

Newydd Group

Newydd Housing Association (1974) Limited

Annual Report and Financial Statements 2023



Your Home Your Community Your Future

Contents

Information	3
Strategic report	4-21
Board report	22-26
Newydd Group	
Abbreviated Financial Statements	27-28
Newydd Housing Association (1974) Limited	
Independent Auditor's report	29-33
Newydd Housing Association (1974) Limited	
Statements	34-37
Statement of Comprehensive Income	35
Statement of Changes in Reserves	35
Statement of Financial Position	36
Statement of Cashflows	37
Notes to the Financial Statements	38-59

Information

Newydd Group Limited

A registered society under the Co-operative and Community Benefit Societies Act 2014 No. 21180R. Registered with the Welsh Government No. L025. It has not adopted charitable rules.

Newydd Housing Association (1974) Limited

A registered society under the Co-operative and Community Benefit Societies Act 2014 No. 28737R. Registered with the Welsh Government No. L121. Accepted by HM Revenue and Customs as a charity exempt from Corporation Tax under reference number XR26039.

Board members

Persons who served on the Board, who are also share members, during the year were:

Ms S Payter
Mr R Thomas (Vice- Chair)
Ms C Marshall (Chair)
Mr C Dawson Morris
Ms R Jones
Mr M Dicks (resigned 07/09/22)
Ms D Austin
Ms I Brooks- Jones
Mr K Ablett
Mr N Lawley
Mr N Irvine
Mr M Brooks
Ms P Ramanam (appointed 07/09/22)

Chief Executive

Jason Wroe

Company Secretary

Elizabeth Lendering,
Finance and Resources Director (resigned 07/02/23)

Lee Bolderson,
Finance and Resources Director (appointed 07/02/23)

Registered office

5 Village Way
Cardiff
CF15 7NE

Auditor

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

Bankers

Lloyds Bank
3rd Floor
25 Gresham Street
London
EC2V 7HN

Strategic Report

Year ended 31 March 2023



Strategic Report

The Board present their Strategic Report on the affairs of Newydd Group and Newydd Housing Association (1974) Limited, together with the financial statements and auditors' reports for the year ended 31 March 2023.

Vision and objectives

In January 2022, Newydd's Common Board approved a new five-year Corporate Plan which focusses on:

"Your Home, Your Community, Your Future"

The Board worked with staff and tenants to develop an ambitious plan which aims to ensure Newydd is a top performing housing association where staff want to work to help build sustainable communities and a financially secure future.

Themes

The Corporate Plan sets out five key themes that the Board wish to progress to meet the above aim.

- > **Excellent services:** At the heart of the plan is a commitment to deliver excellent customer service, engage effectively with our tenants and to ensure our organisation and its services reflect the diversity of the communities we work within.
- > **Growth:** Newydd Group wants to support our communities to grow in a sustainable, safe environment. The plan aims to grow the housing stock to help address the housing crisis and

support Welsh Government's commitment to provide 20,000 new low carbon homes by the end of the current government term.

- > **Support:** Newydd wants to support tenants and communities to recover from the effects of the pandemic to live once again in thriving communities with a bright future. But the support theme also looks to ensure that departments within Newydd are able to effectively support those staff delivering the front-line services to tenants.
- > **Sustainability:** The climate crisis continues - Newydd wants to play its part in addressing the climate emergency and aims to assist the Welsh Government through the Optimised Retrofit Programme to reduce carbon emissions across our homes. The sustainability theme also aims to ensure that tenancies and communities are resilient to the challenges facing them.
- > **Safety:** The safety of our tenants remains a high priority for the Board. Newydd aims to ensure tenants live in safe, affordable, high quality homes, receiving excellent landlord services.



Values

How we deliver our objectives is important to us and underpinning our vision are a set of values that define how we do things as an organisation and our expectations for the people who work with us. The values were developed with staff to reflect the organisation they chose to work for. The values are:

- > **Honest:** We are honest, open and fair in our dealings with people and partner organisations. We respect confidentiality and the need to protect sensitive data. We want people to be aware of and understand the decisions we make and are accountable for our actions. We achieve this through informing our stakeholders consistently, regularly and fully.
- > **Enabling:** Our services empower our tenants to be able to sustain their tenancies, communities and to develop and grow. We aim to enable our staff to deliver the best service they can and to grow and develop their own careers. We aim to enable our stakeholders to deliver their ambitions.
- > **Innovative:** We aim to achieve excellence in all we do. We adapt and respond quickly and take every opportunity to learn from experience. We trust our staff and encourage new ideas, enabling staff to try to improve services.

- > **Compassionate:** We recognise when people are suffering and take action to help. We want to help each other, tenants and communities. We listen to what everyone has to say. We are kind.
- > **People-focussed:** We recognise and praise good performance. We engage with, listen to and learn from staff, tenants and stakeholders. We embrace diversity and inclusion.

Results for the year

The results for Newydd Group are set out in the Abbreviated Consolidated Statement of Comprehensive Income and Financial Position on pages 28 to 29.

Newydd Housing Association (1974) Limited results are set out in the Financial Statements and supporting notes on pages 35 to 60.

