:

	Commercial properties £'000	LCHO £'000	Properties for sale £'000	Total £'000
2019 Net book value	1,985	2,735	-	4,720
2018 Net book value	2,109	2,823	9,452	14,384

Note 13. Corporation tax

	2019 £'000	2018 £'000
Current tax		
UK corporation tax at 19% (2018: 19%)	205	-
Adjustments in respect of prior years	-	-
Total current tax	205	-
Deferred tax	-	-
Deferred tax charge	-	-
Total tax on ordinary activities	**205**	-

CCHA is currently exempt from paying corporation tax due to its charitable status. The tax charge for the year relates to profits made from apartment sales at Schooner Wharf which are not covered by the charitable status exemption. CCHA has no deferred tax implications.

Total tax reconciliation	**2019 £'000**	**2018 £'000**
Surplus before taxation	2,460	3,572
Theoretical tax at 19% (2018: 19%)	**467**	**679**
Non-taxable surpluses (due to charitable status)	(235)	(679)
Adjustments to tax charge in respect of prior periods	(27)	-
Tax on surplus	**205**	-

Note 14. Stocks

	2019 £'000	2018 £'000
Properties for sale	5,198	57
	5,198	**57**

Note 15. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Rent arrears:		
Current tenants		
Arrears	1,143	746
Provision for bad debts	(301)	(241)
Current tenant arrears net of bad debt provision	**842**	**505**
Former tenants		
Arrears	149	84
Provision for bad debts	(149)	(84)
	-	-
Recharges		
Arrears	2	33
Provision for bad debts	(2)	(33)
	-	-
VAT	116	-
Capital financing	-	-
Insurance	-	(7)
Sundry debtors	1,752	1,323
Sundry debtors: provision for bad debts	(267)	(133)
Prepayments and accrued income	512	493
Total debtors due within one year	**2,955**	**2,181**

Note 16. Current asset investments

	2019 £'000	2018 £'000
Investments	8,000	4,000
	8,000	**4,000**

Note 17. Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Loan capital repayments	2,813	1,782
Rents received in advance	341	320
Trade creditors	460	827
Other taxation and social security	254	(18)
Corporation tax	205	-
Other creditors	1,155	1,476
Grant in advance	3,187	2,480
Recycled capital grants	88	88
Accruals and deferred income	4,125	2,828
	12,628	**9,783**

Note 18. Creditors – amounts falling due after more than one year

	2019 £'000	2018 Restated £'000
Other creditors		
Loans	61,368	64,245
Recycled grant	477	377
Trade creditors	-	-
	61,845	**64,622**

Housing loans are secured by specific charges on the Association's housing properties. Rates of interest during the year ranged from 0% to 10.87%. The weighted average rate of interest for 2019 was 2.63% (2018: 2.58%). The effective interest rate of interest for 2019 was 3.28% (2018: 3.58%). At 31 March 2019, 64% (2018 65%) of loans bore interest at fixed rates and 36% (2018 35%) at variable rates.

The loans are repayable as follows:

	2019 £'000	2018 £'000
Amounts falling due:		
Within one year or less	2,813	1,782
Between one and two years	2,475	2,877
Between two and five years	8,606	8,012
In five years or more	50,287	52,511
In five years or more (restated)	-	845
Total more than one year	61,368	64,245
Total housing loans	**64,181**	**66,027**

	2019 £'000	2018 £'000
Repayable by instalments wholly or partly in more than five years	50,287	53,356
Total repayable in more than five years	**50,287**	**53,356**

Restatement of loan balance

During the transition from UK GAAP to SORP 14 the future interest rates were under estimated. In 2019 a future interest rate review was undertaken. This review resulted in the association increasing its estimation of future interest rates. This increase created larger future cash outflows which resulted in the loan balance being restated by £845 thousand to reflect a more accurate and fair view.

The recycled grant falls due as follows:

	2019 £'000	2018 £'000
Within one year or less	88	88
Between one and two years	-	-
Between two and five years	477	377
In five years or more	-	-
Total in more than one year	**477**	**377**
Total housing loans	**565**	**465**

Note 19. Social housing and other government grants

	Social housing properties £'000	Under construction £'000	Other tangible fixed assets £'000	Total £'000
Gross grant creditor				
At 1 April 2018	**118,029**	**5,787**	**4,430**	**128,246**
Property acquisitions	598	831	-	1,429
Schemes completed	2,457	(4,457)	-	(2,000)
Transferred to recycled grant	(101)	-	-	(101)
Disposals	-	-	-	-
At 31 March 2019	**120,983**	**2,161**	**4,430**	**127,574**
Amortisation				
At 1 April 2018	**28,345**	**-**	**233**	**28,578**
Charge for the year	2,060	-	69	2,129
Transferred to recycled grant	-	-	-	-
Disposals	(33)	-	-	(33)
At 31 March 2019	**30,372**	**-**	**302**	**30,674**
Net grant creditor				
At 1 April 2018	**89,684**	**5,787**	**4,197**	**99,668**
At 31 March 2019	**90,611**	**2,161**	**4,128**	**96,900**

