

# **Cardiff Community Housing Association**

**Co-operative and Community Benefit Societies  
Registered number: 21667R**

**Welsh Government registration number: L035**

**Financial statements  
for the year ended 31 March 2022**

# Cardiff Community Housing Association

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# Cardiff Community Housing Association

## Board of Management, Senior Executives and Advisors

### Board of Management

#### Voting members:

Ms J Beauchamp  
Ms E Britton  
Ms V Nawathe  
Mr M Owen (Chair)  
Mr S Rooks (Vice Chair from 6/5/2021)  
Ms M Wade  
Mr A Singh  
Ms L Hansraj Bhardwaj (Resigned 31/7/2021)  
Ms A Yusuf  
Mr F Maghiya  
Ms D Ketter (Appointed 1/4/2021)  
Ms K Chamberlain (Appointed 1/5/2022)  
Mr N Harries (Full Board member from 1/5/2022)

#### Independent member of the Audit Committee (Non-voting)

Ms F Ahmed (Appointed 1/5/2022)

### Senior Executives

Ms H Selway Chief Executive  
Mr B Pickett Deputy Chief Executive and Company Secretary  
Mr J Jones Corporate Director - Assets and Property  
Ms E Evans Corporate Director - People and Communities

### Registered Office

Tolven Court  
Dowlais Road  
Cardiff  
CF24 5LQ

### Principal Bankers

Barclays Bank plc,  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GN

### External Auditors

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

### Internal Auditors

Mazars LLP  
First Floor, Two Chamberlain Square  
Birmingham  
B3 3AX

# Cardiff Community Housing Association

## Strategic report

Last year in my strategic report, I talked very much about the impact of Covid on CCHA and our tenants. When I wrote that I didn't think we would be living under some sort of restrictions into 2022, which of course we were. Against that background we had re-started our routine repairs from May onwards, but we had a big backlog. We have now cleared all our reactive repairs which had built up during the various lockdowns. We experienced significant increased demand for our repairs service during the year and delivered over 17,000 repairs within the year. Feedback from our tenants marked our in-house repairs team at 90 per cent satisfaction.

Our planned investment in our homes continued throughout the year, where we are starting to deliver on our promises around our kitchen and bathroom replacement programme. Pre-pandemic, we reviewed our lifecycles for some components. At that point we made the decision to start to replace kitchens after 15 years rather than 25 years. Moving to this policy was halted by Covid but I am pleased we managed to start the programme on this basis last year.

During the year we delivered over 200 kitchens, with more planned over the next few years. We also completed our planned programme bathroom, window and door replacement. We turned around 180 void properties to a new improved standard in readiness for new tenants to enjoy a quality home. In the latter half of the year, we formed a new in-house major repairs team, to deliver repairs in homes which cannot be completed as a normal reactive repair.

The Welsh Government has changed the funding arrangements for physical adaptation grants (PAGs) from April 2022. As such, during last year we

pushed forward with as many as we could, delivering just under 200 PAGs for tenants to live more fulfilled lives and sustaining tenancies. Throughout the year we have continued our fire safety works programme and are grateful to the Welsh Government for its investment in both our Galleon and Aquilla blocks.

Our housing and communities team underwent a major restructure during the year, which placed an emphasis on core landlord services. We have invested in new neighbourhood officers, to make patches much smaller and officers can build improved relationships with tenants.

We invested and refocused the money advice team, helping tenants manage and sustain their tenancies. This team worked closely with the local authority on behalf of tenants to secure over £200 thousand in discretionary housing payments to reduce their arrears.

During the year we undertook a tenant satisfaction survey, using standard questions set out by Welsh Government. There are a number of areas where tenants have told us we need to improve. Our budget setting for 2022-23 reflects these priorities as we continue to invest in our homes and the housing and communities restructure very much focuses on core landlord services.

Another area where it is clear from both the tenant satisfaction survey and a theme within our complaints is value for money around service charges. To address this, we started a review of all service charges during 2021-22, resulting in over 1,000 service charges being reduced in 2022-23. The review is ongoing throughout 2022-23; we continue seeking additional value for money for our tenants, including a major change to insource the grounds maintenance service.



## Cardiff Community Housing Association

Our re-focus on core landlord services is reflected on both how and where we invest our money, working on areas that tenants are telling us we need to put our efforts. However, we have not forgotten the role we play in our communities across Cardiff, particularly ensuring that CCHA reflects the communities we serve. We are the anchor organisation or key partner in a number of projects.

Our ongoing "Jets" and "Reach" employment programmes continue to be a success, as is our National Lottery funded "Flourish" project. The Flourish project co-produces with members of the community resulting in better outcomes for those local communities.

We became an employer in the UK Government's Kickstart programme, where we gave 15 young adults six month paid work experience, three of whom progressed to securing roles with CCHA outside of the Kickstart programme.

Our "Get into Housing" project commenced in the final quarter of 2021-22. The project offers long term unemployed people from ethnically diverse backgrounds, paid work placements across one of eight housing associations.

We were also a key architect in the "Pathway to Board" programme which aims to address the lack of ethnic diversity on Boards. We are working with four Cardiff based housing associations on this programme.

In addition to all of this, we continue to develop much needed affordable homes. We delivered 26 new homes during the year; 12 at Moorhead Close in Splott and 14 at Ffordd Nowell in Penylan. Our Longcross House site in Adamsdown recommenced and we are developing plans for regeneration of our block on Moira Terrace, as well as new developments at former St John's

College site and Trowbridge Mawr sites, both in Trowbridge.

We delivered a robust set of financial results for the year. Our turnover was lower compared to the previous year, mainly due to the run-off of sales at our Schooner wharf development. Despite this, our operating surplus was higher for the year. The increased financing costs represent the full year effect of the restructuring and raising new debt in January 2021. This all results in an increased surplus for the year.

The valuation of the pension is outside of our control but it is worth noting a positive swing of £4.7 million in the actuarial adjustments. This is a non-cash transaction but means our overall results for the year has moved from £1.2 million deficit in 2020-21 to a £3.9 million surplus in 2021-22. These results exclude over £2 million spent on items such as kitchens and bathrooms, and fully funded Physical Adaptation Grants of £1.8 million. During the year we spent £2.4 million on fire safety works, which was fully funded by Welsh Government.

Our increased spend on maintenance reflects our commitment to tenants in ensuring they can live in a safe and quality home. This ongoing investment is reflected in our 30-year business plan.