We review and monitor achievement against our Corporate Plan and we have made solid progress against many of our targets. The Board considers that the results for the year are satisfactory and look forward to achieving good performance in the coming twelve months.





1	2	3
4	5	6

1. Becoming Dementia Friendly

Since August 2022, we have been working towards creating a more inclusive environment for our tenants and staff affected by dementia. Some of our staff have become Dementia Friends Champions through specialised training, promoting accessible language and communication.

2. New bowling shoes for Radnorshire Indoor Bowling Association

Through our community benefits program, we have provided funding for new bowling shoes for Radnorshire Indoor Bowling Association in Llandrindod Wells, Powys. We are grateful for the support of our contractors J.G Hale Construction Limited, who contributed to our community benefit fund through their involvement in the construction of Ithon Road. Radnorshire Indoor Bowling Club offers tailored coaching and excellent facilities for its disabled members, fostering a friendly and supportive environment.

3. Cwrt Canna

The Cwrt Canna scheme in Llangan won the prestigious 'Best affordable housing development under £5m' category at the Inside Housing Development Awards. Developed in collaboration with the Vale of Glamorgan Council and Canna Developments Ltd, this rural development features thirteen ultra-low energy homes.

4. TESA Award

We became the first housing association in Wales to successfully complete TPAS Cymru's Tenant Engagement Standards Assessment (TESA) challenge. After a thorough nine-month evaluation process, we achieved 'green' status in all three priority TESA standards, demonstrating leadership, effective involvement practices, openness, and accountability. This accomplishment showcases our commitment to tenant engagement and paves the way for the implementation of our new Tenant Influencer Strategy, titled 'People at the Heart.'

5. Supporting the Amelia Trust Farm

Through our community benefits fund, we donated to the Amelia Trust Farm, a charity near Barry that supports disadvantaged young people. This contribution was made possible through our partnership with Cartrefi Ltd, the contractors responsible for the redevelopment of the former Windsor pub in Barry.

6. Collaboration: Forming a consortium

We have joined forces to form a consortium with 6 other social landlords in Wales aimed at leveraging our collective resources, expertise, and experience to enhance our services. As like-minded registered social landlords, we share common values and goals and face similar challenges in areas such as procurement, health and safety, assets and legal, and community communication.

Future developments/plans

Looking forward to the remainder of our Corporate Plan period, there remains much to do to build on progress so far. Key tasks include:

> **Increasing the supply of affordable housing:**

We are currently in contract and on site to deliver a further 300+ new homes and have a healthy pipeline of projects awaiting funding. We anticipate completing 100+ homes during 2023-24. These include projects funded through Social Housing Grant and section 106 partnerships with private developers. We remain committed to providing and building affordable homes, but a smaller proportion of our homes will be available through the Homebuy low-cost home ownership model. Affordable housing will remain our core business, but we are considering development feasibilities that allows us to offer a mixed tenure of affordable rent, market rent and market sale on the same development.

> **Working with health partnerships:** the potential for stronger working partnerships between health and housing are well understood and we aim to forge new partnerships to allow these services to continue where they are most needed. We have been awarded funding by Cardiff & Vale University Health Board, for a second year, to expand this programme into these areas. The strategic goal is to build closer working relationships with the health boards in the areas we operate to ensure sustainability of the programme; and have academic evaluation being undertaken to provide evidence and assurances to the health boards to broaden this relationship. We have secured £25,000 from Cwm Taf Morgannwg Health Board to pilot the GetFit.Wales project.

> **Reviewing our Environmental, Social and Governance (ESG) Report:** In 2021, we launched our first ESG report as an early adopter of the Sustainability Reporting Standard for Social Housing and in 2023 we will update this to reflect the ever-changing environment that we live and work in.

> **Corporate Plan:** During the next 12-months, we intend to develop strategies and actions plans under each of the Corporate Plan themes and also develop behaviours to define our values.

> **Newydd Maintenance Limited:** 2023 will see the sixth year of operation of our in-house repairs

and maintenance subsidiary company. The first few years we implemented new systems and procedures, welcomed new staff and then the Covid-19 pandemic had a major effect on service provision. More recently, we have seen a return to a more normal operating environment but still face challenges with supply issues and increased costs.

Having previously increased the amount of reactive and planned works we undertake; we now do all Newydd's maintenance. We collaborate very closely with our colleagues in the Asset and Decarbonisation team and have agreed a robust programme of works for 2023/24 financial year which will include undertaking all the decarbonisation works identified via the Optimised Retrofit Programme, including installing solar PV and Intelligent Energy Systems.

> **Tenant involvement:** Newydd has an excellent reputation in the housing sector for putting tenants at the heart of everything we do. This year we have reviewed our approach to Tenant Involvement and worked with TPAS Cymru to complete the Tenant Engagement Standards Assessment (TESA). TPAS provided challenge, advice and support as part of this process. We were delighted to be the first Registered Social Landlord in Wales to succeed in meeting the TESA challenge by achieving the standards set in relation to Leadership and Governance; Involvement Practice; Openness and Accountability. The assessment helped us to:

- Review our current position in delivering tenant engagement and identify opportunities for improvement.
- Provide independent evidence to demonstrate that we are meeting or working towards meeting Welsh Government expectations and Regulatory Standards.
- Help to highlight areas of good practice at Newydd.
- Demonstrate our commitment to tenant involvement.

