



ANNUAL REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2019

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Board Members, Executive Directors and Professional Advisors

Board of Management

Mr. T Murtha (Group Chair)	Mrs. C. Downes
Mr. W Farnell (Group Vice Chair)	Mrs. J. Roberts
Mr. I. Alderson	Dr. S. Miller (Resigned 13.9.2018)
Mr. C. Taylor	Ms. M. Pryor (Resigned 13.9.2018)
Mr D James	Mrs. N Williams (Resigned 13.9.2018)

Executive Team

Mrs. H. Kirk (Chief Executive)
Mrs. J. Owen (Finance and Resources Director and Company Secretary) (Appointed 20.1.2019)
Mr. B Sadler (Interim Operations Director) (Appointed 13.12.2018)
Mr M Wilson (Interim Resources Director) (Resigned 1.3.2019)
Ms J Horsnell (Communities Director and Assistant Company Secretary) (Resigned 30.11.2018)
Mr P Danson (Places Director and Assistant Company Secretary) (Resigned 30.11.2018)

Registered Office

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Registered Auditors

External Auditor
Mazars LLP
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Internal Auditor
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BDO (from 1.5.2019)
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Principal Solicitors

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Report of the Board of Management

The Board of Management (the 'Board') is pleased to present its report and audited financial statements for the year ended 31 March 2019.

Legal Status

North Wales Housing Association Limited (NWH or the 'Association') is a registered society under the Co-operative and Community Benefit Societies Act 2014, and is a not-for-profit organisation, which is exempt from registration with the Charity Commission.

Principal Activities

The Association and its wholly owned subsidiary company Domus Cambria Limited (the 'Group') operate in North Wales. Their principal activities are the provision of rented accommodation for people in housing need, and the commercial development of residential properties for sale.

Board Members

The Board members are set out on page 1 of the Annual Report and Financial Statements and, unless otherwise stated, served throughout the period from 1 April 2018 to the date of this report. The Board members all act in a voluntary capacity.

Corporate Governance

The Association is governed by a voluntary board of up to 12 members and complies with the CHC Code of Governance. The Board meets on a bi-monthly basis to set the strategic direction for the Group, review performance against set objectives in the corporate plan, agree operating policies and strategies, consider ongoing business, and examine financial and operating performance.

The Board periodically reviews its own performance in order to identify where additional experience may be needed. All Board members sign a service agreement to signify acceptance of their responsibilities.

The Board is supported by an Audit and Risk, Remuneration and Membership and a Landlord Services Committee.

The Board is ultimately responsible for the strategy and control of the Association. The Audit and Risk Committee has responsibilities for both internal and external audit and internal control. Day to day operational control of the Association is delegated to the Chief Executive and other members of the Executive Team, who are appointed on standard contracts of employment.

Executive Team

The members of the Executive Team are set out on page 1. The members of the Executive Team hold no interest in the Association's or subsidiary company's share capital and, although they do not have the legal status of Directors, they act as Executives within the authority delegated by the Board.

Employees

The Association recognises that to achieve its business objective of providing a quality service based on best practice it needs skilled, enthusiastic and committed staff. In April 2018 The Association was awarded "**Investors in People**" **Silver Award**. This recognised the investment made in developing our staff and living our values. It is the ambition of the Association to reach Platinum standard by 2021.

In all areas of its work, the Association is committed to fair treatment regardless of race, colour, ethnic or national origin, disability, religion, age, gender, health, marital status or sexual orientation and endeavours to ensure that there are no obstacles to equality of opportunity.

Statement of the Board's Responsibilities

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

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

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

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

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

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

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

Board Statement on Internal Financial Controls

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information within the Group or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal control. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. There is an ongoing process to identify, evaluate and manage significant risks and this system has been in place throughout the year and up to the date of signing the financial statements. Key elements include ensuring that:

- formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- there is a regular, timely, accurate and comprehensive system of financial reporting, budgeting and planning against which performance and the key business risks and objectives are monitored;
- the Board has a strategy and policy on fraud, covering prevention, detection and reporting of fraud and the recovery of assets;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- there is regular review of the organisational structure and establishment with clearly defined levels of authority and division of responsibilities; and
- the Audit and Risk Committee reviews reports from management, from internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

In line with the guidance on reporting on internal controls produced by the Welsh Government in circular 02/10, the Board has reviewed the effectiveness of the systems of internal control in the year ended 31 March 2019 and found no weaknesses that would result in material losses, contingencies or uncertainties.

Events after the Year-End

The Board considers that there have been no events after the year-end that require disclosure in this Annual Report and Financial Statements.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

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

After making enquiries, the Board have a reasonable expectation that the Association and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

A resolution to reappoint Mazars as the Group's external auditor shall be proposed at the Annual General Meeting

Approved by the Board on 25th July 2019 and signed on its behalf by:

Tom Murtha
Chair

Strategic Report

The Board presents its strategic report on the affairs of the Group.

Introduction

North Wales Housing Association Limited was founded in 1974 and today is a successful social enterprise providing homes and delivering services to over 2,600 households across North Wales.

We fully understand the value and importance of a good home, and we aim to make a positive contribution to our local communities and continue to be a significant investor in the regional economy.

Strategic Management

Corporate Plan

The Group sets out its vision, values and objectives in its corporate plan. Performance against this plan is reviewed on a regular basis, and the plan is periodically updated to reflect the changing needs of our customers, the changing business environment in which we work, and the changing external influences under which we operate.

Vision

To be the housing provider of choice in North Wales.

Values

- Our values and standards and aspirations are what make up North Wales Housing. They are what we stand for. All our people work to these values that collectively sum up the character of the organisation. Our values drive our decision making on a daily basis and the way we act will embody our values. Our core values are Open...we are transparent in the way we work and make decisions.
- Fairness ...we're open to all, but closed to prejudice. We will actively promote equity and respect diversity.
- Trust...we do what we say we will do. We behave with honesty and integrity.
- Learning...we look for better ways in the future. We acknowledge when we make mistakes and learn from them. We look outward to learn from others.
- Responsive... to our customers, staff and partners needs and aspirations.

Objectives

The four core objectives set out in our new corporate plan 2018 to 2021 are to:

1. Provide the right services for our customers ensuring value for money, and increase our customer satisfaction.
2. Provide more homes and improve the quality and safety of existing homes.
3. Build financial and business resilience, capacity and transparency.
4. Value and develop our staff and create a great place to work.

During this year of transition, we have undertaken a range of initiatives to enable us to deliver against these core objectives over the next four years and will continue to set challenging objectives and to deliver against these objectives.

Key Policies and Strategies

The Group has a wide range of policies and strategies that govern how we work and how we deliver our objectives. These include terms of reference for our boards and committees, corporate and business plans, standing orders and financial regulations, and policies and strategies for covering disciplines such as treasury management, housing and tenancy management, maintenance and repairs and personnel.

Business Environment

The Group and the Board are fully cognisant of the business environment in which we work, in particular, the regulatory environment, the effects of external influences on our operations, and the risks we face as a business.

Regulatory Environment

The Association is regulated by the Welsh Ministers under Part 1 of the Housing Act (1996). This is done through the Welsh Government's Housing Regulation Team. From 1 June 2017, the Association has been regulated against the new Regulatory Framework (2017). This framework is based on co-regulation, which is a relationship where both parties work on the basis of no surprises, and firmly places tenants at the heart of regulation. The Welsh Ministers are committed to proportionality, transparency and openness, consistency, and promoting continuous improvement.

The Association has to comply with 10 performance standards that form part of an Annual Statement of Compliance that is signed off by the Board. The Association receives an annual regulatory judgement based on Governance, Service Delivery and Financial Viability, and capacity to improve. In response to the judgement a Regulatory Engagement Plan is developed and reported quarterly to the Group Board and the Welsh Government.

External Influences

The rent settlement for 2019/20 was a one year settlement in line with Welsh Government policy guidelines, with a rent uplift of 2.4% (CPI only). A five year settlement is expected following the recommendations publication of the Independent Review of Affordable Housing Supply (April 2019) which recommends the Welsh Government should implement a five year rent policy from 2020/21.

The Association works with the Welsh Government to deliver their commitments in the Programme for Government "Taking Wales Forward." This includes developing new affordable homes.

In September 2016, Registered Social Landlords were re-classified as Public Non-financial Corporations for UK national accounting purposes by the Office of National Statistics (ONS). The Association is subject to central and local government controls through regulatory powers as set out in the Housing Act 1996. As a result of this re-classification, the First Minister has developed the Regulatory Reform of Registered Social Landlords (Wales) Bill, which once gaining Royal Assent will take Welsh housing associations out of public control and back to the private sector for accounting purposes.

The roll out of Welfare Reform in North Wales was completed in all counties by December 2018, with the migration of tenants not on Universal Credit expected to take a number years. We have a team of financial inclusion advisors who work with our tenants to reduce the impact of Welfare Reform.

Whilst Brexit isn't listed below as a Strategic risk in its own right the risks associated with Brexit are considered within each relevant risk area. For example the impact on development projects of scarce labour and increasing cost of building materials is considered. Equally for the re-financing project expert and timely advice is sought regarding the impact of Brexit on the money markets.