As chair, I will ensure we continue our improvement journey in order to deliver first class services, which our tenants and communities deserve. Further information on this journey is provided in our annual report.



**Michael Owen**  
**Board Chair**  
**July 2022**

## Cardiff Community Housing Association

### Annual Governance Statement / Statement of Internal Control

#### Corporate Strategy

The Board set out its strategic direction of the organisation during 2021/22. The Corporate strategy operates within the business framework which the Board has set. Our plan is split into the following strategic headings:

- Caring Landlord;
- A Community Champion and Anchor Organisation;
- An Employer of Choice;
- An Exceptional Developer of Affordable Homes; and
- An Organisation that 'Sets the Standard in Governance'.

We are 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. CCHA will achieve this by:

- Providing great homes and excellent services;
- Understanding the needs of the communities that we serve and will be an active advocate for their wellbeing and future;
- Recruiting and retaining a community focussed, diverse workforce who enjoy working as part of the team and act as ambassadors for the organisation;
- Working in partnership to develop new homes that contribute positively to our neighbourhoods and meet the diverse housing needs of the future;

- Be an exemplar in sound governance;
- Understanding the varied needs of the communities we serve and will be an advocate for their well-being and future; and
- Work in partnership to develop and sustain prosperous and resilient communities of opportunity.

During 2021/22 we continued to respond to constantly changing Covid-19 legislative requirements. We used our Covid-19 Management Plan to ensure services were run in line with legislation. Our Risk Management Framework allowed us to adaptively operate, utilising additional controls around Covid-19. This allowed us to operate dynamically and continue face to face services outside of emergency and health and safety only coverage where possible. Tenant, Staff and Community safety remained our primary focus throughout another turbulent year of Covid-19 restrictions. Over the last 12 months this adaptability has strengthened our ability to be responsive and innovative to changing risks.

#### Our Board of Management

During 2021/22 we continued our 'standard/standard' (highest) regulatory grading. The Welsh Government suspended formal regulatory reporting during the period with an interim approach. CCHA was assessed as low risk with this interim approach, maintaining our regulatory status. We have continued to maintain governance, service delivery and financial viability to the highest levels. We maintained our co-regulatory relationship.

## Cardiff Community Housing Association

Over the last 12 months we carried out a successful board member recruitment campaign. This was part of our ongoing succession management following turnover at the Board. Our inclusive recruitment commitments enabled us to further recruit representing the makeup of our communities. New members were endorsed by the Board in March 2022.

New Board members are appointed in accordance with a maximum term of office of nine years. Board Members are recruited for their skills and experience. The Board are expected to contribute to a culture of clear and open debate. This is to ensure informed and prudent decision making, Board members are expected to develop and refresh their knowledge and skills so they can continue to make an effective contribution to the Board. This is driven by both individual and group appraisals. This exercise was completed to ensure that individual and collective

improvement on the Board is ongoing. This year the Chair completed an independent appraisal with a governance consultant to further review effectiveness. A full review of Board effectiveness has been commissioned in 2022/23 to continue the cycle of review and debate. This is in line with our Code of Governance.

### **Board and Committee Decision Making**

The Board's central role is to direct the strategic direction of CCHA's work, and be assured with its ongoing operations. The Board operates a supervisory model with clearly set out reserved matters to ensure a clear divide on the decisions taken by the Board and those taken by the Corporate Leadership Team. Other matters have been

delegated to the committees by the Board with any matters falling outside of these delegations falling within the Chief Executives responsibility and authority. The Board is responsible in establishing a robust control and risk management framework 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. In 2021/22 the Board undertook a full Satisfaction of Tenants and Resident's Survey (STAR) looking at the perception of Tenants regarding services provided. This was reported back with a full plan to improve designated areas based on tenant feedback. The survey is supplemented with ongoing satisfaction surveys on services delivered throughout the year.

The Board met formally 8 times in 2021/22. Due to the continued restrictions of Covid-19 meetings were held virtual and hybrid dependant on the restrictions in place over the year. Each Board meeting has a planned agenda allowing enough time to balance the needs of both strategic and operational matters with consideration of performance and risk management as reserved matters.

The Board's structure is supported by committees and working groups which in 2021/22 included:

- Audit and Risk Committee;
- Development Committee
- People and Culture Committee; and
- Remuneration Committee.

Each committee meets throughout the year to discharge their duties and responsibilities under their terms of reference. Chairs of committees regularly report back on activities within the period.



## Cardiff Community Housing Association

### Statement of Compliance with our Code of Governance

CCHA adopted the revised Community Housing Cymru Code of Governance in March 2022. The Code reflects the Welsh Social Housing Sectors overall principles to good governance with a particular revised focus on equality diversity and inclusion. The Board reviewed its position against the revised standards and approved plans regarding continuous improvement against the code. Overall the Board were content with the levels of compliance with the code.

### Audit and Risk Committee

The Audit and Risk Committee met five times during 2021/22. The Committee supports the Board primarily with 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 and other independent members as directed by the Board. The Committee continues to be supported by one independent member who acts as an additional line of assurance.

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 internal and external auditors, internal controls and risk management framework, the overall risk strategy and any matters relating to governance, statutory and legal compliance including health and safety and fraud.

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

- Internal audit reviews and compliance reports based on an agreed annual plan from the Committee, reviewed and linked

against our risk management framework;

- External auditor's management letters and reports;
- Compliance reports issued by the Welsh Government as the organisation's regulator; and
- Overview of tenant scrutiny as part of the wider governance framework; and

The internal and external audit contracts continued in 2021/22 with Mazars operating as the appointed provider for the organisation's internal audit service and Bevan and Buckland LLP continuing as the external audit provider. During the period, the Audit and Risk Committee continued to review the effectiveness of these contracts as part of their arrangements for assessing 'fitness to serve'.

Both internal and external audit providers undertake their work in accordance with a plan approved annually by the Audit and Risk Committee. These plans are subject to the overall risk management framework and match planned and emerging risks throughout the year. Based on this approach these plans adapt a dynamic approach which are subject to amendments if higher risks areas are identified and emerge during the year. This ensures that the Audit and Risk Committee can adapt its sources of assurance as risks emerge.

### Internal Control

The Board is responsible for ensuring that our business operates effectively in achieving its objectives. It is the Board's overall responsibility to ensure that the organisation has a system in place that identifies and manages risks. This includes effective internal control systems and procedures to minimise

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the loss through fraud, corruption, errors and mismanagement.