In March 2023, we launched our new Tenant Influencer Strategy to further embed tenant involvement in everything that we do. The strategy aims to provide a wide range of opportunities for tenants to be involved in a way that suits them. Our Scrutiny Group members have now become 'Lead Influencers' helping us to shape and deliver our Corporate Plan objectives.

We have recently been shortlisted for a TPAS Cymru best practice award in the new Tenant Voice Category for our recent work in encouraging and supporting tenants to be involved and ensuring the tenant voice is heard, listened to, and acted upon.

> **Independent review of affordable housing supply:**

On 1 May 2019, the review panel published their report and recommendations. We are represented at senior and Board level on various sector working groups to ensure we can influence the development of policy and remain in touch with sector developments. The Covid-19 pandemic put some consultations and decisions on hold but progress is now being made once again so preparing ourselves for any changes is key.

Governance

We aim to exhibit high standards of governance and have adopted the Community Housing Cymru Code of Governance. Compliance is regularly reviewed, and the Boards can confirm that they are in full

compliance and will continue to review progress to ensure that compliance is continued.

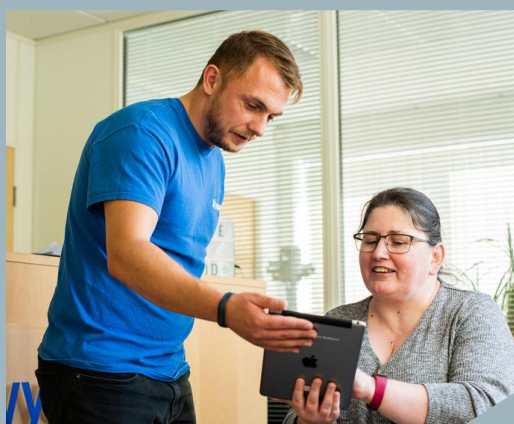
During 2023, the Board started an independent governance review to ensure that the current governance structure and approach is the best it can be.

The Board were very pleased to be awarded the QED Award from Tai Pawb in early 2022, reflecting the work undertaken to ensure our organisation and its services reflect the diversity of the communities we work within. The Board has also committed to increase the diversity of their membership and has recently launched a recruitment exercise to address this.

Regulation

Newydd Group received its last regulatory assessment in March 2023 and received the highest level for both financial viability and governance and tenant services (green/green).





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4	4	5

1. Visibly Better Award at Arthur Davis Court

Our independent living scheme in Arthur Davis Court in Barry received the RNIB Cymru's Visibly Better Platinum Award for its redesigned features, enabling older people with sight loss to live independently for longer. The award was celebrated at a special event, attended by residents, staff from RNIB Cymru and Newydd, and a commemorative plaque was unveiled.

2. Reducing the digital divide for tenants

Over the past year, our Digital Inclusion Team have made significant strides in reducing the barrier to digital inclusion. Partnering with Cardiff Metropolitan University and the National Databank, they have worked diligently to provide our tenants with access to digital materials and support. The 'Donated PCs' project, made possible through the generous donation of 25 PCs and monitors by Cardiff Metropolitan University, has proven invaluable in supporting our tenants' education, job searches, and access to vital health services.

3. Our ORP progress

In 2022, we expanded the ORP program to 110 more homes, and we have successfully installed 64 intelligent energy systems and commissioned solar panels for 34 homes. We prioritise tenant involvement through a dedicated focus group, ensuring their voices are heard in promoting decarbonisation and sustainability.

4. Community pop-ups

In a series of 9 community pop-ups since August 2022, we have been actively engaging with tenants, providing valuable information on benefits, housing, and community well-being. These events have served as an opportunity for tenants to address any community-related issues or concerns they may have had. We took an active role in improving the local environment by organising litter picking activities during the pop-ups.

5. Supporting The Intersensory Club in Barry

The Intersensory Club in Barry received funding from our community benefits fund, thanks to the support of Sterling Construction who are currently working on our Seaview site in Barry. The Intersensory Club is a place where children and adults with disabilities can enjoy adaptive cycling activities in the Vale. We are thrilled to have been able to help by donating funds for new helmets and jackets for their cyclists and support a truly remarkable cause.

How are we performing?

The following performance indicators were set by Newydd tenants.

Rent and letting homes

Providing support for tenants who are struggling to pay their rent is a very high priority for us. This is especially important in the current cost of living crisis which is severely affecting our tenants. We continue to provide support to our residents through a team of Financial Inclusion Officers (FIOs) and in recognition of the vital work carried out by this team we have recruited a fourth FIO to support tenants at this difficult time. The team manages a hardship fund, offers support to tenants claiming benefits and apply for grants. Requests for hardship payments have unsurprisingly increased in the last year.