Risk Management

The Group has a comprehensive risk management strategy in place to identify and monitor risks in relation to the delivery of its business objectives. Risks are assessed on both likelihood and impact using a 4 x 4 scale (giving total risk scores in the range of 1 to 16). Risks that have a net score (post control and mitigating actions) of 9 or more are classified as key risks.

The risk scores are regularly reviewed and are removed from the strategic risk report at the point where the activity has ceased, or the degree of mitigation reduces the risk score to a minimal level.

The higher scoring risks on our risk register and are as follows:

No.	Risk	Current Risk Rating	Status/Mitigation
COR_4	Welfare reform will impact financially on NWH	High	There has been a rise in arrears since the introduction of UC for some tenants. This is yet to convert into bad debts as arrears are mainly being recovered once UC back payments have been received. We continue to work closely with our tenants to mitigate the impact of UC payment profile. We continue to work with partners to share best practice.
COR_13	Abortive costs of Bonc Wen adversely impacting on the financial position	Moderate	Discussions are on going to bring forward an alternative scheme on the same site.
COR_15	Changes to the rent policy which adversely affect our income levels	Moderate	The Independent Review of Affordable Housing Supply (April 2019) which recommends the Welsh Government should implement a five year rent policy from 2020/21
COR_19	Future changes to Supported Housing funding adversely impacting on scheme viability	Moderate	Supported housing management and overhead costs are currently under review.
COR_17	Non Compliance with General Data Protection Regulation (GDPR)	Moderate	A Data Protection Officer was appointed jointly with Grwp Cynefin in May 2018 to assist with the delivery of the changes required to comply with the new regulation. A detailed action plan is in place and is monitored regularly by a cross-organisational group. Progress against the plan is reported to the Audit and Risk Committee.
COR_22	Non compliance with health and safety requirements	Moderate	Majority of HQN actions have been completed. Progress against the plan is reported to the Audit and Risk Committee.
COR_27	Safety of residents is compromised by a lack of Safeguarding knowledge or	Moderate	Safe guarding policies and procedures are in place. Safeguarding training provided to staff dependent on their role DBS undertaken for all staff who may work with vulnerable adults or children

	inadequate practices		
COR_28	Canada Gardens	Moderate	Robust contract management in place to ensure the development is completed in time and within budget

There are a further 7 low rated risks which are monitored and reported to the Audit and Risk Committee.

The risk register is regularly reviewed by the Senior Leadership Team and the Board. In addition to scrutiny by the Board, the Audit and Risk Committee oversees the risk management cycle. The Finance & Resources Director is responsible for monitoring and reporting significant changes in the key risks faced by the organisation.

Financial Risk Management

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the Board, which currently does not allow the use of any stand-alone derivatives. The Group does not use derivative financial instruments for speculative purposes.

Credit Risks

The Group's principal financial assets are bank balances and cash, rent arrears, income due from the Welsh Government, and other receivables and investments. The Group's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad and doubtful debts. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Cash Flow Risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses fixed rate loans to hedge these exposures.

Key Partnerships and Relationships

The Association works in partnership with a number of organisations. Key partners include the five Local Authorities in which we have housing stock, other Housing Associations, North Wales Police, Betsi Cadwaladr University Health Board, West Rhyl Community Land Trust and the Outdoor Partnership.

Our work with Local authorities includes developing new homes, providing support for people who need it, for example, older persons and homeless people, and participating in Common Housing Registers, in order to reduce the duplication for customers when applying for a home.

The Association works closely with other Housing Associations, and is currently collaborating to submit a funding bid to the Welsh Government's Innovative Housing Programme. We also contribute to a wide range of forums/partnerships including; North Wales Financial Inclusion Partnership, North Wales Regional Collaborative Committee (Supported Housing), ASB Tasking Meetings, Training Consortium, Bus Stop Project, Young Housing Network and North Wales RSL Equality Partnership.

Environmental Matters

The Group is committed to lessen any adverse environmental impact of its day-to-day operations and property development programme, and reduce its 'carbon footprint'.

An example of our work in this area is our partnership in the Community Energy Wardens programme since autumn 2014. The programme provides training and employment for the long-term unemployed and others outside the labour market to deliver energy efficiency advice and support in their communities.

Social and Community Issues

North Wales Housing has a Tenant Participation Strategy that aims to improve our services by fully involving tenants in developing and influencing how these services are provided.

We organise events and activities to engage with our tenants; support and facilitate the Residents' Advisory Panel to act as a 'critical friend' to challenge and scrutinise, and enable the voices and concerns of tenants to be heard. We also have a Sounding Board (a database of tenants) who provide feedback and input on various issues of interest to them.

During the year, we worked with the Outdoor Partnership to provide our tenants the opportunities to participate in outdoor activities such as indoor climbing, hill walking, kayaking, and biking. The aim of the project is providing our tenants with opportunities to take part in these activities, improve health & wellbeing, and access to gaining qualifications and volunteer opportunities.

The Bus Stop Project has worked in or extra care and sheltered schemes organising activities targeting issues such as isolation. Bus Stop have also been on our general housing schemes, mostly working with younger residents on issues such as road safety, bullying, and anti-social behaviour.

We have a Community Fund that provides funding to assist voluntary, community, and resident groups that want to develop a project or initiative that benefits the community. The Personal Development Grants we offer reduce the financial barriers that may exist in preventing our tenants from accessing education, training or employment.

We have a charity panel run by members of staff of the association who raise money for our nominated, independent charities. During 2017/19, a total of £3,752 was raised collectively for Create-a-smile and Ysbyty Gwynedd, Bangor through various fundraising activities. More fundraising events are planned during the next financial year for our new nominated charity – North Wales Mountain Resuce.

Refinancing

The Association is currently undertaking re-financing of its debt portfolio. The expected outcomes are removal of restrictive covenants, reduction in the number of loans, interest rates which reflect the current economic outlook and additional monies to fund the development programme. The re-financing is expected to conclude in September 2019.

Business Performance

We remain business focussed and our results for the year are encouraging. We fully subscribe to the value for money agenda, and the principle of doing more with the same or less. We will continue to balance our financial requirements with our social responsibilities, and wherever possible continue to work with a business head and a social heart.

Results for the Year

The Group's turnover is £16.418m (2018: £15.849m). This represents an increase of 3.6% on our core activities mainly due to a rental income increase of 4.5% offset by a small decrease in service charges charged and amortised grants.

Operating costs are £11.763m (2018: £11.79m). This represents a very small decrease of 0.23% due to staffing vacancies for periods throughout the year, effective management of budgets by budget holders and no impairment charge against properties during the year offset by higher legal and professional fees and salary increases as a result of salary benchmarking.

The operating surplus for the year is £4.657m (£4.093m). The surplus for the year stands at £1.831m (2018: £1.386m). Financial highlights covering the last five years are set out in the following table:

For the Year Ended 31 March	2019	2018	2017	2016	2015 (Restated)
Financial Performance	£'000	£'000	£'000	£'000	£'000
Turnover	16,418	15,849	15,882	16,880	14,064
Operating Surplus	4,657	4,093	4,296	3,290	4,075
Net Operating Income (Operating surplus adding back net housing property depreciation)	6,544	5,928	5,898	4,625	4,876
Net Interest Payable (Including financing costs)	2,872	2,698	2,742	2,706	2,717
Surplus for the Year	1,831	1,386	1,442	607	1,559
Intangible and Tangible Fixed Assets	164,621	163,321	163,701	162,005	156,388
Social Housing and Other Grants	89,334	88,418	89,139	88,901	88,940
Long and Short-Term Loans	57,231	58,520	59,630	57,717	59,009
Revenue Reserves	18,256	18,930	17,544	16,102	15,495
Statistics					
Operating Margin	28.4%	25.8%	27.0%	19.5%	29.0%
Operating Surplus per Property Owned	£1,744	£1,533	£1,608	£1,253	£1,551
Interest Cover (Net operating income divided by net interest payable)	2.28	2.20	2.15	1.71	1.79
EBITDA/MRI	1.67	1.47	1.65	1.05	1.24
Average Interest Rate (Net interest payable divided by average loans)	5.02%	4.61%	4.67%	4.64%	4.56%
Gearing Ratio (Long and short-term loans divided by social housing and other grants and revenue reserves)	53.2%	55.3%	55.9%	55.0%	56.5%
Accommodation Figures					
General Needs Properties (including shared equity)	1,947	1,948	1,949	1,909	1,914
Sheltered Accommodation for the Elderly	424	425	425	426	424
Supported Housing Bed Spaces	299	297	297	290	289
Total Stock	2,670	2,670	2,671	2,625	2,627

New Homes Construction and Development

We continue to have an active development programme and pipeline. Nant Eirias, Colwyn Bay, a 12 unit scheme, was completed in June 2019. Canada Gardens, a 25 unit development, is on site in Holyhead. A number of schemes are undergoing appraisals prior to development. A Development Strategy has been approved by the Board and includes the building of 213 units over the next 5 years.