The Audit and Risk Committee has overseen the conclusion of the internal audit plan. Working closely with internal auditors the committee carefully monitored the progress of the internal audit function. The committee approved the work of internal audit and is able to change the annual programme following regular risk reviews.

Sources of assurance include:

- The Audit and Risk Committee receives, and reviews reports on all key internal controls to ensure they are working efficiently, effectively and being followed across the organisation. This includes controls for the prevention of fraud and irregularities;
- Regular reports from directors and managers which cover operational and financial matters which gives assurances to the Committee that internal controls and working effectively;
- Regular monitoring and reports of all risk relating matters including if required specific standalone deep dives of risk areas. Assurances include effective and mitigating controls for identified and emerging risks with actions to ensure current risk scores meet target risk score within the overall risk score appetite. Reports are contained within the overall three lines of defence risk framework, linked against strategic risks. The application of risk management is articulated within the overall Risk Strategy;
- The Audit and Risk Committee reviews and monitors reports from Internal Audit to provide

reasonable assurance control procedures are in place and being followed and actions effectively implemented and followed up periodically; and

- The Audit and Risk Committee reviews reports from the external auditors and other external assurance sources on areas where assurance is required. Grant funded projects which are subject to separate audits are reported separately.

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

- Fraud and corruption;
- Bribery; and
- Money laundering.

Risk assessments associated with these strategies are reviewed and suspected irregularities are reported to the Audit and Risk Committee annually.

CCHA has received the internal audit annual report which highlights the following audits were undertaken during the 2021/22:

- Welsh Housing Quality Standard – WHQS;
- Landlord Health and Safety – Gas Servicing;
- Landlord Health and Safety – Electrical Safety;
- Key Controls Health Check 1;
- Key Controls Health Check 2;
- Key Controls Health Check 3;
- Data Integrity Review;
- Follow Up Audit 1 – Evidencing completions of identified audit actions;

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- Follow Up Audit 2 – Evidencing completions of identified audit actions; and
- Follow Up Audit 3 – Evidencing completions of identified audit actions.

All areas have reported adequate or substantial controls. We achieved above benchmark in 2/3 of our follow up audits in the year. The expected benchmark is 85% or above to constitute best practice. This was achieved at two of the three follow up visits in 2021/22.

Our internal auditors have stated in their annual report that:

'In our opinion, Cardiff Community Housing Association ('CCHA') has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the organisation.'

'It was noted there were no reports in 2021/22 with 'Limited' or 'Needs Improvement' assurance and no critical or highly important recommendations were raised.'

'In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports Cardiff Community Housing Association has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives.'

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

Mazars Annual Report April 2022

## Risk Management

Managing risk is integral if we are to operate in an effective, safe, and dutiful manner. 2021/22 presented a continued challenging risk operating environment. The Regulatory Framework from the Welsh Government, details requirements for the Board to understand the risks facing the organisation and to clearly demonstrate that there are effective controls in place to manage them.

### Effectively managing Risk

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

We operate a three lines of defence model, which ensures clear separation between risk and control ownership at different levels. Operational teams lead on first lines of defence with day-to-day management and supervision of key risks against set policy and procedures. Second line is set against the framework with formal internal reporting such as management indicators, supervisory reviews and spot checks where first line controls can be effectively challenged. This gives internal assurance that controls are being managed in line with expectations. Internal audit provides the third and independent line. We also rely on other sources of external assurance around areas such as landlord health and safety. Objective assurance is provided to management which enables further guidance and challenge to first and second lines independent of the executive team. This is driven with an annual programme of reviews which highlight areas of control improvement identifying risks that are not being managed effectively.



## Cardiff Community Housing Association

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

The Board's risk appetite is outlined in its Risk Strategy. We believe that an acceptable level of risk exposure is to not:

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

In 2021/22 the ongoing uncertainty of the Covid-19 pandemic, impacts of Brexit and overall socio-economic position in the UK presented several challenges to the Association. We will continue to support our contractors and third parties involved in the delivery of our strategy to work with us to manage risks appropriately.

### Key Strategic Risks in 2021/22

Key strategic risks at the year-end which were subject to further scrutiny are detailed below:

**Low levels of Customer Satisfaction/Perception leading to reputational issues** – Following an independent survey of Tenants' perception of services we tracked plans to ensure that feedback is effectively identified and implemented. As satisfaction is a reserved matter under performance and subject to a regulatory return ongoing review of this risk was considered prudent to ensure we are embedding tenant feedback.

**BC3. Loss of corporate memory / knowledge, arising from staff turnover** – This risk identified several potential operational risks which could impact corporate memory being lost to the degree that it could impact business operations. Identified controls have enabled us to effectively monitor and prevent this risk materialising.

**Physical Adaptation Grant (PAG's) Regime changes leading to reputational and financial pressures, inability to safely adapt Tenants' homes** – Due to the introduction of a new funding system by the Welsh Government risks were identified regarding a small number of adaptations would not be taken forward into the financial year and funding regime. Whilst this issue impacts a small percentage of our tenants' mitigations and controls were identified to ensure identified risks could be mitigated.

### Going concern

The Board ensures all significant decisions are taken in accordance with



## Cardiff Community Housing Association

CCHA's rules, policies and procedures. In preparing financial statements Board members have reviewed the Associations plan and have received assurances the Association has adequate resources to continue to operate for the foreseeable future. Whilst maintaining our highest level of regulatory judgement this endorsement externally assesses the Associations ability to meet its future challenges. The annual financial statements are proposed in a going concern basis.

### Overall assessment

Based on the assessment within the Annual Governance and Statement of Internal Control the Board can conclude we have appropriate arrangements in place to give it assurance on the adequacy of the governance, internal controls and risk management frameworks operated at CCHA.

### Viability

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

Risk management as outlined is carried out in a structured approach to ensure that all risks are adequately and regularly reviewed by the Board, subject to delegations with the Audit and Risk Committee.

In 2021/22 the Board formally adopted the use of financial golden rules which enables the Board to review further controls against key financial areas.

### 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 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 position of the Association and of the surplus of the Association for that period.

The Board are responsible for internal controls to the extent that they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to both fraud and error. The Board has general responsibility for taking such steps as are reasonably open to it to enable the safeguarding of the Association and to prevent and detect fraud and other irregularities. 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

## Cardiff Community Housing Association

departures disclosed explained in the financial statements; and

- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Association will continue in business.

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

### Disclosure of information to Auditors

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

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

### Annual General Meeting

The Annual General Meeting (AGM) will take place on 15<sup>th</sup> September 2022.