The DWP recently confirmed that the second phase of the programme to move all claimants of working age over from legacy benefits to universal credit will now resume after a hiatus due to the Covid-19 pandemic. The move away from the payment of Housing Benefit direct to Newydd whilst underway for some time is likely to continue to be challenging in terms of income collection. In future, the majority of our tenants will

receive their rent payments direct yet are increasingly faced with difficult decisions to heat their homes, pay their rent and feed their families.

We continue to take a person-centred approach to income collection and all housing staff have been trained on restorative approaches. Our Account Management Policy has been devised to take account of the challenging environment we operate in and the Welsh Government's policy of no evictions into homelessness. In the last two financial years, no evictions were carried out, our arrears however, have increased.

We are developing a Tenancy Sustainment Strategy to capture best practice, and this will focus on, amongst other things, making better use of our data to plan our services and target our interventions for maximum impact, as well as building better relationships with our tenants. The strategy will be launched in September 2023.

Rent and lettings	2021	2022	2023
Percentage of rent collected	100%	100%	99%
Percentage of rent arrears owed by current tenants (including HB arrears)	4.4%	4.7%	5.0%
Percentage of rent arrears owed by current tenants (excluding rent arrears paid by HB)	3.6%	4.0%	4.5%
Percentage of rent arrears owed by former tenants	1.8%	1.7%	1.7%
Amount of former tenant arrears written off	£78,031	£41,454	£93,976
Percentage of rent lost due to empty homes	1.2%	1.5%	1.3%
Number of Notices of Seeking Possession (NOSP) served due to rent arrears	151	104	85
Number of tenants evicted due to rent arrears	0	0	0
Annual satisfaction with service charges	79%	80%	65%

Empty homes and lettings service

We have improved our monitoring and reporting of rent loss from empty properties. The time taken to turnaround empty properties and relet them has improved. Consequently, rent loss from empty properties has reduced. We are currently developing targets in this area to help achieve further improvement.

Tenancy sustainment rates have slightly increased over the last year. Work on a Tenancy Sustainability Strategy is nearly complete and new reports are being

developed to monitor tenancy termination reasons and an exit survey for outgoing tenants is planned.

Digital improvements have enabled us to offer, where appropriate, video viewings using WhatsApp and using technology to allow electronic tenancy sign ups has sped up the process.

We continue to receive a high number of homeless applicants with complex needs requiring support and this is likely to increase as local authorities adopt 'Rapid Rehousing' policies.

Empty homes and lettings

2021

2022

2023

Percentage of new tenancies that last for more than 12-months

95%

95%

96%

Percentage of properties let within 10 working days

7%

5%

7%

Rent lost due to empty property

£199,456

£235,215

£211,319



Customer service

We are continuously looking for ways to improve the service to customers and in 2024 we plan to scope an omnichannel solution. This will allow us to provide the best possible service whichever way tenants would like to contact us. This is particularly relevant given the sustained high ratio of digital to phone contact (70:30) first experienced during the Covid-19 pandemic.

Our self-service platform, 'My Newydd' continues to attract users and we had over 34,000 contacts via this method during 2022/23.

Some successes identified in our annual tenant satisfaction survey for 2022/23 in relation to customer service are as follows:

- > High levels of satisfaction with staff being friendly and approachable (88%)
- > Newydd being easy to deal with (83%)

Customer service	2021	2022	2023
Number of calls	22,600	27,719	23,862
My Newydd contacts	29,563	34,483	34,145
Ratio of digital: phone contact	69:31	70:30	70:30
Facebook posts responded to	Not recorded	196	207
Number of open anti-social behaviour cases	47	49	57
Number of evictions due to anti-social behaviour	0	0	0
Cost of anti-social behaviour (legal fees only)	£11,876	£5,881	£13,564



Maintenance service

This is the sixth full-year that responsive maintenance was conducted by our own in-house team. The learning experience has been invaluable and although it has not been without problems, the improvement in quality, customer satisfaction and value for money is starting to show through. Having our own team was invaluable in responding to the

previous floods and evolving services have protected staff and tenants. Recent expansion of the team has seen the installation of solar PV systems and intelligent energy systems as we deliver Newydd's decarbonisation programme. Improvement in tenant satisfaction continues to be a priority for the maintenance service.

Maintenance service	2021	2022	2023
Responsive repairs raised	8,733	12,005	11,687
Responsive repairs completed	9,122	11,832	10,543
Live voids	16	13	20
Percentage of jobs completed first time	97%	98%	97%
Percentage of emergency jobs completed on time	99%	99%	99%
Percentage of emergency repair jobs relative to total number of responsive repairs	30%	21%	22%
Appointments made and kept as % of all non-emergency responsive repairs	95%	98%	96%
Average calendar days to complete responsive repairs	36	24	34
Average calendar days for void turnaround	48	22	29
Satisfaction with repairs	96%	95%	96%
Staff turnover (voluntary)	1.4%	2.0%	1.0%
Jobs completed per operative per day	3.7	3.8	3.2
Expired gas services	5	0	8