	2019 £'000	2018 £'000
Amounts falling due:		
Within one year or less	1,613	1,508
Between one and two years	1,600	1,498
Between two and five years	4,689	4,420
In five years or more	88,998	92,242
In more than one year	**95,287**	**98,160**
Total grant creditor	**96,900**	**99,668**

Note 20. Provisions

	2019 £'000	2018 £'000
Balance as at 1 April	**213**	**171**
Addition in year	102	42
Balance as at 31 March	**315**	**213**

Note 21. Defined Benefit Pension Scheme – Social Housing Pension Scheme

Cardiff Community Housing Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit 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 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.
For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has 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 company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Principal Actuarial Assumptions

The main assumptions used were:

	2019 % per annum	2018 % per annum
Discount Rate	2.34	2.59
Inflation (RPI)	3.10	3.16
Inflation (CPI)	2.10	2.16
Salary Growth	3.10	3.16
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The inflation rate of 3.10% is based on the underlying average forward CPI, as published by the Bank of England in the May 2019 quarterly inflation report. This assumption is in line with the actuarial centralised value.

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

Scheme Assets

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

	31 March 2019 £'000	31 March 2018 £'000
Global Equity	2,158	2,468
Absolute Return	1,109	1,526
Distressed Opportunities	233	121
Credit Relative Value	235	-
Alternative Risk Premia	739	474
Fund of Hedge Funds	58	412
Emerging Markets Debt	442	504
Risk Sharing	387	116
Insurance-Linked Securities	368	328
Property	289	575
Infrastructure	672	320
Private Debt	172	111
Corporate Bond Fund	598	513
Long Lease Property	189	-
Secured Income	459	463
Over 15 Year Gilts	-	-
Liability Driven Investment	4,689	4,552
Net Current Assets	25	12
Total assets	**12,822**	**12,495**

Analysis of the amount shown in the Statement of Financial Position

The balances shown below for March 2018 have been updated to reflect the in year transitional adjustment to defined benefit accounting. This adjustment can be viewed in Other Comprehensive Income (£1.621m).

	31 March 2019 £'000	31 March 2018 £'000
Fair value of plan assets	12,822	12,495
Present value of defined benefit obligation	16,662	16,283
Deficit in plan	(3,840)	(3,788)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	**(3,840)**	**(3,788)**

Reconciliation of net defined benefit asset (liability)

	Period ended 31 March 2019 £'000
Defined benefit asset at start of period	**3,788**
Net interest expense	94
Current service cost	91
Expenses	11
Employer contributions	(405)
Experience on plan assets (excluding amounts included in interest income) - loss	(197)
Actuarial gains due to scheme experience	(274)
Actuarial losses due to changes in demographic assumptions	45
Actuarial losses due to changes in financial assumptions	687
Defined benefit asset at end of period	**3,840**

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

	Period ended 31 March 2019 £'000
Fair value of plan assets at start of period (after initial recognition)	**12,495**
Interest income	321
Experience on plan assets excluding amounts included in interest income – gain (loss)	197
Contributions by the employer	405
Contributions by plan participants	79
Benefits paid and expenses	(675)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	**12,822**

The actual return on plan assets over the period 31 March 2019 was £518,000.

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2019 £'000
Defined benefit obligation at start of period (after initial recognition)	**16,283**
Current service cost	91
Expenses	11
Interest expense	415
Contributions by plan participants	79
Actuarial gains due to scheme experience	(274)
Actuarial losses due to changes in demographic assumptions	45
Actuarial losses due to changes in financial assumptions	687
Benefits paid and expenses	(675)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	**16,662**

Costs recognised in Statement of Comprehensive Income (SOCI)

	Period ended 31 March 2019 £'000
Current service cost	91
Expenses	11
Net interest expense	94
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	196

Costs recognised in Other Comprehensive Income

	Period ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest costs) – gain (loss)	197
Experience gains and losses arising on the plan liabilities – gain (loss)	274
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(45)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - loss	(687)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - loss	(261)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income – gain (loss)	(261)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Increase of 0.1% p.a.	Decrease by 2.1%
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.2%
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.1%
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.2%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2019 is 22 years.