At this meeting, the Association's 2021/22 Annual Report and Accounts will be presented for adoption and a resolution to re-appoint Bevan and Buckland as auditors to Cardiff Community Housing Association Limited will be proposed at the Annual General Meeting.

This report was approved for the issue by the Board in July 2022 and signed on its behalf by:



**Michael Owen**  
**Board Chair**  
**July 2022**

## Cardiff Community Housing Association

### Board/Committee Members

The following table shows attendance at meetings for which board and committee members were in post.

Name	Start Date	Retirement Date	Board	ARC	P&C	Rem	Dev
Ms J Beauchamp			7/8		3/3	1/1	2/4
Ms E Britton			7/8		3/3	1/1	
Ms V Nawathe			6/8	5/5			3/4
Mr M Owen			7/8				
Mr S Rooks			8/8	1/1			4/4
Ms M Wade			8/8	5/5			
Mr A Singh			6/8	3/3		1/1	
Ms L Hansraj Bhardwaj		31/7/2021	3/3	1/2			
Ms A Yusuf			5/6		3/3		
Mr F Maghiya			5/8		2/3		
Ms D Ketter	1/4/2021		8/8		3/3		
<b>Independent member of the Audit and Risk committee</b>							
Mr N Harries				5/5			

#### Key:

ARC – Audit and Risk Committee  
P&C – People and Culture Committee  
Dev – Development Committee  
Rem – Remuneration Committee

Ms A Yusuf meeting attendance was reduced due to a sabbatical undertaken during the year.

### Board Rates of Pay

Role	£ per annum
Chair of the Board	10,000
Board member and Chair of the Audit and Risk Committee	6,000
Vice Chair and Chair of the Development Committee	8,000
Board member and Chair of the People and Culture Committee and Chair of the Remuneration Committee	6,000
Board/Committee Member	4,000

## Cardiff Community Housing Association

### Independent auditor's report to the members of Cardiff Community Housing Association on corporate governance

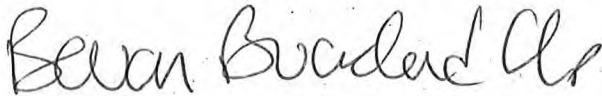
In addition to our audit on the financial statements for the year ended 31 March 2022, we have reviewed the Board's statement of Cardiff Community Housing Association ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

#### Opinion

With respect to the Board's statement on internal controls assurance on pages 6 to 13, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.



**Bevan Buckland LLP**  
Chartered Accountants & Statutory Auditors  
Cardigan House, Castle Court  
Enterprise Park  
Swansea  
SA7 9LA

20/7/2022



# Cardiff Community Housing Association

## Independent auditor's report to the members of Cardiff Community Housing Association

We have audited the financial statements of Cardiff Community Housing Association for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31st March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

### Basis for Opinion

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

### Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material 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 are 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. The Board are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Cardiff Community Housing Association**

### **Independent auditor's report to the members of Cardiff Community Housing Association (continued)**

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

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of the board**

As explained more fully in the Statement of Responsibilities of the Board (set out on pages 12-13), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are 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 intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to

## **Cardiff Community Housing Association**

### **Independent auditor's report to the members of Cardiff Community Housing Association (continued)**

provide a basis for our opinion.

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

#### **Identifying and assessing potential risks related to irregularities.**

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
  - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
  - The recognition of development and maintenance expenditure in the correct period;
  - The rationale of any major fund flows during the period;
  - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the association, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

#### **Audit response to risks identified**

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;



## Cardiff Community Housing Association

### Independent auditor's report to the members of Cardiff Community Housing Association (continued)

- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

#### Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Bevan Buckland LLP  
Chartered Accountants & Statutory Auditors  
Cardigan House, Castle Court  
Enterprise Park  
Swansea  
SA7 9LA

20/7/2022

## Cardiff Community Housing Association

### Statement of Comprehensive Income For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	3	20,808	22,423
Operating expenditure		(17,451)	(19,291)
Surplus/(loss) on disposal of property, plant and equipment	4	4	19
<b>Operating surplus</b>		<b>3,361</b>	<b>3,151</b>
Interest receivable	6	70	27
Interest and financing costs	5	(1,826)	(1,633)
Surplus/(deficit) on revaluation of investment properties		384	169
<b>Surplus for the year</b>		<b>1,989</b>	<b>1,714</b>
Taxation	14	(14)	(90)
<b>Surplus for the year after taxation</b>		<b>1,975</b>	<b>1,624</b>
Actuarial gain/(loss) in respect of pension schemes	25	1,878	(2,834)
<b>Total comprehensive income/(loss) for the year</b>		<b>3,853</b>	<b>(1,210)</b>

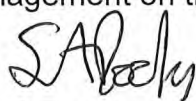
# Cardiff Community Housing Association

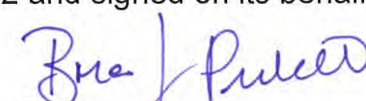
## Statement of Financial Position at 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible fixed assets	10	240	188
Housing properties	11	188,888	183,589
Fixed asset investments	13	8,088	7,743
Other property, plant and equipment	12	9,371	9,260
		<u>206,587</u>	<u>200,780</u>
<b>Current assets</b>			
Stock	15	42	189
Debtors	16	2,048	1,419
Investments	17	23,090	24,000
Cash		4,957	6,490
		<u>30,137</u>	<u>32,098</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	19	(11,094)	(11,398)
Social housing and other government grants: amounts falling due within one year	23	(1,773)	(1,691)
		<u>17,270</u>	<u>19,009</u>
<b>Net current assets</b>			
		17,270	19,009
<b>Non-current assets</b>			
Debtors: amounts due after more than one year	18	2,306	2,337
		<u>226,163</u>	<u>222,126</u>
<b>Total assets less current liabilities</b>			
		226,163	222,126
Creditors: amounts falling due after more than one year	20	(84,453)	(85,376)
Social housing and other government grants: amounts falling due after more than one year	23	(103,701)	(100,623)
Provisions for liabilities	24	(311)	(165)
Provisions for pensions	25	(2,108)	(4,225)
<b>Total net assets</b>		<u>35,590</u>	<u>31,737</u>
<b>Capital and reserves</b>			
Share capital		-	-
Revenue reserve		35,547	31,694
Restricted reserve		43	43
<b>Total reserves</b>		<u>35,590</u>	<u>31,737</u>

The financial statements of Cardiff Community Housing Association Limited were approved by the Board of Management on the 20<sup>th</sup> July 2022 and signed on its behalf by:

  
M Owen  
Chair of Board

  
S Rooks  
Vice Chair of Board

  
B Pickett  
Secretary

## Cardiff Community Housing Association

### Statement of Changes to Reserves for the year ended 31 March 2022

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2021	31,694	43	31,737
Surplus for the year after taxation	1,975	-	1,975
Actuarial gain/ (loss) in respect of pension schemes	1,878	-	1,878
<b>At 31 March 2022</b>	<b>35,547</b>	<b>43</b>	<b>35,590</b>

## Cardiff Community Housing Association

### Statement of Cash Flows for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Net cash generated from operating activities</b>	27	4,158	4,314
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(2,539)	(8,804)
Component Replacements		(6,578)	(1,898)
Proceeds from sale of tangible fixed assets		303	2,508
Purchase of Investment Properties		-	(116)
Grants received		4,395	2,945
Interest received		70	29
<b>Net cash flows from investing activities</b>		<b>(4,349)</b>	<b>(5,336)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,737)	(1,675)
Bond premium		-	8,601
New secured loans		1,000	41,200
Repayments of borrowings		(1,515)	(26,105)
Arrangement fees		-	(637)
<b>Net cash flows from financing activities</b>		<b>(2,252)</b>	<b>21,384</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,443)</b>	<b>20,362</b>
<b>Cash and cash equivalents at 1 April</b>		<b>30,490</b>	<b>10,128</b>
<b>Cash and cash equivalents at 31 March</b>		<b>28,047</b>	<b>30,490</b>

# Cardiff Community Housing Association

## Statement of Free Cash For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Net cash generated from operating activities</b> (adjusted for taxation paid)	27	4,287	4,444
<b>Cash flows from investing activities:</b>			
Interest paid		(1,737)	(1,675)
Interest received		70	29
Taxation paid		(129)	(130)
		<u>(1,796)</u>	<u>(1,776)</u>
<b>Adjustments for existing properties:</b>			
Component replacements		(6,578)	(1,898)
Component replacement grant received		4,177	624
Purchase of other replacement fixed assets		(252)	(703)
		<u>(2,653)</u>	<u>(1,977)</u>
<b>Free cash generated/(expended) before loan repayments</b>		(162)	6911
Repayments of borrowings		(1,515)	(26,105)
<b>Free cash expended after loan repayments</b>		<u>(1,353)</u>	<u>(25,544)</u>



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 1. 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.

### 2. Accounting policies

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

#### General information and basis of accounting

The financial statements have been prepared under the historical cost convention. 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 2018 (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 associated fees.

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



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

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
Disabled Adapted Works	10-27 years

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

### 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	25% reducing balance
Computer equipment	4 - 6 years

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 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 review 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.

### Loans and bonds

Loan arrangement fees are capitalised and then amortised on a straight-line basis over the duration of the loan. Interest is recognised in the statement of comprehensive income on an accruals-basis, including that related to index linked loans where the cash settlement may be deferred.

Where there is a difference between the coupon rate of bonds issued to investors and the effective rate of such issuances, this balance is held as a bond market premium on the balance sheet and spread over the term of the corresponding bonds.

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 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 (directly or indirectly), 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

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

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.



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 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.

The Association participates in both a defined contribution and a defined benefit pension scheme.

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### Pensions - Defined contribution Scheme

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

### Pensions - 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 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 Association 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 25.

### Taxation

Current tax is recognised for the amount of corporation 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 14.

### Deferred Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen but not reversed by the balance sheet date.

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### Deferred Taxation – continued.

Deferred tax is measured at the tax rates that are expected to apply in the periods when timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

### 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 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.



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 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 intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position.

Where there has been an under-recovery of leaseholders' or tenants' variable service charges in the year, this has been recognised as expenditure in the Statement of Comprehensive income. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

### Financial assets

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

### Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Where deferral of payment terms have been agreed at below market rate and where material, the balance is shown at the present value, discounted at a market rate.

At the reporting date, the effect of discounting is not material to the value of financial assets of the Association, so discounting is omitted. Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management as irrecoverable.

### Financial liabilities

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

### Creditors

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

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### Employee benefits

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

### Financing transactions

### 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

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

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*

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

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.

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 3. Particulars of turnover, operating costs and operating surplus

	2022 Turnover	2022 Operating costs	2022 Operating surplus
	£'000	£'000	£'000
Social housing lettings	19,891	(16,392)	3,499
Revenue grants: Big Lottery Fund <sup>1</sup>	200	(200)	-
Revenue grants: Other	279	(309)	(30)
Non-social housing activities:			
Lettings	120	(36)	84
Schooner Wharf sales	268	(190)	78
Community centres and community activities	50	(324)	(274)
<b>Total</b>	<b>20,808</b>	<b>(17,451)</b>	<b>3,357</b>
	2021 Turnover	2021 Operating costs	2021 Operating surplus
	£'000	£'000	£'000
Social housing lettings	19,447	(16,511)	2,936
Revenue grants: Big Lottery Fund	200	(200)	-
Revenue grants: Other	170	(170)	-
Non-social housing activities:			
Lettings	101	(16)	85
Schooner Wharf sales	1,478	(1,048)	430
Other	989	(909)	80
Community centres and community activities	38	(437)	(399)
<b>Total</b>	<b>22,423</b>	<b>(19,291)</b>	<b>3,132</b>

<sup>1</sup> Helping Working Families Flourish project funded by Big Lottery Fund



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 3. Particulars of income and expenditure from social housing lettings

	General needs and sheltered housing £'000	Supported housing £'000	Other social housing £'000	2022 Total £'000	2021 Total £'000
<b>Income</b>					
Rents receivable	16,368	-	-	16,368	15,889
Service charge income	1,383	-	-	1,383	1,241
Other Income	-	-	34	34	23
Commercial income	-	-	363	363	328
Income from support services	-	-	-	-	68
Amortised government grant	1,743	-	-	1,743	1,898
<b>Turnover from social housing lettings</b>	<b>19,494</b>	<b>-</b>	<b>397</b>	<b>19,891</b>	<b>19,447</b>
<b>Expenditure</b>					
Service charge costs	(1,818)	-	-	(1,818)	(1,241)
Estate costs	(302)	-	-	(302)	(900)
Management	(5,191)	(89)	(203)	(5,483)	(5,493)
Maintenance	(4,400)	-	-	(4,400)	(3,923)
Major repairs	(1,073)	-	-	(1,073)	(389)
Bad debts	(35)	-	(8)	(43)	(271)
Depreciation of housing properties	(3,002)	-	-	(3,002)	(3,090)
Other	(271)	-	-	(271)	(309)
Other: Loan breakage fees	-	-	-	-	(895)
<b>Operating costs</b>	<b>(16,092)</b>	<b>(89)</b>	<b>(211)</b>	<b>(16,392)</b>	<b>(16,511)</b>
<b>Operating surplus social housing lettings</b>	<b>3,402</b>	<b>(89)</b>	<b>186</b>	<b>3,499</b>	<b>2,936</b>
<b>Memorandum information:</b>					
Void losses				244	175

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 3. Particulars of income and expenditure from social housing lettings continued.