Capital Structure and Treasury Policy

The Board ensures that the Group has in place a robust Treasury Management Policy, and during the year the Board agreed a new funding strategy and treasury policy in preparation for a review of facilities and long term funding to take place during 2019.

The key aims remain to ensure that sufficient loan facilities are in place to fund future requirements, and to mitigate the potential risks associated with financing, the principal one being interest rate risk. The new Treasury Management Policy aims to ensure that the organisation can fund its development programme, has sufficient liquidity, has a balanced loan portfolio in terms of the ratio between fixed and variable rate loans and refinancing risk and covenants which support future growth of the organisation.

Short-term deposits are placed with approved counterparties in line with the Group's Treasury Management Policy, to ensure, as far as possible, that the funds are not at risk.

Cash Flow

The Group's cash inflows come from three main sources, rental income and service charges income on housing properties and supporting people grants. The rental income is evenly split between housing benefit and direct payments, Universal Credit payments are currently 6.1% of total rental income compared with less than 0.5% last year. This will increase again once migration onto Universal Credit commences during the latter part of 2019. Additional provision for increased arrears has been included in the Business Plan to meet the expected impact of Universal Credit. The rents team is particularly focused on managing customer arrears.

The Group's principal outflows are operating expenditure for managing and maintaining the housing properties, interest payable and the costs associated with the development of new properties. Financing for the latter activity includes capital grants and funds from the Group's loan facilities.

Cash flow forecasts are prepared on a regular basis, and include monthly and annual forecasts, with appropriate cash flow information included in the monthly management accounts.

Accounting Policies

The principal accounting policies of the Group are set out on pages 24 to 31 of the financial statements. The policies that are most critical to the financial results relate to the accounting for housing properties and include the capitalisation of costs, depreciation, the treatment of shared ownership properties and the treatment of capital grants.

Value for Money

As part of the Welsh Government Framework we have to show that we deliver value for money in all areas of our business. We do this annually by publishing a Value for Money Statement. Through this, we compare key financial and performance indicators with our peers, and identify areas in which we need to improve. This information is used to develop appropriate value for money plans. We are currently looking at our void turnover rates and call answering rates.

During the year, the Association has further developed its Value for Money Strategy. This strategy is primarily based on the 3E's of economy, efficiency and effectiveness, and seeks to deliver enhanced

financial, social, economic and environmental value that has a real impact on our tenants and communities. We have continued to train our staff on Value for Money.

One of our primary objectives is to remain a financially sound and viable business with a high level of resilience to changes in our operating environment. We are firmly of the opinion that our approach to value for money, supported by the work we have been undertaking on cost control, will ensure that we achieve this objective.

Approved by the Board and signed on its behalf by:

Tom Murtha
Chair

Independent auditor's report to the members of North Wales Housing

Opinion

We have audited the financial statements of North Wales Housing for the year ended 31 March 2019 which comprise the Group and Parent Association's Statements of Comprehensive Income, the Group and Parent Association's Statements of Financial Position, the Group and Parent Association's Statements of Cash Flows and the Group and Parent Association's Statements of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Association's affairs as at 31 March 2019 and of the Group and Parent Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Group and Parent 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Board's view on the impact of Brexit is disclosed on page 7.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and parent Association's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and parent Association as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and parent Association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the Group and parent Association and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

We have reviewed the Board's statement on the Group's compliance with the Welsh Government circular RSL 02/10 'Internal controls and reporting'. We are not required to express an opinion on the effectiveness of the Group's system of internal control.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Welsh Government circular RSL 02/10 'Internal controls and reporting'

In our opinion, based on the work undertaken in the course of the audit, with respect to the Board's statement on internal control:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 3, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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. This description forms part of our auditor's report.

Use of the audit 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 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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 its members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date:

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	16,418	15,849
Operating expenditure			
Cost of sales		-	4
Operating costs	3	(11,763)	(11,790)
Pension valuation adjustment	3	2	30
		<u>4,657</u>	<u>4,093</u>
OPERATING SURPLUS		4,657	4,093
Surplus on sale of housing properties	5	37	17
Surplus/(Deficit) on revaluation of investment properties		9	(26)
Interest receivable and other income	6	29	15
Interest payable and financing costs	7	(2,901)	(2,713)
		<u>1,831</u>	<u>1,386</u>
SURPLUS BEFORE TAX		1,831	1,386
Taxation	8	-	-
		<u>1,831</u>	<u>1,386</u>
SURPLUS FOR THE YEAR		1,831	1,386
Other comprehensive income:			
Actuarial loss in respect of pension scheme		(996)	-
Initial recognition of multi-employer defined benefit scheme (SHPS)		(1,509)	-
		<u>(2,505)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(674)	1,386

These financial statements including the accounting policies and notes were approved by the Board of Management on 25th July 2019.

T Murtha
Chair

W Farnell
Vice-Chair

J Owen
Secretary

The results relate wholly to continuing activities.

The accompanying accounting policies and notes on pages 24 to 63 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	16,375	15,809
Operating costs	3	(11,716)	(11,743)
Pension valuation adjustment	3	2	30
		<hr/>	<hr/>
OPERATING SURPLUS		4,661	4,096
Surplus on sale of housing properties	5	37	17
Surplus / (Deficit) on revaluation of investment properties		9	(26)
Interest receivable and other income	6	29	15
Interest payable and financing costs	7	(2,901)	(2,713)
		<hr/>	<hr/>
SURPLUS BEFORE TAX		1,835	1,389
Taxation	8	-	-
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		1,835	1,389
Other comprehensive income:			
Actuarial loss in respect of pension scheme		(996)	
Initial recognition of multi-employer defined benefit scheme (SHPS)		(1,509)	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(670)	1,389
		<hr/> <hr/>	<hr/> <hr/>

These financial statements including the accounting policies and notes were approved by the Board of Management on 25th July 2019.

T Murtha
Chair

W Farnell
Vice-Chair

J Owen
Secretary

The results relate wholly to continuing activities.

The accompanying accounting policies and notes on pages 24 to 63 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 £'000	2018 £'000
TANGIBLE FIXED ASSETS			
Intangible assets	11	46	43
Housing properties	12	162,957	161,654
Other property, plant and equipment	13	849	840
Investments	14	769	784
		164,621	163,321
CURRENT ASSETS			
Stock	15	21	15
Debtors	16	2,097	1,384
Cash at bank and on deposit	23	7,943	8,442
		10,061	9,841
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	(7,337)	(7,254)
		2,724	2,587
NET CURRENT ASSETS			
		167,345	165,908
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	18	(144,608)	(146,978)
Defined benefit pension liability	27	(4,481)	-
		18,256	18,930
TOTAL NET ASSETS			
CAPITAL AND RESERVES			
Called-up share capital	21	-	-
Revenue reserve		18,256	18,930
		18,256	18,930
TOTAL RESERVES			
		18,256	18,930

The financial statements including the accounting policies and notes on pages 17 to 63 were approved by the Board of Management and authorised for issue on 25th July 2019 and are signed on its behalf by:

T Murtha
Chair

W Farnell
Vice-Chair

J Owen
Secretary

Association Statement of Financial Position

At 31 March 2019

	Notes	2019 £'000	2018 £'000
TANGIBLE FIXED ASSETS			
Intangible assets	11	46	43
Housing properties	12	162,957	161,654
Other property, plant and equipment	13	849	840
Investments	14	769	784
		<u>164,621</u>	<u>163,321</u>
CURRENT ASSETS			
Stock	15	21	15
Debtors	16	2,124	1,392
Cash at bank and on deposit	23	7,922	8,437
		<u>10,067</u>	<u>9,844</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	(7,336)	(7,254)
		<u>2,731</u>	<u>2,590</u>
NET CURRENT ASSETS			
		<u>167,352</u>	<u>165,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	18	(144,608)	(146,978)
Defined benefit pension liability	27	(4,481)	
		<u>18,263</u>	<u>18,933</u>
TOTAL NET ASSETS			
CAPITAL AND RESERVES			
Called-up share capital	21	-	-
Revenue reserve		18,263	18,933
		<u>18,263</u>	<u>18,933</u>
TOTAL RESERVES			
		<u>18,263</u>	<u>18,933</u>

The financial statements including the accounting policies and notes on pages 17 to 63 were approved by the Board of Management and authorised for issue on 25th July 2019 and are signed on its behalf by:

T Murtha
Chair

W Farnell
Vice-Chair

J Owen
Secretary

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2019

	2019 £'000	2018 £'000
REVENUE RESERVE		
At 1 April	18,930	17,544
Total comprehensive income for the year	(674)	1,386
	<hr/>	<hr/>
At 31 March	18,256	18,930
	<hr/> <hr/>	<hr/> <hr/>

Association Statement of Changes in Reserves

For the year ended 31 March 2019

	2019 £'000	2018 £'000
REVENUE RESERVE		
At 1 April	18,933	17,544
Total comprehensive income for the year	(670)	1,389
	<hr/>	<hr/>
At 31 March	18,263	18,933
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	23	6,800	6,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(53)	(32)
Purchase of property, plant and equipment		(4,317)	(3,061)
Proceeds from sale of property, plant and equipment		82	89
Proceeds from sale of fixed asset investments		15	19
Grants received		1,045	262
Interest received and other income		29	15
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,199)	(2,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid and financing costs		(2,811)	(2,684)
New loans		-	-
Repayments of borrowings		(1,289)	(1,110)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,100)	(3,794)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(499)	321
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,442	8,121
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	7,943	8,442