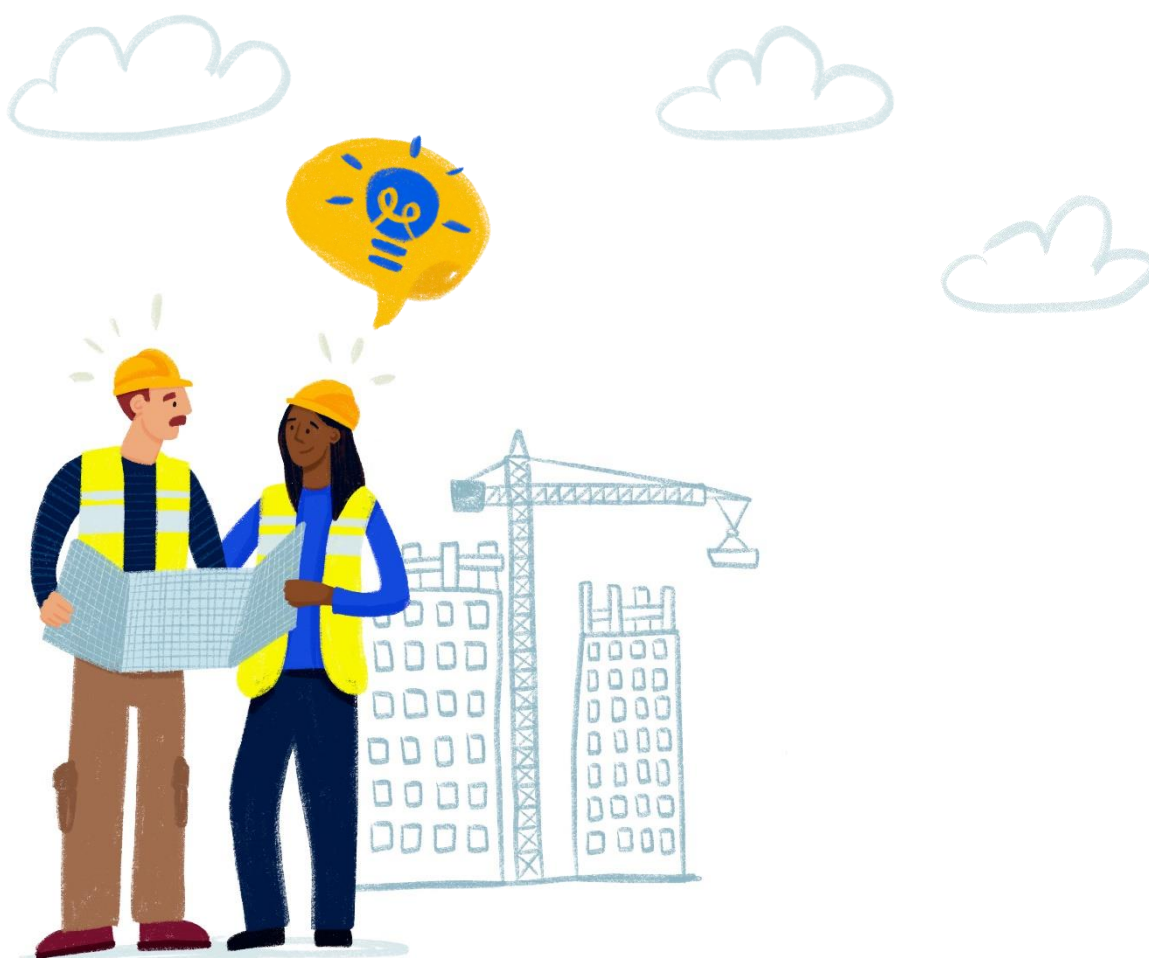
Development

The development team completed 70 new homes in 2022/23 and were all built in the Vale of Glamorgan. The majority of these homes were for social rent with a small number for low-cost home ownership. The number of properties built and where are as follows:

- > Eastfield Close, Cae Ffynnon, Dunraven Close, Cae Wyndham, Cowbridge – 41 homes (24 for social rent and 17 for low-cost home ownership)

- > Rhodfa'r Doc Glanhau, Barry Waterfront – 8 homes (6 for social rent and 2 for low-cost home ownership)
- > Cwrt Canna, Llangan – 2 homes for social rent
- > The Windsor, Holton Road, Barry – 18 homes for social rent
- > Paget Road, Barry – 1 home for social rent