Deficit contributions

The Employer Committee (EC) consulted employers during summer 2018 on the prospect of moving away from the tiered recovery plan approach, to allocating the deficit contributions based on each employer's full share of the total liabilities. The Scheme Committee (SC) agreed to this recommendation and this approach has now been implemented. Under the new recovery plan, from 1 April 2019 the deficit contributions that are required from the Association are **£427,274** a year. These payments will increase annually by 2% from 1 April 2020 and on each 1 April thereafter until September 2026.

Defined benefit pension scheme - The growth plan (TPT Retirement Solutions)

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the 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 association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement the association 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 note 21. The unwinding of the discount rate is recognised as a finance cost.

Assumptions

The discount rates shown below 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. It is these contributions that have been used to derive the company's balance sheet liability.

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.39	1.71	1.32

Present values of provision

Note the following values are shown to the nearest whole pound.

	31 March 2019 £	31 March 2018 £	31 March 2017 £
Present value of provision	4,425	6,574	7,401

Reconciliation of opening and closing provisions

	Period Ending 31 March 2019 £	Period Ending 31 March 2018 £
Provision at start of period	**6,574**	**7,401**
Unwinding of the discount factor (interest expense)	105	91
Deficit contribution paid	-847	-822
Remeasurements - impact of any change in assumptions	40	-96
Remeasurements - amendments to the contribution schedule	-1,447	-
Provision at end of period	**4,425**	**6,574**

Deficit contributions

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

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 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. For the year to 31 March 2019, CCHA will be required to pay £734.

Note 22. Share capital

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.

	2019 £	**2018 £**
At 1 April	**133**	**134**
Issued during the year	18	15
Cancelled during the year	(43)	(16)
At 31 March	**108**	**133**

Note 23. Statement of cash flows

	2019 £'000	2018 £'000
Cash flow from operating activities		
Surplus for the year	167	3,982
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	4,353	2,964
Amortisation of grant	(2,129)	(1,512)
Increase in investment properties	-	(241)
Increase in debtors	(775)	(243)
Increase in creditors	1,458	1,559
Increase in provisions	102	42
Pension costs less contributions payable	(406)	(348)
Carrying amount of property, plant & equipment disposals	7,980	675
Non-cash movements	2,043	(752)
Increase in Fair Value of Investment properties	(72)	
Total non-cash adjustments	**12,554**	**2,144**
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(494)	(836)
Proceeds from the sale of fixed asset investments	(9,329)	(348)
Interest payable	2,183	1,611
Interest received	(34)	(45)
	(7,674)	**382**
Cash generated by operations	**5,047**	**6,509**

Cash and cash equivalents		
Cash at bank and in hand	3,190	2,418
Cash equivalents included in current asset investments	8,000	4,000
Total cash and cash equivalents	**11,190**	**6,418**

Note 24. Financial commitments

	2019 £'000	2018 £'000
Contracted for but not provided for	7,667	16,007
Approved by the Board but not contracted for	6,645	6,351
Not approved by the Board and not contracted for	19,790	19,865
Total capital commitments	**34,102**	**42,223**

Financing of Future Schemes

	2019 £'000	2018 £'000
Sales	5,862	14,567
Social Housing Grant/Housing Finance Grant	14,860	15,858
Loans currently under negotiation	-	-
Loans agreed and awaiting drawdown	6,000	6,000
Future loans	7,380	5,798
Total future financing	**34,102**	**42,223**

Note 25. Units in management

	Units at 1 April 2018	New build	Transfers	Sales	Units at 31 March 2019
Owned properties					
General needs housing accommodation	2,819	40	(3)	(1)	2,855
Housing accommodation at intermediate rent	21	-	(2)	-	19
Supported housing accommodation	46	-	-	-	46
	2,886	**40**	**(5)**	**(1)**	**2,920**
Schooner Wharf development	-	85	-	(55)	30
Properties held for sale	-	-	5	-	5
	-	**85**	**5**	**(55)**	**35**
Management properties					
Low Cost Home Ownership Scheme (LCHO)	83	-	-	(4)	79
Formerly LCHO	16	-	4	-	20
Flats under Right to Buy	8	-	-	-	8
	107	**-**	**4**	**(4)**	**107**
Total	**2,993**	**125**	**4**	**(60)**	**3,062**

Note 26. Related party transactions

The Association provided rental accommodation to two tenant Board members during the year and charged rent and service charges to those members on the Association's standard terms.

Note 27. Contingent liabilities

The association has a contingent liability with Welsh Government and other government agencies for £30,674,000 (2018: £28,578,000) representing the amount of social housing and capital grants amortised through the statement of comprehensive income.