Free Cash Flow

For the year ended 31 March 2019

	2019 £'000	2018 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,800	6,823
Interest received and other income	29	15
Interest paid and financing costs	(2,901)	(2,713)
ADJUSTMENTS FOR REINVESTMENT IN EXISTING PROPERTIES		
Component replacements	(1,745)	(1,974)
Free cash generated before loan repayments	2,183	2,151
Loans repaid (excluding revolving credit and overdrafts)	(1,289)	(1,110)
Free cash generated after loan repayments	894	1,041

Association Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	23	6,784	6,957
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(53)	(32)
Purchase of property, plant and equipment		(4,317)	(3,061)
Proceeds from sale of property, plant and equipment		82	89
Proceeds from sale of fixed asset investments		15	19
Grants received		1,045	262
Interest received and other income		29	15
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,199)	(2,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid and financing costs		(2,811)	(2,684)
New loans		-	-
Repayments of borrowings		(1,289)	(1,110)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4,100)	(3,794)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(515)	455
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,437	7,982
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	7,922	8,437

Free Cash Flow

For the year ended 31 March 2019

	2019 £'000	2018 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	6,784	6,957
Interest received and other income	29	15
Interest paid and financing costs	(2,901)	(2,713)
ADJUSTMENTS FOR REINVESTMENT IN EXISTING PROPERTIES		
Component replacements	(1,745)	(1,974)
Free cash generated before loan repayments	2,167	2,285
Loans repaid (excluding revolving credit and overdrafts)	(1,289)	(1,110)
Free cash generated after loan repayments	878	1,175

Notes to the Financial Statements

For the year ended 31 March 2019

1. ACCOUNTING POLICIES

Principal Accounting Policies

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

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice - Accounting by Registered Social Housing 2014 (SORP), the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies Act 2014 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. North Wales Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Basis of Consolidation

The Group financial statements consolidate the results of North Wales Housing Association Limited and its subsidiary, Domus Cambria Limited.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charges losses from voids) and fees and grants from Local Authorities and the Welsh Government.

Supporting People

The income received for Supporting People is matched in the Statement of Comprehensive Income with the expenditure incurred. Supporting People income and expenditure is treated in the accounts in the same way as the remainder of the Group's income and expenditure.

Housing Properties and Capitalisation

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation. The cost of properties is their purchase price together with incidental cost of acquisition, administration costs and interest payable up to date of practical completion. Properties not available for sale on shared ownership leases are stated at cost. Units which were purchased or constructed with the original intention of resale, which remain unsold and at present are being let are included within housing property assets.

Works which enhance the property's value through increasing rent levels, or reducing running costs or increasing the life of the property, are capitalised.

Development administration costs, which can be shown to be directly attributable to the development activity, are added to the cost of fixed assets in the Statement of Financial Position. Where development and administration costs are incurred internally or in providing services to other organisations which cannot be recovered they are taken to the Statement of Comprehensive Income.

It is the Group's policy to maintain properties in a continual state of sound repair. Any permanent diminution in value of such properties is charged to the Statement of Comprehensive Income. The Board has conducted an impairment review and is satisfied that there are no significant impairment issues and that no property is included within the financial statements at an amount greater than its recoverable amount.

Depreciation of Housing Properties

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on an annuity basis, over their useful economic lives. The annuity method of depreciation is used as this is considered to give the fairest view and takes account of the matching principles of accounting. The depreciation charged matches the increased benefits which accrue over time from the rental stream arising from continued letting over the life of the property. The time value of money is taken into account by uplifting the depreciation charge by 2.5% per annum. Land is not depreciated.

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

<i>Component</i>	<i>Assumed Useful Economic Life</i>
Structure	See below
Roofs	75 years
Heating Systems and Boilers	15 years
Windows and Doors	28 years
Kitchen	15 years
Bathrooms	25 years

The assumed and remaining useful economic lives of the structure element of each property have been determined by independent valuers. The assumed useful economic lives have been calculated by them as being:

<i>Category</i>	<i>Assumed Useful Economic Life</i>
1 Pre 1920 Rehab properties – Flats and Houses	75 years from last major rehab
2a 1920 –1950s Flats & Houses of construction	120 years from date of traditional construction
2b 1920s–1950s Flats & Houses of traditional construction	85 years from last major rehab
3a 1960s – 1970s Houses of traditional construction	90 years from date of construction
3b 1960s–1970s Houses of traditional construction	70 years from last major rehab
4 1980s–present Houses of traditional construction	125 years from date of construction
5 1960s–1975 Blocks of Flats	65 years from last major rehab
6 1975–present Blocks of Flats	120 years from date of construction
7 Extra Care Schemes	125 years from date of construction

Capitalisation of Interest

Interest payable is capitalised during the construction of a property up to the date of practical completion. The interest is either on borrowings specifically financing a scheme (after deduction of interest on Social Housing Grant received in advance) or on net borrowing to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was required. In the current financial year, due to the timing of grant receipts, no capitalisation of interest was required.

Other Property, Plant and Equipment

Other property, plant and equipment, except for investment properties, are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets as follows:

<i>Category</i>	<i>Assumed Useful Economic Life</i>
Freehold office	over 50 years
Leasehold office property	over 5 years or life of lease if shorter
Office equipment and fittings	over 10 years
Telephone system	over 5 years
Computer equipment	over 3 years
Assets acquired under finance lease	over term of lease
Scheme assets	over 5 years

Investment Properties

The classification of a property as an investment property is based on the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both that do not directly form part of a social housing scheme and have not been grant funded 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 other property, plant and equipment.

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

Intangible Assets

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

Computer licenses	over 3 years
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Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal.

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

Social Housing Grant and Other Government Grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. 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 housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

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

Welsh Government Housing Finance Grants

The Welsh Government Housing Finance Grants (HFG) provides annual housing grant payments in equal instalments over a period of up to 30 years to fund loan principal and interest costs of constructing affordable housing. The net present value of future grant receipts is recognised as a capital grant with an equal amount recognised as a deferred income debtor. The debtor is credited upon receipt of each grant payment and the difference between grant payments and the discounted value of the relevant portion of the debtor released to 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 that applies to 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 relating 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.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not to be recognised as a provision. On subsequent stair-casing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Leased Assets

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

Finance Leased Assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases and are capitalised at commencement of the lease as assets at their fair value, 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.

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 to the Statement of Comprehensive Income over the period of the lease.

Stock

Stocks comprising properties being constructed under the Home Buy Option scheme are stated at the lower of cost and net realisable value. Costs include all direct costs incurred in bringing these properties to their present state of completion.

Debtors

Provision is made against all former tenants' arrears and current tenants' arrears where the balance has been outstanding for 13 weeks or more and the Association's senior rents officer has recommended that a provision be established. All other debtors are reconciled on a monthly basis and any overdue amounts chased as soon as they are recognised. Grant income is accrued once it is certain that it is receivable. Any debtors recoverable in more than one year are separately disclosed in the financial statements.

Discounted Bonds

Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on issue of the discounted bonds and is written off through the Statement of Comprehensive Income on an actuarial basis over the life of the bonds following the utilisation of funds of the Association.

Index Linked Loans

Where finance agreements include a provision for the outstanding capital balance and the interest payable to be indexed in line with the retail price index or similar indices, the indexation increase for the year is charged in full to the Statement of Comprehensive Income.

Finance Arrangement Fees

The costs incurred in raising private finance are charged to revenue over the shorter of the terms of the loans and the period over which the loan facility is drawn down. Costs in respect of refinancing loans are written off in the year in which the loan is refinanced.

Value Added Tax

The Group is registered for Value Added Tax ("VAT") but a significant proportion of its income, including rents, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the Statement of Comprehensive Income.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Pensions

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

The Group participates in an industry wide multi-employer defined benefit pension scheme where, in previous periods, the scheme assets and liabilities could not be separately identified for each employer. This was therefore accounted for as a defined contribution scheme and a liability recognised in the Statement of Financial Position for the net present value of the deficit contributions payable by the employer.

The scheme can now provide 'sufficient information' to enable the Group to account for the scheme as a defined benefit scheme. However this information is not available for prior periods and so, in accordance with the guidance now included in FRS 102 in respect of 'Multi-employer defined benefit plans', the difference between the deficit funding liability previously recognised and the net defined benefit deficit is recognised in this period in other comprehensive income.

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

The Association participates in the Social Housing Pension Scheme Growth Plan (the 'Scheme'), a multi-employer defined benefit pension scheme where the Scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the Scheme as defined benefit. For this multi-employer scheme, there is a contractual agreement between the Scheme and the Association that determines how the deficit will be funded and a liability is recognised in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

Management Expenses

Management expenses are allocated to activities either directly or on the basis of staff time spent on the activity.