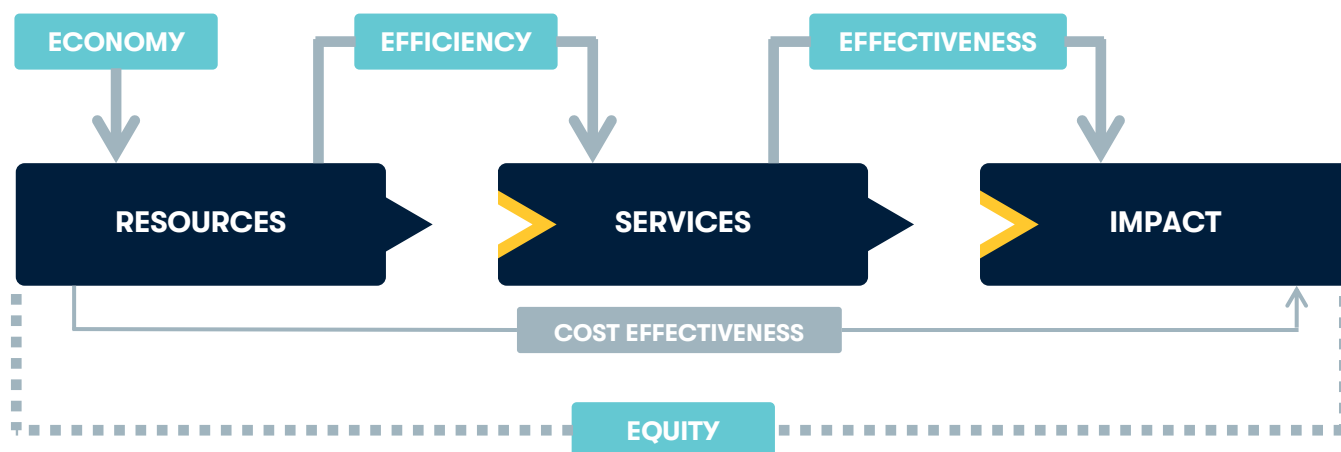
Development	2021	2022	2023
Number of tenants satisfied after 12 months of living in a new home	100%	96%	100%
Number of physical adaptations	34	57	70
Number of tenants satisfied with adaptations	100%	100%	100%



Value for money

We recognise that value for money results from the activities of employees, tenants, and stakeholders. The shared ownership of our values brings a consistent approach to the delivery of value for money throughout Newydd, making it an important part of our culture.

What tenants' value is an important part of how we measure service performance. The tenant indicators are periodically reviewed with our tenants to ensure we continue to measure what is most valued. For us, value for money is more than just saving money, it's providing the best quality services at the best price we can. When we are considering value for money we look closely at the relationships between economy, efficiency, effectiveness and equity; the "4 E's":



Economy – spending less

Economy is about minimising the resources we use, whether it's money, time or effort.

Efficiency – spending well

Efficiency is about how we turn our resources into services we provide. It looks at our processes to see if we can cut out wasted money, time or effort and still deliver valuable services.

Effectiveness – spending wisely

Effectiveness is about looking at whether it worked, did we meet our objectives and are our services better for the same or less money, time or effort.

Equity – spending fairly

Equity is about making sure the decision we make are fair and do the services we provide reach the people they are intended for. Equity is the foundation of our approach to value for money.

Our value for money commitment

Delivering value for money is critical to providing excellent services. We are committed to value for money being integral to our governance, business planning and the decisions we make.

To do this we aim to create a culture that enables everyone to contribute towards value for money - ensuring everyone understands what it means to Newydd and consistently challenging ourselves to be better.

At the heart of value for money is understanding how tenants feel about the services we provide and we will continue to ask, listen and act.



We partnered with two housing associations to tender for windows and doors in order to achieve best value for our tenants.



77 tenants engage with to review policies and direct service delivery including coproducing four service delivery charters.



Appointments with 968 tenants supporting them to better understand and manage their money including claiming benefits they were entitled too, resulting in tenants receiving £621,855 to help sustain their tenancies and cope with the cost of living crisis.

How do we compare

By comparing our performance and achievements to the sector in Wales helps us continually improve our services.

Value for Money indicator – annual sector averages	2021/22 sector average	2021/22	2022/23
Turnover per social housing home	£6,202	£5,740	£5,973
Operating cost per social housing home	£3,833	£2,781	£3,012
Management cost per social housing home	£1,456	£930	£965
Reactive costs per social housing home	£1,250	£884	£1,024
Major repairs and component per social housing home (capital and revenue)	£1,309	£794	£905
Bad debt costs per social housing home	£24	£2	£50
Weighted average cost of capital	4.5%	3.9%	4.2%
Free cash inflow per social housing home	£607	£892	£63
Gross arrears / social housing turnover	4.6%	7.6%	5.7%
Rental void loss per social housing home	£90	£62	£61

Main findings

- > Turnover per social housing home is around 8% lower than the sector average, reflecting the lower than average rent charged by Newydd.
- > Despite an increase in operating costs since last year, costs per social housing home are significantly lower than the sector average.
- > We experienced an increase in reactive repair costs due to the cost of repair materials increasing but remain below the sector average.
- > Free cash reduced due to increased investment in existing properties through additional component replacements.

Our future priorities

- > Implement a new Value for Money Strategy for the next 5-years.
- > Embracing digital technologies to promote smarter working and more efficient delivery of our services.
- > Continuous improvement in how we procure our goods and services.
- > Complete our independent governance review to ensure that the current governance structure and approach is the best it can be.
- > Build on our established partnerships with other housing associations to procure shared services such as legal services.
- > Further investment in our front-line teams to allow greater quality services to be provided including expanding the Financial Inclusion team to support more tenants with understanding and managing their money better.
- > Build on successful engagement to ensure that we continue to understand how tenants feel about the services we provide.

Rent affordability

It is most important that our rents are affordable to all our tenants. We also want to ensure that rents are fair and are in line with what tenants expect. Our tenants told us that flats should be cheaper than houses, older properties should cost less than new properties and that household income and the property size should be considered when setting rent. There is no universal measure of affordability and we have tried to find a method that is simple to apply and understand. For several years, we have used the living rent models to assist in determining the affordability of our rent and service charges. Happily, the model produces a benchmark that is in line with tenant expectations of fairness and affordability.