The categorisation of the prior year operating result has been re-analysed to better reflect the Association's activities. There is no change to the overall operating result reported.

### 4. Surplus/Loss on disposal of property, plant and equipment

	2022 £'000	2021 £'000
Sales proceeds	9	62
Cost of sale	(5)	(43)
Surplus/(loss) on disposal	<u>4</u>	<u>19</u>

### 5. Interest and finance costs

	2022 £'000	2021 £'000
Bank loans and overdrafts	1,737	1,596
Pension interest charges	89	37
Total interest payable	<u>1,826</u>	<u>1,633</u>

### 6. Interest receivable

	2022 £'000	2021 £'000
Bank interest receivable	70	27
Total interest receivable	<u>70</u>	<u>27</u>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 7. Operating surplus

Operating surplus before taxation is stated after charging/(crediting):

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Housing properties:</b>		
Depreciation	<b>3,002</b>	3,090
Amortisation	<b>(1,660)</b>	(1,815)
<b>Other:</b>		
Depreciation	<b>536</b>	513
Amortisation	<b>(83)</b>	(83)
<b>Auditors remuneration</b>		
- In their capacity as auditors	<b>22</b>	19
<b>Operating lease rentals</b>		
Land & Buildings	<b>3</b>	11
Other Assets	<b>21</b>	11

### 8. Staff costs

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Wages and salaries	<b>4,477</b>	3,978
Social security costs	<b>407</b>	343
Pension costs	<b>441</b>	368
Pension past service deficit	<b>445</b>	437
	<b>5,770</b>	5,126

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 8. Staff costs – continued.

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

Salary Band (£)	2022	2021
60,000 – 69,999	-	1
70,000 – 79,999	-	-
80,000 – 89,999	1	-
90,000 – 99,999	2	2
100,000 – 109,999	-	-
110,000 – 119,999	-	-
120,000 – 129,999	1	1
	<u>4</u>	<u>4</u>

The average number of staff employed during the year

	2022	2021
Actual	131	111
Full-time equivalent	<u>126</u>	<u>108</u>

### 9. Directors' emoluments

The directors are defined as members of the Board of Management and the Senior Executives as listed on page 3.

	2022 £'000	2021 £'000
Aggregate emoluments of executive directors	437	423
Emoluments of highest paid director (and highest paid employee), excluding pension contributions	115	114
Aggregate emoluments of the members of the Board of Management	62	51

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



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 10. Intangible fixed assets

	2022 £'000	2021 £'000
<b>Cost or valuation</b>		
At 1 April	763	607
Additions	91	156
Disposals	-	-
<b>At 31 March</b>	<b>854</b>	<b>763</b>
<b>Amortisation</b>		
At 1 April	575	541
Charge for the year	39	34
Disposals	-	-
<b>At 31 March</b>	<b>614</b>	<b>575</b>
<b>Net book value</b>		
<b>At 31 March</b>	<b>240</b>	<b>188</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 11. Tangible fixed assets – housing properties

	Completed properties £'000	Under construction £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 April 2021</b>	219,324	8,555	227,879
Additions	6,797	2,068	8,865
Completed properties	4,053	(4,053)	-
Disposals	(428)	(15)	(443)
Transfer to other PPE	(455)	-	(455)
<b>At 31 March 2022</b>	<b>229,291</b>	<b>6,555</b>	<b>235,846</b>
<b>Depreciation</b>			
<b>At 1 April 2021</b>	44,290	-	44,290
Charge for the year	3,002	-	3,002
Transfers	-	-	-
Eliminated on disposals	(334)	-	(334)
<b>At 31 March 2022</b>	<b>46,958</b>	<b>-</b>	<b>46,958</b>
<b>Net book value</b>			
<b>At 31 March 2022</b>	<b>182,333</b>	<b>6,555</b>	<b>188,888</b>
<b>At 31 March 2021</b>	<b>175,034</b>	<b>8,555</b>	<b>183,589</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 12. Other property, plant and equipment

	Freehold	Long/short leasehold	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2021	6,230	2,472	3,888	25	12,615
Additions	-	-	161	-	161
Disposals	-	-	(4)	(25)	(29)
Transfer from housing properties	-	-	455	-	455
<b>At 31 March 2022</b>	<b>6,230</b>	<b>2,472</b>	<b>4,500</b>	<b>-</b>	<b>13,202</b>
<b>Depreciation</b>					
At 1 April 2021	913	465	1,958	19	3,355
Charge for the year	164	56	277	1	498
Disposals	-	-	(2)	(20)	(22)
<b>At 31 March 2022</b>	<b>1,077</b>	<b>521</b>	<b>2,233</b>	<b>-</b>	<b>3,831</b>
<b>Net book value</b>					
<b>At 31 March 2022</b>	<b>5,153</b>	<b>1,951</b>	<b>2,267</b>	<b>-</b>	<b>9,371</b>
At 31 March 2021	5,317	2,007	1,930	6	9,260

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 13. Fixed asset investments

	Commercial properties £'000	LCHO £'000	OMR Properties £'000	Total £'000
At 1 April 2021	2,614	3,127	2,002	7,743
Additions	-	141	-	141
Disposals	-	(180)	-	(180)
Transfers	-	(115)	115	-
Revaluations	51	-	333	384
<b>At 31 March 2022</b>	<b>2,665</b>	<b>2,973</b>	<b>2,450</b>	<b>8,088</b>

The investments for LCHO represent interest free loans in our Low Cost Home Ownership (LCHO) Scheme for which we retain an equity share in the homes.

Commercial properties which are all freehold, were valued to fair value at 31 March 2022 by 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.

The fair value of the open market rental properties has been calculated on the basis of investment value calculated with reference to a twenty-year net rental yield.