Service Charge Sinking Funds and Service Costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders, or are intended to be reflected in reductions to future service charge contributions, are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance

is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial Assets Carried at Amortised Cost

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

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

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

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

Financial Liabilities Carried at Amortised Cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

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

Public Benefit Entity Concessionary Loans

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

Cash and Cash Equivalents

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

Gift aid Payments

Gift aid payments are charged as distributions of reserves in accordance with the guidance included in the Institute of Chartered Accountants technical release 'Guidance on donations by a company to its parent charity'.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Significant Management Judgements

Impairment properties

The Group has 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. No impairment was deemed to have been triggered during the year.

Capitalisation of property development costs

The Group capitalises development expenditure in accordance with the accounting policies on housing properties and investment properties. Capitalisation requires a range of judgements, such as establishing which associated development costs should be capitalised and which costs should be written off and the likelihood that projects will continue.

Key Sources of Estimation Uncertainty

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

Components of Housing Properties and Useful Lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability (see note 27)

3. LETTINGS AND OTHER RELATED INFORMATION

Particulars of turnover, cost of sales, operating costs and operating surplus by class of business – Continuing activities

Group	2019				2018			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings								
General Needs and Sheltered Housing	10,664	-	(6,590)	4,074	10,211	-	(6,549)	3,662
Supported Housing	2,640	-	(2,887)	(247)	2,592	-	(2,804)	(212)
Older Persons	2,587	-	(2,016)	571	2,553	-	(1,926)	627
Shared Ownership	173	-	(84)	89	206	-	(180)	26
	<u>16,064</u>	<u>-</u>	<u>(11,577)</u>	<u>4,487</u>	<u>15,562</u>	<u>-</u>	<u>(11,459)</u>	<u>4,103</u>
Other Social Housing Activities								
Management services	5	-	-	5	8	-	-	8
Other	244	-	(180)	64	226	-	(213)	13
	<u>249</u>	<u>-</u>	<u>(180)</u>	<u>69</u>	<u>234</u>	<u>-</u>	<u>(213)</u>	<u>21</u>
Non-Social Housing Activities								
Lettings	105	-	-	105	53	-	-	53
Properties built for outright sale	-	-	(3)	(3)	-	4	(7)	(3)
Other			(3)	(3)			(111)	(111)
	<u>105</u>	<u>-</u>	<u>(6)</u>	<u>99</u>	<u>53</u>	<u>4</u>	<u>(118)</u>	<u>(61)</u>
	<u>16,418</u>	<u>-</u>	<u>(11,763)</u>	<u>4,655</u>	<u>15,849</u>	<u>4</u>	<u>(11,790)</u>	<u>4,063</u>
Pension valuation adjustment				2				30
Operating Surplus				<u>4,657</u>				<u>4,093</u>

3. LETTINGS AND OTHER RELATED INFORMATION (Continued)

Particulars of turnover, cost of sales, operating costs and operating surplus by class of business– Continuing activities

Association	2019				2018			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings								
General Needs and Sheltered Housing	10,664	-	(6,590)	4,074	10,211	-	(6,549)	3,662
Supported Housing	2,640	-	(2,887)	(247)	2,592	-	(2,804)	(212)
Older Persons	2,544	-	(1,972)	572	2,513	-	(1,886)	627
Shared Ownership	173	-	(84)	89	206	-	(180)	26
	<u>16,021</u>	<u>-</u>	<u>(11,533)</u>	<u>4,488</u>	<u>15,522</u>	<u>-</u>	<u>(11,419)</u>	<u>4,103</u>
Other Social Housing Activities								
Management services	5	-	-	5	8	-	-	8
Other	244	-	(180)	64	226	-	(213)	13
	<u>249</u>	<u>-</u>	<u>(180)</u>	<u>69</u>	<u>234</u>	<u>-</u>	<u>(213)</u>	<u>21</u>
Non-Social Housing Activities								
Lettings	105	-	-	105	53	-	-	53
Other	-	-	(3)	(3)	-	-	(111)	(111)
	<u>105</u>	<u>-</u>	<u>(3)</u>	<u>102</u>	<u>53</u>	<u>-</u>	<u>(111)</u>	<u>(58)</u>
	<u>16,375</u>	<u>-</u>	<u>(11,716)</u>	<u>4,659</u>	<u>15,809</u>	<u>-</u>	<u>(11,743)</u>	<u>4,066</u>
Pension valuation adjustment				2				30
Operating Surplus				<u>4,661</u>				<u>4,096</u>

3. LETTINGS AND OTHER RELATED INFORMATION (Continued)

Particulars of income and expenditure from social housing lettings

Group	General Needs and Sheltered Housing £'000	Supported Housing £'000	Older Persons £'000	Shared Ownership £'000	Total 2019 £'000	Total 2018 £'000
Income						
Rent receivable	9,467	1,274	1,292	167	12,200	11,598
Service Charges income	467	398	1,174	-	2,039	2,110
Income from support services	-	885	-	-	885	877
Amortised Government Grants	730	71	121	6	928	965
Other revenue grants	-	12	-	-	12	12
Turnover from social housing lettings	10,664	2,640	2,587	173	16,064	15,562
Expenditure						
Management Costs	1,545	275	279	63	2,162	2,016
Service Charges expenditure	487	2,111	1,148	-	3,746	3,460
Routine Maintenance	1,271	146	119	2	1,538	2,279
Major Repairs expenditure	1,045	122	99	1	1,267	559
Bad Debts	27	17	5	-	49	45
Depreciation of housing properties	2,215	216	366	18	2,815	2,800
Impairment of housing properties	-	-	-	-	-	300
Operating costs on social housing lettings	6,590	2,887	2,016	84	11,577	11,459
Operating surplus on social housing lettings	4,074	(247)	571	89	4,487	4,103
Rent loss due to voids	106	48	4	3	161	117

Included within Supported Housing income is an amount of £963,758 (2018: £961,318) for Supporting People.

3. LETTINGS AND OTHER RELATED INFORMATION (Continued)

Particulars of income and expenditure from social housing lettings

Association	General Needs and Sheltered Housing £'000	Supported Housing £'000	Older Persons £'000	Shared Ownership £'000	Total 2019 £'000	Total 2018 £'000
Income						
Rent receivable	9,467	1,274	1,292	167	12,200	11,598
Service Charges income	467	398	1,131	-	1,996	2,070
Income from support services	-	885	-	-	885	877
Amortised Government Grants	730	71	121	6	928	965
Other revenue grants	-	12	-	-	12	12
Turnover from social housing lettings	10,664	2,640	2,544	173	16,021	15,522
Expenditure						
Management Costs	1,545	275	279	63	2,162	2,016
Service Charges expenditure	487	2,111	1,104	-	3,702	3,420
Routine Maintenance	1,271	146	119	2	1,538	2,279
Major Repairs expenditure	1,045	122	99	1	1,267	559
Bad Debts	27	17	5	-	49	45
Depreciation of housing properties	2,215	216	366	18	2,815	2,800
Impairment of housing properties	-	-	-	-	-	300
Operating costs on social housing lettings	6,590	2,887	1,972	84	11,533	11,419
Operating surplus on social housing lettings	4,074	(247)	572	89	4,488	4,103
Rent loss due to voids	106	48	4	3	161	117

Included within Supported Housing income is an amount of £963,758 (2018: £961,318) for Supporting People.

4. SURPLUS BEFORE TAX

Group	2019	2018
	£'000	£'000
Surplus before tax is stated after charging:		
Depreciation - housing property	2,815	2,800
Depreciation - other property, plant and equipment	171	159
Amortisation - intangible assets	50	74
Operating lease rentals	164	215
Auditor's remuneration - including VAT		
- In their capacity as auditors	16	22
- In respect of other services	(1)	5
Remuneration paid to internal auditors - including VAT	18	21
	=====	=====
Association	2019	2018
	£'000	£'000
Surplus before tax is stated after charging:		
Depreciation - housing property	2,815	2,800
Depreciation - other property, plant and equipment	171	159
Amortisation - intangible assets	50	74
Operating lease rentals	164	215
Auditor's remuneration - including VAT		
- In their capacity as auditors	16	19
- In respect of other services	(2)	5
Remuneration paid to internal auditors - including VAT	18	21
	=====	=====

5. SURPLUS ON SALE OF HOUSING PROPERTIES

Group and Association	2019	2018
	£'000	£'000
Sales proceeds	82	89
Cost of sales	(38)	(61)
Administration costs	(7)	(11)
	=====	=====
	37	17
	=====	=====

6. INTEREST RECEIVABLE AND OTHER INCOME

Group	2019 £'000	2018 £'000
Bank interest receivable	29	15
Other interest receivable	-	-
	<u>29</u>	<u>15</u>
	<u><u>29</u></u>	<u><u>15</u></u>
 Association	 2019 £'000	 2018 £'000
Bank interest receivable	29	15
Interest receivable from Group undertakings	-	-
Other interest receivable	-	-
Gift Aid receivable from Group undertakings	-	-
	<u>29</u>	<u>15</u>
	<u><u>29</u></u>	<u><u>15</u></u>