We have set the challenge of improving and delivering core services in return for a living rent. We include

service charges as well as rent charge when assessing overall affordability.

87%

87% satisfaction that
rent provides value for
money

65%

65% satisfaction that
service charges provides
value for money

Rents and service charges are reviewed for affordability in each location. A summary is provided of average rents and service charges compared to an estimated living rent and market rent.

Value for Money indicator Rent Affordability



Our average rent and service charge (general needs) 2022/23

1 bed	2 bed	3 bed	4 bed
£96.11	£108.94	£116.82	£137.09

Average Living Rent

(Living Rent developed by Joseph Rowntree Foundation and Savills is based on Annual Survey of Hours and Earnings (ASHE) lower quartile earnings)

1 bed	2 bed	3 bed	4 bed
£104.39	£131.10	£156.76	£175.22

Median Quartile Private Sector Rent 2019

produced by the Rent Officers Wales Latest release May 2020

1 bed	2 bed	3 bed	4 bed
£96.47	£117.78	£139.70	£202.79

One-bedroom properties are in blocks of flats some of which attract high service charges, this is an area of concern for us. We are active in reducing and eliminating service costs in new developments and driving value for existing services. When asked, tenants overwhelmingly value quality over cost.

Asset performance

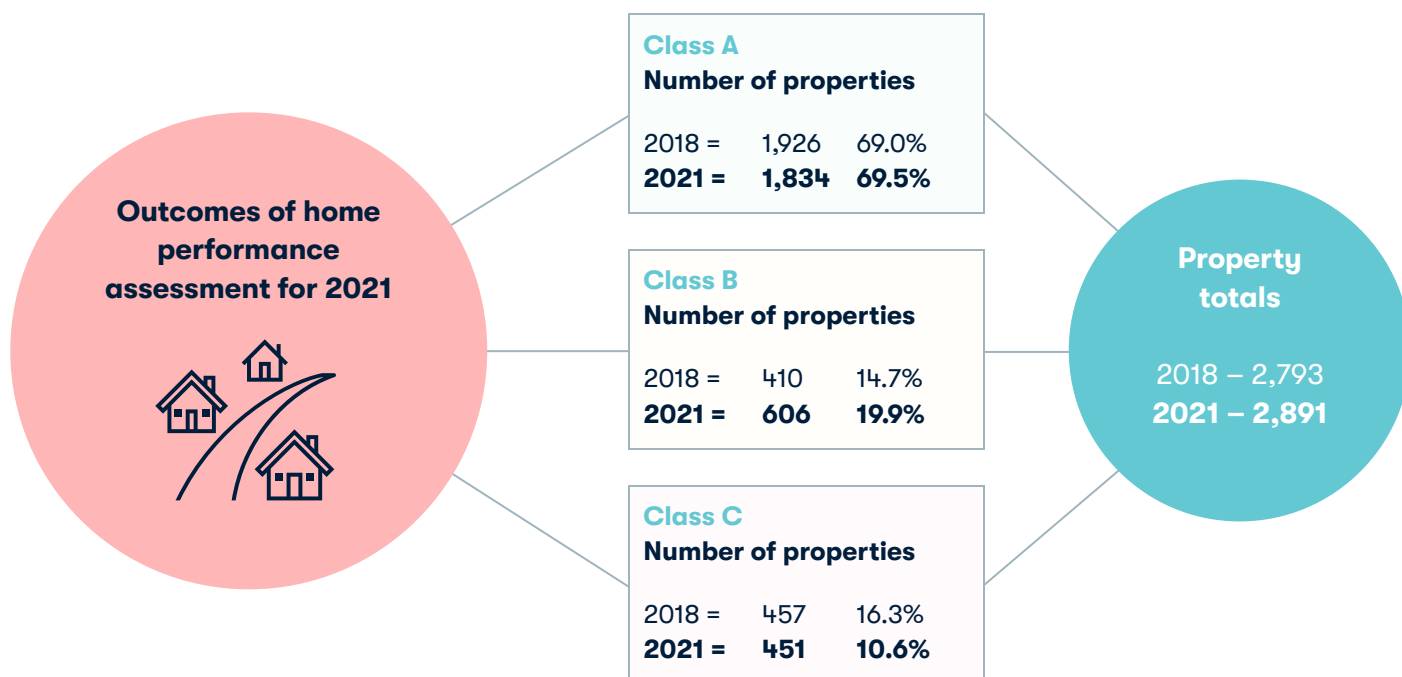
Individual asset performance is assessed using existing data based on a range of qualitative and quantitative information including tenancy sustainability, demand, stock condition, repairs, voids, customer satisfaction, anti-social behaviour, complaints, cost of management and financial performance. The resulting data is evaluated against an efficiency test and classified into performance levels which provides an internal benchmark to assess performance improvement over the next 3-years.