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 14. Corporation tax

	2022 £'000	2021 £'000
Current tax		
UK corporation tax at 19% (2021: 19%)	14	78
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	<b>14</b>	<b>78</b>
Deferred tax		
Deferred tax charge	-	12
<b>Total tax on ordinary activities</b>	<b>14</b>	<b>90</b>

The majority of CCHA's income is exempt from corporation tax due to its charitable status. The tax charge for the year relates to profit made from an apartment sale at Schooner Wharf which is not covered by the charitable status exemption.

	2022 £'000	2021 £'000
<b>Total tax reconciliation</b>		
Surplus before taxation	1,989	1,714
<b>Theoretical tax at 19% (2021: 19%)</b>	<b>378</b>	<b>326</b>
Deferred taxation	-	(12)
Non-taxable surpluses (due to charitable status)	(364)	(236)
<b>Tax on surplus</b>	<b>14</b>	<b>78</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 15. Stocks

	2022 £'000	2021 £'000
Properties for sale	-	189
Land for sale	-	-
Materials	42	-
	<u>42</u>	<u>189</u>

### 16. Debtors - Amounts falling due within one year

	2022 £'000	2021 £'000
Arrears of rent and service charges	1,332	2,067
Less: Provision for bad and doubtful debts	(605)	(1,396)
	<u>727</u>	<u>671</u>
VAT	8	10
Sundry debtors	1,065	297
Sundry debtors: provision for bad debts	(37)	(30)
Prepayments and accrued income	285	471
<b>Total debtors due within one year</b>	<u><b>2,048</b></u>	<u><b>1,419</b></u>

### 17. Current asset investments

	2022 £'000	2021 £'000
Investments	23,090	24,000
	<u>23,090</u>	<u>24,000</u>

### 18. Debtors - amounts falling due in more than one year

	2022 £'000	2021 £'000
Other debtors	1,224	1,256
THFC Interest Reserve Fund	1,082	1,081
	<u>2,306</u>	<u>2,337</u>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 19. Creditors – amounts falling due within one year

	2022 £'000	2021 £'000
Loan capital repayments	1,793	1,602
Rents received in advance	410	369
Trade creditors	320	244
Other taxation and social security	-	97
Corporation tax	14	90
Other creditors	1,417	1,233
Grant in advance	3,558	4,065
Recycled capital grants	-	-
Accruals and deferred income	3,582	3,698
	<u>11,094</u>	<u>11,398</u>

### 20. Creditors – amounts falling due after more than one year

	2022 £'000	2021 £'000
<b>Other creditors</b>		
Loans	76,644	77,350
Less loan costs	(603)	(655)
	<u>76,041</u>	<u>76,695</u>
Bond Premium	8,332	8,601
Recycled grant	80	80
	<u>84,453</u>	<u>85,376</u>

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 2022 was 2.48% (2021: 2.16%).

At 31 March 2022, 89% (2021 85%) of loans bore interest at fixed rates and 11% (2021 15%) at variable rates.

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 21. The loans are repayable as follows:

	2022 £'000	2021 £'000
<b>Amounts falling due:</b>		
<b>Within one year or less</b>	<b>1,793</b>	1,602
Between one and two years	2,059	1,713
Between two and five years	10,324	6,203
In five years or more	63,658	68,779
Total more than one year	76,041	76,695
<b>Total housing loans</b>	<b>77,834</b>	78,297

### 22. The recycled grant falls due as follows:

	2022 £'000	2021 £'000
Within one year or less	-	-
Between one and two years	80	-
Between two and five years	-	80
In five years or more	-	-
Total in more than one year	80	80
<b>Total recycled grant</b>	<b>80</b>	80



# Cardiff Community Housing Association

## Notes to the financial statements For the year ended 31 March 2022

### 23. Social housing and other government grants

	Social housing properties £'000	Under construction £'000	Other tangible fixed assets £'000	Total £'000
<b>Gross grant creditor</b>				
At 1 April 2021	128,153	3,920	4,430	136,503
Grant receivable	4,177	726	-	4,903
Schemes completed	1,613	(1,613)	-	-
Disposals	-	-	-	-
<b>At 31 March 2022</b>	<b>133,943</b>	<b>3,033</b>	<b>4,430</b>	<b>141,406</b>
<b>Amortisation</b>				
At 1 April 2021	33,721	-	468	34,189
Charge for the year	1,660	-	83	1,743
Disposals	-	-	-	-
<b>At 31 March 2022</b>	<b>35,381</b>	<b>-</b>	<b>551</b>	<b>35,932</b>
<b>Net grant creditor</b>				
<b>At 31 March 2022</b>	<b>98,562</b>	<b>3,033</b>	<b>3,879</b>	<b>105,474</b>
At 1 April 2021	94,432	3,920	3,962	102,314

	2022 £'000	2021 £'000
<b>Amounts falling due:</b>		
Within one year or less	1,773	1,691
Between one and two years	1,767	1,671
Between two and five years	5,121	4,884
In five years or more	96,813	94,068
In more than one year	103,701	100,623
<b>Total grant creditor</b>	<b>105,474</b>	<b>102,314</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 24. Provisions for liabilities

	Opening Balance £000	Additions £'000	Utilised £'000	Disposals £000	Closing Balance £000
Service charge sinking funds	45	1	-	-	46
Corporation tax provision	120	-	(50)	-	70
Utilities provision	-	73	-	-	73
Restructuring provision	-	122	-	-	122
	<u>165</u>	<u>196</u>	<u>(50)</u>	<u>-</u>	<u>311</u>

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme

Cardiff Community Housing Association participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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 completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme.

Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For financial years ending on or before 28 February 2019, it was not 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

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme (continued)

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

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

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

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

	2022 £'000	2021 £'000
Fair value of plan assets	16,558	15,060
Present value of defined obligation	18,666	19,285
Surplus(deficit) in plan	(2,108)	(4,225)
<b>Defined benefit liability to be recognised</b>	<b>(2,108)</b>	<b>(4,225)</b>

### RECONCILIATION OF OPENING AND CLOSING LIABILITY

	2022 £'000
Liability as at 1 <sup>st</sup> April 2021	4,225
Employer deficit contributions paid per CFS	(445)
Additional pension service cost recognised in SoCI	117
Interest expense recognised in SoCI	89
Actuarial gain in year recognised in OCI	(1,878)
<b>Liability as at 31<sup>st</sup> March 2022</b>	<b>2,108</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme (continued)

#### RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2021 to 31 March 2022 £'000
Defined benefit obligation at start of period	19,285
Current service cost	387
Expenses	13
Interest expense	425
Actuarial losses (gains) due to scheme experience	853
Actuarial losses (gains) due to changes in demographic assumptions	(285)
Actuarial losses (gains) due to changes in financial assumptions	(1,688)
Benefits paid and expenses	(324)
<b>Defined benefit obligation at the end of period</b>	<b>18,666</b>

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

	Period from 31 March 2021 to 31 March 2022 £'000
Fair value of plan assets at start of period	15,060
Interest income	336
Experience on plan assets (excluding amounts included in interest income – gain (loss))	758
Employer contributions	728
Member contributions	-
Benefits paid and expenses	(324)
<b>Fair value of plan assets at the end of period</b>	<b>16,558</b>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £1,094,000.