7. INTEREST PAYABLE AND FINANCING COSTS

Group and Association	2019 £'000	2018 £'000
Defined benefit pension net interest expense (note 27)	90	-
Unwinding of discount on pension provisions (note 27)	-	29
On building Society loans :		
- repayable wholly or partly in more than 5 years	1,363	1,252
On loans from RBS Fresh :		
- repayable wholly or partly in more than 5 years	162	165
Other loans not wholly repayable within 5 years		
- Index linked	44	48
- Debenture stock	1,242	1,219
	<u>2,901</u>	<u>2,713</u>
	<u><u>2,901</u></u>	<u><u>2,713</u></u>

8. TAXATION

Group	2019	2018
	£'000	£'000
Current tax on surplus before tax:		
UK corporation tax	-	-
Total tax on surplus before tax	<u>-</u>	<u>-</u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax is as follows:

	2019	2018
	£'000	£'000
Surplus before tax	<u>1,831</u>	<u>1,386</u>
Surplus before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	348	277
Effects of:		
Exempt charitable activities	(348)	(277)
Utilisation of tax losses not previously recognised	-	-
Other timing differences	-	-
Total tax for the year	<u>-</u>	<u>-</u>

Association	2019	2018
	£'000	£'000
Current tax on surplus before tax:		
UK corporation tax	-	-
Total tax on surplus before tax	<u>-</u>	<u>-</u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax is as follows:

	2019	2018
	£'000	£'000
Surplus before tax	<u>1,835</u>	<u>1,389</u>
Surplus before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	349	278
Effects of:		
Exempt charitable activities	(349)	(278)
Total tax for the year	<u>-</u>	<u>-</u>

9. DIRECTORS' EMOLUMENTS

The directors are defined as members of the Board of Management and members of the Executive Team and are listed on page 1. The members of the Board of Management did not receive any remuneration during the year. The emoluments of the permanent members of the Executive Team are as follows:

Group	2019 £'000	2018 £'000
Wages and salaries	311	280
Social security costs	45	31
Other pension costs	19	22
Other benefits	2	3
	<u>377</u>	<u>336</u>
	<u><u>377</u></u>	<u><u>336</u></u>
Association	2019 £'000	2018 £'000
Wages and salaries	310	279
Social security costs	45	31
Other pension costs	19	22
Other benefits	2	3
	<u>376</u>	<u>335</u>
	<u><u>376</u></u>	<u><u>335</u></u>

In addition to the above costs, an interim director was paid during the year at a cost of £77,133 (2018: £102,736). These costs have not been considered within the disclosures made in this note. Also, two directors (2018:one) were made redundant within the year. A total of £103,129 (2018: £25,000) was paid to these directors during the year in respect of loss of office. These costs have not been included in either year's figures above.

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. As expected, the Chief Executive is the highest paid director. The highest paid director in each year received the following emoluments:

Group	2019 £'000	2018 £'000
Remuneration of the highest paid director, excluding pension contributions	98	95
	<u>98</u>	<u>95</u>
	<u><u>98</u></u>	<u><u>95</u></u>
Association	2019 £'000	2018 £'000
Remuneration of the highest paid director, excluding pension contributions	95	95
	<u>95</u>	<u>95</u>
	<u><u>95</u></u>	<u><u>95</u></u>

9. DIRECTORS' EMOLUMENTS (Continued)

The directors' emoluments (including the highest paid director and excluding pension contributions and redundancy costs) are in the following ranges:

Group	2019 Number	2018 Number
£Nil (Board of Management)	11	20
£15,001 - £20,000	1	-
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-
£65,001 - £70,000	2	2
£95,001 - £100,000	1	1
	17	24

In accordance with the Community Housing Cymru (CHC) Code of Conduct, the Board has established a policy and procedure in relation to the payment of expenses to Board members. The Group and Association are prepared to reimburse out-of-pocket expenses incurred on Group and Association business.

Group and Association	2019 £'000	2018 £'000
Total Board member expenses	3	7
	3	7

All expenses claimed by members of the Executive Team are processed through the payroll and included in the emoluments noted above.

10. EMPLOYEE INFORMATION

The average number of persons expressed as full time equivalents (calculated based on the full time hours for each individual post and including executive directors) employed during the year is as follows:

Group and Association	2019 Number	2018 Number
Office staff	66	68
Wardens and caretakers	71	74
	137	142
Ancillary workers	7	8
	144	150

10. EMPLOYEE INFORMATION (Continued)

The emoluments of the above employees are as follows:

Group	2019 £'000	2018 £'000
Wages and salaries	3,862	3,920
Social security costs	344	337
Other pension costs	160	133
	4,366	4,390
	2019 £'000	2018 £'000
Wages and salaries	3,857	3,909
Social security costs	344	337
Other pension costs	160	133
	4,361	4,379

The costs and numbers referred to above relate to permanent members of staff employed by the Group and Association, including wardens, but excluding those employed by voluntary organisations at the Association's hostels.

The emoluments of the staff (full time equivalents excluding pension contributions) in excess of £50,000 are in the following ranges:

Group and Association	2019 Number	2018 Number
£50,001 – £60,000	3	4
£60,001 - £70,000	3	2
£70,001 - £80,000	-	-
£80,001 - £90,000	-	2
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1

11. INTANGIBLE FIXED ASSETS

Group and Association	Computer licences £'000
Cost	
At 1 April 2018	444
Additions	53
At 31 March 2019	497
Amortisation	
At 1 April 2018	401
Charge for the year	50
At 31 March 2019	451
Net Book Value	
At 31 March 2019	46
At 31 March 2018	43

12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association	Housing properties £'000	Other properties £'000	Housing properties under construction £'000	Total £'000
Cost				
At 1 April 2018	173,842	8,470	1,725	184,037
Additions	2,103	287	1,747	4,137
Disposals	(996)	(108)	-	(1,104)
At 31 March 2019	174,949	8,649	3,472	187,070
Depreciation				
At 1 April 2018	20,573	1,810	-	22,383
Charge for the year	2,328	13	-	2,341
Eliminated on disposals	(542)	(69)	-	(611)
At 31 March 2019	22,359	1,754	-	24,113
Net Book Value				
At 31 March 2019	152,590	6,895	3,472	162,957
At 31 March 2018	153,269	6,660	1,725	161,654
Freehold land and buildings	163,137	7,943	3,472	174,552
Long leasehold land and buildings	11,812	706	-	12,518
	174,949	8,649	3,472	187,070

At 1 October 2018, the Association's property stock was insured on the basis of its estimated rebuilding cost for £364,374,014 (2018: £350,707,739).

For traditional shared ownership and Do-it-yourself shared ownership properties (DIYSO), only the Association's equity share of the cost and social housing development administration of £182,717 (2018: £249,248) was capitalised during the year.

No capitalised interest is included in the cost of properties. There is no depreciation in respect of properties disposed of during the year.

Works on existing properties during the year amounted to £4,547,960 (2018: £4,810,019). £1,745,353 (2018: £1,973,770) was spent on component replacements and is included within the total additions of £4,137,112 (2018: £2,970,230). The remaining £2,802,607 (2018: £2,836,249) relates to the other costs incurred by the Asset Management department, including its share of overheads, all of which have been included in the Statement of Comprehensive Income.

13. OTHER PROPERTY PLANT AND EQUIPMENT

Group and Association	Freehold and leasehold offices £'000	Office equipment and fittings £'000	Assets held under finance leases £'000	Scheme assets £'000	Investment properties £'000	Total £'000
Cost						
At 1 April 2018	564	2,197	23	1,041	102	3,927
Additions	3	112	-	64	-	179
Fair value adjustment	-	-	-	-	9	9
Disposals	-	(7)	-	(27)	-	(34)
At 31 March 2019	567	2,302	23	1,078	111	4,081
Depreciation						
At 1 April 2018	199	2,168	23	697	-	3,087
Charge for the year	12	52	-	107	-	171
Eliminated on disposals	-	(3)	-	(23)	-	(26)
At 31 March 2019	211	2,217	23	781	-	3,232
Net Book Value						
At 31 March 2019	356	85	-	297	111	849
At 31 March 2018	365	29	-	344	102	840

Investment properties, which are all freehold, were fair valued at 31 March 2019, based on a valuation undertaken by Richard Baddeley and Company, an independent valuer with relevant experience in the location and class of property being valued. The method of determining fair value was market value. Significant assumptions applied were as follows:

- All required valid planning permissions and statutory approvals for the buildings and their use have been obtained and complied with.
- The properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and that good title can be shown.
- The properties and their value are unaffected by any matters which could be revealed by a Local Search or by a Statutory Notice and that neither the properties, nor their condition, their use, or their intended use, is or will be unlawful.
- That an inspection of those parts which have not been inspected, or a survey inspection, would not reveal material defects, or cause the Valuer to alter the Valuation materially.
- The properties are connected to and there is the right to use the reported main services on normal terms.
- That sewers, main services and the roads giving access to the properties have been adopted.

There are no restrictions on the realisability of the investment properties.

14. FIXED ASSET INVESTMENTS

Group and Association	2019 £'000	2018 £'000
Loans granted under Home Buy Option rules	769	784

Loans granted under Home Buy Option rules are interest free loans provided to homebuyers as part of a programme funding low cost home ownership. The loans have no fixed repayment date and no monthly repayment requirements and are secured via a second legal charge over the property in favour of the Association.

The value of Home Buy loans which have been committed but not taken up at 31 March 2019 is £Nil (2018: £Nil).

Principal Group Investments

The Association owns 100% of the share capital of Domus Cambria Limited, a private limited company, whose principal activity is the commercial development of residential properties for sale. Any profits made by Domus Cambria Limited are gift aided to the Association.

15. STOCK

Group	2019 £'000	2018 £'000
Completed properties for resale	-	-
Materials stock	21	15
	21	15
Association	2019 £'000	2018 £'000
Completed properties for resale	-	-
Materials stock	21	15
	21	15

16. DEBTORS

Group	2019	2018
	£'000	£'000
Arrears of rent and service charges		
- General Stock	348	361
- Older Persons	24	25
- Supported Housing	61	64
Less: Provision for bad and doubtful debts	(85)	(95)
	<u>348</u>	<u>355</u>
Social Housing Grant receivable	1,112	263
Other debtors	251	373
Prepayments and accrued income	386	393
	<u>2,097</u>	<u>1,384</u>
	<u><u>2,097</u></u>	<u><u>1,384</u></u>
Association	2019	2018
	£'000	£'000
Arrears of rent and service charges		
- General Stock	348	361
- Older Persons	24	25
- Supported Housing	61	64
Less: Provision for bad and doubtful debts	(85)	(95)
	<u>348</u>	<u>355</u>
Social Housing Grant receivable	1,112	263
Amounts owed by Group undertakings	28	9
Other debtors	250	372
Prepayments and accrued income	386	393
	<u>2,124</u>	<u>1,392</u>
	<u><u>2,124</u></u>	<u><u>1,392</u></u>

Social Housing Grant Receivable

Included within Social Housing Grant receivable is a balance of £243,269 (2018: £244,668) owed to the Association and receivable during the next thirty years in the form of a Housing Finance Grant. £241,546 (2018: £243,269) of this balance is due after more than one year. The balance also includes £850,411 (2018: £Nil) due to the association over the next 29 years in the form of a second strand of Housing finance grant (HFG2). £783,275 (2018: £Nil) of this balance is due after more than one year.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2019	2018
	£'000	£'000
Bank and other loans	1,128	1,084
Rents received in advance	172	163
Social Housing Grant received in advance	2,096	1,789
Trade and other creditors	1,207	1,190
Interest payable	471	523
Recycled Capital Grant Fund	453	221
Deferred capital grant	925	928
Pension deficit contribution	2	330
Accruals and deferred income	883	1,026
	7,337	7,254
Association	2019	2018
	£'000	£'000
Bank and other loans	1,128	1,084
Rents received in advance	172	163
Social Housing Grant received in advance	2,096	1,789
Trade and other creditors	1,206	1,190
Interest payable	471	523
Recycled Capital Grant Fund	453	221
Deferred capital grant	925	928
Pension deficit contribution	2	330
Accruals and deferred income	883	1,026
	7,336	7,254

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group and Association	2019	2018
	£'000	£'000
Bank and other loans	56,103	57,436
Recycled Capital Grant Fund	86	264
Housing Finance Grant	1,057	247
Deferred capital grant	87,352	87,243
Pension deficit contribution	10	1,788
	144,608	146,978
	144,608	146,978
The above amounts are repayable as follows:		
Between one and two years	2,460	2,516
Between two and five years	7,339	6,753
After five years	134,809	137,709
	144,608	146,978
	144,608	146,978

Pension Deficit Contribution

Included within creditors is an amount £11,990 (2018: £2,118,529), being a provision for contributions payable under an agreement to fund the pension deficit arising on the Social Housing Pension Scheme Growth Plan (2018 included the Social Housing Pension Scheme). At 31 March 2019, £1,990 (2018: £330,449) is payable within one year, and the remaining £10,000 (2018: £1,788,080) is payable after more than one year.

19. BANK AND OTHER LOANS

Group and Association	2019 £'000	2018 £'000
Loans		
Index linked		
- Nationwide Building Society at 4.5%	92	127
- The Housing Finance Corporation at 5.65% for 30 years	92	144
- M&G at 3.935% for 30 years	543	543
Debenture stock		
- THFC 8.625% Debenture stock 30 years	2,500	2,500
- THFC 8.75% Debenture stock 25 years	5,000	5,000
- THFC 5.2% Debenture stock 30 years	10,000	10,000
- M&G Debenture stock	1,610	1,610
Other housing loans		
- Nationwide Building Society	10,280	10,872
- Co-operative Bank	1,741	1,967
- Barclays Bank	1,104	1,197
- RBS - Fresh Plc	1,445	1,472
- Principality Building Society	2,290	2,393
- Royal Bank of Scotland	20,000	20,000
- Less: Deferred loan issue costs	(640)	(519)
	56,057	57,306
Add: Premium on debenture stock		
At 1 April 2018	1,287	1,334
Credited to income and expenditure account	(50)	(47)
	1,237	1,287
Less: Deferred interest on debenture stock		
At 1 April 2018	(73)	(83)
Charged to income and expenditure account	10	10
	(63)	(73)
Total bank and other loans	57,231	58,520

The bank and other loans are secured on the Association's housing properties and are repayable in instalments or by way of bullet repayments on the maturity of the loans.

The loan portfolio includes both fixed rate and variable rate loans. Certain tranches of variable rate loans have been fixed over a range of maturity periods using interest rate swaps.

The average interest rate on the loan portfolio as a whole is 4.6% (2018: 4.6%).

20. DEFERRED INCOME – GOVERNMENT GRANTS

Group and Association	2019	2018
	£'000	£'000
Social Housing Grant		
At 1 April 2018	106,400	106,164
Grants receivable	1,045	262
Disposals	(14)	(26)
At 31 March 2019	107,431	106,400
Housing Finance Grants		
At 1 April 2018	247	
Grants receivable	810	247
At 31 March 2019	1,057	247
Amortisation		
At 1 April 2018	18,229	17,272
Amortisation to Statement of Comprehensive Income	928	965
Disposals	(3)	(8)
At 31 March 2019	19,154	18,229
Net Deferred Income – Government Grants		
Due within one year	925	928
Due after more than one year	88,409	87,490
At 31 March 2019	89,334	88,418

Group and Association	2019	2018
	£'000	£'000
Recycled Capital Grant Fund		
At 1 April 2018	485	525
Grants receivable	54	32
Disposals	-	(72)
At 31 March 2019	539	485

21. CALLED-UP SHARE CAPITAL

	2019	2018
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2018	174	172
Issued during the year	(140)	2
At 31 March 2019	34	174

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up, and are not redeemable.

22. FINANCIAL INSTRUMENTS

The carrying values of the Group's and Association's financial assets and liabilities are summarised by category as follows:

Group	2019	2018
	£'000	£'000
Financial Assets		
Measured and undiscounted amount receivable:		
- Rent arrears and other debtors (see note 16)	599	728
- Loans to employees	-	-
	<u>599</u>	<u>728</u>
Financial Liabilities		
Measured at amortised cost:		
- Bank and other loans (note 19)	57,231	58,520
Measured and undiscounted amount payable:		
- Rents received in advance (note 17)	172	163
- Trade and other creditors (note 17)	1,207	1,190
	<u>58,610</u>	<u>59,873</u>
Association	2019	2018
	£'000	£'000
Financial Assets		
Measured and undiscounted amount receivable:		
- Rent arrears and other debtors (see note 16)	598	727
- Amounts due from related party undertakings (note 16)	28	9
- Loans to employees	-	-
	<u>626</u>	<u>736</u>
Financial Liabilities		
Measured at amortised cost:		
- Bank and other loans (note 19)	57,231	58,520
Measured and undiscounted amount payable:		
- Rents received in advance (note 17)	172	163
- Trade and other creditors (note 17)	1,206	1,190
	<u>58,609</u>	<u>59,873</u>

23. STATEMENT OF CASH FLOWS

Group	2019 £'000	2018 £'000
Cash flow from operating activities		
Surplus for the year	1,831	1,386
Adjustment for non-cash items:		
- Amortisation of intangible assets	50	74
- Depreciation of property, plant and equipment	2,986	2,959
- Increase in stock	(6)	-
- (Increase) / decrease in debtors	(710)	52
- Increase in creditors	1,088	640
- Pension costs less contributions payable	(330)	(319)
- Impairment loss on property	-	300
- Carrying amount of property, plant and equipment disposals	38	61
- (Increase) / decrease in fair value of investment properties	(9)	26
Adjustment for investing or financing activities:		
- Proceeds from the sale of property, plant and equipment	(82)	(89)
- Government grants utilised in the year	(928)	(965)
- Interest receivable and other income	(29)	(15)
- Interest payable and financing costs	2,901	2,713
Net cash generated from operating activities	6,800	6,823
Cash and cash equivalents		
Cash at bank and on deposit	7,943	8,442