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme (continued)

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

	Period from 31 March 2021 to 31 March 2022 £'000
Current service cost	387
Expenses	13
Net Interest expense	89
<b>Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)</b>	<b>489</b>

#### DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	758
Experience gains and losses arising on the plan liabilities - gain (loss)	(853)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	285
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,688
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,878
<b>Total amount recognised in Other Comprehensive Income - gain (loss)</b>	<b>1,878</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme (continued)

#### ASSETS

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	3,178	2,400
Absolute Return	664	831
Distressed Opportunities	593	435
Credit Relative Value	550	474
Alternative Risk Premia	546	567
Fund of Hedge Funds	-	2
Emerging Markets Debt	482	608
Risk Sharing	545	548
Insurance-linked Securities	386	362
Property	447	313
Infrastructure	1,180	1,004
Private Debt	424	359
Opportunistic Illiquid Credit	556	383
High Yield	143	451
Opportunistic Credit	59	413
Cash	56	-
Corporate Bond Fund	1,105	890
Liquid Credit	-	180
Long Lease Property	426	295
Secured Income	617	626
Liability Driven Investment	4,620	3,827
Currency Hedging	(65)	-
Net Current Assets	46	92
<b>Total assets</b>	<b>16,558</b>	<b>15,060</b>

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

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 25. Defined Benefit Pension Scheme – Social Housing Pension Scheme (continued)

#### KEY ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate	2.79%	2.20%
Inflation (RPI)	3.49%	3.25%
Inflation (CPI)	3.15%	2.87%
Salary Growth	4.15%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

### 26. Share capital

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.

	2022 £	2021 £
At 1 April	76	90
Issued during the year	-	4
Cancelled during the year	(32)	(18)
<b>At 31 March</b>	<b>44</b>	<b>76</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 27. Statement of cash flows

	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>		
Surplus for the year (after taxation)	1,975	1,624
<b>Adjustment for non-cash items:</b>		
Depreciation of property, plant and equipment	3,539	3,603
Amortisation of grant	(1,743)	(1,898)
Increase in investment property valuations	(384)	(169)
Carrying value of asset disposals	109	112
Pension DB Adjustments	206	46
Amortisation of bond premium and loan costs	(217)	79
<b>Working capital movements:</b>		
(Increase)/decrease in debtors	(599)	(412)
Increase/(decrease) in creditors	14	744
Increase/(decrease) in provisions	146	16
(Increase)/decrease in materials stock	(42)	-
Pension deficit contributions paid	(445)	(435)
<b>Net cash generated from operating activities</b>	<b>584</b>	<b>1,686</b>
<b>Cashflow from investing activities:</b>		
Profit from the sale of assets	(68)	(563)
	<b>(68)</b>	<b>(563)</b>
<b>Cashflow from financing activities:</b>		
Interest payable	1,737	1,596
Interest received	(70)	(29)
	<b>1,667</b>	<b>1,567</b>
<b>Cash generated by operations</b>	<b>4,158</b>	<b>4,314</b>

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 27. Statement of cash flows – continued.

Cash and cash equivalents	2022 £'000	2021 £'000
Cash at bank and in hand	4,957	6,490
Cash equivalents included in current asset investments	23,090	24,000
<b>Total cash and cash equivalents</b>	<b>28,047</b>	<b>30,490</b>

### Movement in Net Debt

	1 April 2021 £'000	Cash flows £'000	Other changes £'000	31 March 2022 £'000
Cash at bank and in hand	6,490	(1,533)	-	4,957
Loans due within one year	(1,602)	1,515	(1,706)	(1,793)
Loans due after one year	(76,695)	(1,000)	1,654	(76,041)
Current asset investments	24,000	(910)	-	23,090
<b>Net Debt</b>	<b>(47,807)</b>	<b>(1,928)</b>	<b>(52)</b>	<b>49,787</b>

### 28. Financial commitments

	2022 £'000	2021 £'000
Contracted for but not provided for	14,992	9,077
Approved by the Board but not contracted for	6,108	2,413

At 31 March 2022 the association intends to fund this expenditure from a combination of free cash generation, social housing grants and loan drawdowns from loan facilities already in place.



# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 29. Operating Leases

Annual commitments under operating leases are as follows:

	Land & buildings £'000	2022 Other £'000	Land & buildings £'000	2021 Other £'000
Within one year or less	-	9	7	9
Between one and two years	-	2	-	21
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
	-	11	7	30

### 30. Units in management

	Opening units at 1 April 2021	New build	Transfers	Sales	Closing units at 31 March 2022
<b>Owned properties</b>					
General needs	2,829	26	3	-	2,858
Housing accommodation at intermediate rent	68	-	3	-	71
Supported housing	59	-	(6)	-	53
Schooner Wharf development held for sale	1	-	-	(1)	-
<b>Management properties</b>					
Low Cost Home Ownership Scheme (LCHO)	77	-	(1)	(1)	75
Leasehold flats	31	-	-	1	32
Private market rent	11	-	1	-	12
<b>Total</b>	3,076	26	-	(1)	3,101

# Cardiff Community Housing Association

## Notes to the financial statements

For the year ended 31 March 2022

### 31. Related party transactions

The Association provided rental accommodation to a Board member who was also a tenant during the year. Rent and service charges were charged to the member on the Association's standard terms.

### 32. Contingent liabilities

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Pension Plan, based on the financial position of the scheme as at 30 September 2021. As of this date, the employer debt for the Association was £12,833,662. The Association currently has no intention of withdrawing from the Plan.

We have been notified by the Trustee of the SHPS Defined benefit pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue

Social housing grant received for a housing property is potentially repayable on its disposal, including any amounts credited to the income and expenditure account in respect of amortised grant. The total amount of social housing grant amortised through the statement of comprehensive income and therefore potentially repayable is £35,849,000 (2021: £34,189,000).