23. STATEMENT OF CASH FLOWS (Continued)

Association	2019	2018
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	1,835	1,389
Adjustment for non-cash items:		
- Amortisation of intangible assets	50	74
- Depreciation of property, plant and equipment	2,986	2,959
- Increase in stock	(6)	-
- (Increase) / Decrease in debtors	(732)	163
- Increase in creditors	1,090	660
- Pension costs less contributions payable	(330)	(319)
- Impairment loss on property	-	300
- Carrying amount of property, plant and equipment disposals	38	61
- (Increase) / decrease in fair value of investment properties	(9)	26
Adjustment for investing or financing activities:		
- Proceeds from the sale of property, plant and equipment	(82)	(89)
- Government grants utilised in the year	(928)	(965)
- Interest receivable and other income	(29)	(15)
- Interest payable and financing costs	2,901	2,713
Net cash generated from operating activities	6,784	6,957
Cash and cash equivalents		
Cash at bank and on deposit	7,922	8,437

24. CAPITAL COMMITMENTS

Group and Association	2019	2018
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,705	3,059
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	-	-
The Group and Association expects to finance the above expenditure by:		
Social Housing Grant receivable	915	1,099
Other grant from local authority	-	743
Loans approved but not utilised	-	-
Cash held on deposit	1,790	1,217
	2,705	3,059

25. OTHER FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group and Association	2019	2018
	£'000	£'000
Payments due:		
Within one year	164	63
Between one and five years	245	162
After five years	79	79
	488	304

26. HOUSING STOCK

Group	2019 Number of homes	2018 Number of homes
Under management at the year-end		
General needs rented units	1,697	1,696
Rented units in sheltered accommodation for the elderly	424	425
Supported Housing Units	299	297
Low cost home ownership units	250	252
Properties held for resale	-	-
	2,670	2,670
Association		
	2019 Number of homes	2018 Number of homes
Under management at the year-end		
General needs rented units	1,697	1,696
Rented units in sheltered accommodation for the elderly	424	425
Supported Housing Units	299	297
Low cost home ownership units	250	252
	2,670	2,670
Group and Association		
	2019 Number of homes	2018 Number of homes
Under development at the year-end		
Rented units	38	24
Properties purchased under the RA scheme	8	8
	46	32
Group and Association		
	2019 Number of homes	2018 Number of homes
Non-social housing lettings		
Commercial units	22	22

27. RETIREMENT BENEFIT SCHEMES

The Pensions Trust Retirement Solutions – Social Housing Pension Scheme

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

	31 March 2019	1 April 2018
	(£000s)	(£000s)
Fair value of plan assets	12,515	11,993
Present value of defined benefit obligation	16,996	15,605
Surplus (deficit) in plan	(4,481)	(3,612)
Unrecognised surplus	-	-
Net defined benefit liability to be recognised	(4,481)	(3,612)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended
	31 March 2019
	(£000s)
Defined benefit obligation at start of period	15,605
Current service cost	207
Expenses	10
Interest expense	398
Contributions by plan participants	114
Actuarial losses due to scheme experience	64
Actuarial losses due to changes in demographic assumptions	48
Actuarial losses due to changes in financial assumptions	1,177
Benefits paid and expenses	(627)
Defined benefit obligation at end of period	16,996

27. RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	11,993
Interest income	308
Experience on plan assets (excluding amounts included in interest income) - gain	293
Contributions by the employer	434
Contributions by plan participants	114
Benefits paid and expenses	(627)
Fair value of plan assets at end of period	12,515

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £601,000.

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

	Period from 1 April 2018 to 31 March 2019 (£000s)
Current service cost	207
Expenses	10
Net interest expense	90
Defined benefit costs recognised in statement of comprehensive income (SoCI)	307

27. RETIREMENT BENEFIT SCHEMES (CONTINUED)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	293
Experience gains and losses arising on the plan liabilities - loss	(64)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(48)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - loss	(1,177)
Total amount recognised in other comprehensive income - loss	(996)

ASSETS	31 March 2019 (£000s)	1 April 2018 (£000s)
Absolute Return	1,083	1,465
Alternative Risk Premia	722	455
Corporate Bond Fund	584	492
Credit Relative Value	229	-
Distressed Opportunities	227	116
Emerging Markets Debt	432	484
Fund of Hedge Funds	56	395
Global Equity	2,106	2,369
Infrastructure	656	307
Insurance-Linked Securities	359	315
Liability Driven Investment	4,577	4,369
Long Lease Property	184	-
Net Current Assets	24	11
Over 15 Year Gilts	-	-
Private Debt	168	107
Property	282	552
Risk Sharing	378	111
Secured Income	448	445
Total assets	12,515	11,993

27. RETIREMENT BENEFIT SCHEMES (CONTINUED)

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.

KEY ASSUMPTIONS

	31 March 2019 % per annum	1 April 2018 % per annum
Discount Rate	2 .31%	2.58%
Inflation (RPI)	3 .29%	3.18%
Inflation (CPI)	2 .29%	2.18%
Salary Growth	3 .29%	3.18%

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

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

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2019

	Approximate % increase to liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	1.99	338
0.1% increase in the salary increase rate	0.18	30
0.1% increase in RPI	1.47	250

27. RETIREMENT BENEFIT SCHEMES (CONTINUED)

The Pensions Trust Retirement Solutions – The Growth Plan

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

The Plan 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 Plan is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Plan deficit following withdrawal from the Plan. Participating employers are legally required to meet their share of the Plan deficit on an annuity purchase basis on withdrawal from the Plan.

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

Deficit contributions

	£11.243m per annum
From 1 April 2019 to 31 January 2025:	(payable monthly and increasing by 3% each on 1st April)

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

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

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

Where the Plan is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that

27. RETIREMENT BENEFIT SCHEMES (Continued)

relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 19 (£s)	31 March 18 (£s)	31 March 17 (£s)
Present value of provision	11,990	15,529	17,482

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Year Ending 31 March 2019 £	Year Ending 31 March 2018 £
Provision at start of period	15,529	17,482
Unwinding of the discount factor (interest expense)	249	217
Deficit contribution paid	(2,001)	(1,943)
Remeasurements - impact of any change in assumptions	110	(227)
Remeasurements - amendments to the contribution schedule	(1,897)	-
Provision at end of period	11,990	15,529

INCOME AND EXPENDITURE IMPACT

	Year Ending 31 March 2019 £	Year Ending 31 March 2018 £
Interest expense	249	217
Remeasurements – impact of any change in assumptions	110	(227)
Remeasurements – amendments to the contribution schedule	(1,897)	-
Costs recognised in income and expenditure account	(1,538)	(10)

27. RETIREMENT BENEFIT SCHEMES (Continued)

ASSUMPTIONS

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

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

The following schedule details the deficit contributions agreed between the Association and the Plan at each year-end:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2019 £	31 March 2018 £	31 March 2017 £
Year 1	1,990	2,001	1,943
Year 2	2,050	2,061	2,001
Year 3	2,111	2,123	2,061
Year 4	2,174	2,187	2,123
Year 5	2,240	2,252	2,187
Year 6	1,922	2,320	2,252
Year 7	-	2,389	2,320
Year 8	-	1,231	2,389
Year 9	-	-	1,231
Year 10	-	-	-

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the year in which it arises.

It is these contributions that have been used to derive the Association's Statement of Financial Position liability.

28. CONTINGENT LIABILITIES

There would be a potential liability if the Association were to withdraw from the Social Housing Pension Scheme and The Growth Plan. See Note 27 for further details.

29. RENT SURPLUS FUND

The surplus rental income calculated in the manner determined by section 55(3) of the Housing Act 1998 and the Rent Surplus Fund Determination 1997 amounts to £568,935 (2018: £623,656). The accumulated rent surplus fund amounted to £7,738,604 (2018: £7,169,669).

30. LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

31. PARENT AND RELATED PARTY TRANSACTIONS

North Wales Housing Association Cymdeithas Tai Gogledd Cymru Limited is the ultimate parent company of Domus Cambria Limited.

Under FRS102, disclosure of intra-Group transactions between the Association and Domus Cambria is not required as the results of both are included within the consolidated financial statements. However, under the Welsh Determination, there is a requirement to provide an analysis of intra-Group transactions between RSLs and non RSL's. Accordingly, these are set out below:

Due to Domus Cambria making losses again this year, no gift aid adjustments to North Wales Housing are required. Cost of sales amounting to £nil (2018: £Nil) have been paid by the Association on behalf of Domus Cambria and recharged. Also, staff costs of £4,641 (2018: £10,885) were recharged by the Association to Domus Cambria.

At the year-end, £28,222 (2018: £9,327) is owed by Domus Cambria to the Association and is included within the association's debtors.

The Association acted as Trustee to The Olinda Trust (the 'Trust'), however, this charity was wound up during the year.

All Board members of the Association are deemed to be related parties of the Association.

During the year, one (2018: one) Board member was also a tenant of the Association. The member's tenancy is on normal terms. Total rent collected from this Board member for the year ended 31 March 2019 was £5,798 (2018: £5,505). The tenant member's rent account showed a credit at the end of the year of £92 (2018: £4 credit).

32. CONTROLLING PARTY

North Wales Housing Association is the parent company and the ultimate controlling party of the Group.