Rolling 6-year Asset Performance Improvement Strategy

A triennial performance review is undertaken to grade our homes into Class A, B and C to help decide how to improve performance overall. This establishes the

strategy for the next 3-years. The last review provided evidence that the strategy is bearing fruit as the percentage of performing stock (Class A and B) compared to poorer performing stock (Class C) has improved.

Poor performing stock outside our strategic areas of operation (usually stand-alone, scattered stock) are either sold to fund improvement on our estates or, in the case of blocks or smaller estates, are remodelled to improve their performance, appearance and living conditions for the people who live within them. However, with the decarbonisation and Optimised Retrofit Programmes now beginning to gain momentum, the strategy is evolving to address these initiatives, and the number identified for sale is decreasing.



Social value

Social value is a way to quantify how different interventions affect people's lives – the overall impact on people's wellbeing, or their quality of life. It is a way of measuring the positive benefits our services have on people and communities. Measuring social value also helps us make informed decisions about how we can improve our services.

We use the Housing Associations' Charitable Trust (HACT) social impact tool to measure outcomes and value for money for tenant involvement and wider community regeneration activities. It is used to understand, measure and map the social impact of community investment activities and the social impact on the local economy.

The values are calculated through statistical analyses of four large national UK datasets that contain data on wellbeing and life circumstances: British Household Panel Survey (BHPS), Understanding

Society, The Crime Survey for England and Wales and The Taking Part survey.

These datasets include people's responses to wellbeing questions both prior and post community investment activity. Dependent on the activity, the questions focus on a large number of aspects and circumstances of their lives such as employment status, marital status, health status, whether they volunteer, whether they play sports, whether they live in a safe area, and so on, resulting in a wide range of values. The majority of values come from the BHPS which has been completed each year by more than 10,000 of the same individuals since 1991 and so incorporates over 20-years of panel data.

Using these values, each activity can be assessed on its outcomes and a calculation of how much "social return" it gives.

Value added



Our policy is to include social clauses in all contracts over **£50,000** in both our tendered development contracts, planned maintenance contracts and in-house maintenance department. Benefits to communities in which we operate include apprenticeships, training, work experience, work placements and physical regeneration of existing estates, and communities, and funding community projects and / or charities.



Our external contractors and internal team delivered **£1,590** in local cash contributions or sponsorships, **£720** of in-kind labour and over **£1,000** of material donations to community projects.



Further, **512** apprenticeship weeks have been delivered, and **5** weeks of work experience throughout the financial year.



Community activities are usually done face to face, COVID-19 triggered a switch to on-line activities which reduced the cost of community investment. The saving enabled increased expenditure on much needed welfare support to tenants resulting from lockdowns. We have now moved to a mix of face to face and online delivery.

	2021	2022	2023
Budget for community investment activity	£93k	£177k	£190k
Structure of activity	6 programmes with a total of 14 projects	5 programmes with a total of 17 projects	5 programmes with a total of 26 projects
Number of people experiencing and outcome	1,921	3,021	2,961
Social Impact	£4.6m	£11.2m	£15.7m
Budget to impact ratio	£1 : £50	£1 : £65	£1 : £83
Net benefits (benefit less budget)	£4.5m	£11.2m	£15.6m
Community benefits	132 weeks non accredited training, 168 Apprentice weeks, 246 weeks of work experience	36 people employed previously unemployed, 19 apprenticeship opportunities, 147 non accredited training weeks completed, 452 apprenticeship weeks, 215 weeks of work experience	76 people employed previously unemployed, 8 apprenticeship opportunities with 512 apprenticeship weeks, 3 weeks of work experience, 4 weeks of non accredited training weeks completed.
Total tenant participation hours	139	278	396

The Strategic report was approved by Board on 2nd August 2023 and signed on its behalf by:



C Marshall
Chair

Board Report

Year ended 31 March 2023



Board Report

Statement of Board members responsibilities

Internal control and risk management

The Board is ultimately responsible for setting the future direction and strategy of Newydd, ensuring that there is a system of controls that is appropriate to the various business environments in which it operates. The Board has in place a formalised framework for:

- a) the identification, review and management risk
- b) the safeguarding of the health and safety of tenants and staff
- c) the reliability of financial information
- d) the maintenance of proper accounting records; and
- e) the safeguarding of assets against unauthorised use or disposition.

- > all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees comprising Board members and others.

Key elements of the system of internal controls

The internal control framework is designed to manage and reduce the risk of failing to achieve business objectives. It can only provide the Board with reasonable, and not absolute, assurance against material misstatement or loss.

The key features of Newydd's system of internal control include:

- > 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 Newydd's assets.
- > policies and procedures are in place that cover the prevention, detection and reporting of fraud, including cyber fraud and the recovery of assets. There have been no losses due to fraud during the year. There have been no cyber breaches during the year.
- > experienced and suitably qualified staff take responsibility for important business functions.
- > forecasts and budgets are prepared which allow Newydd and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date information and significant variances from budgets are investigated as appropriate.

Risk

The Board is committed to the management of risk in order to achieve the vision and goals of Newydd, and to remain a viable and sustainable business.

The Welsh Government, as regulator of the housing association sector, has increased its focus on the management of risk, expecting housing associations and particularly their Boards to fully understand the business and financial risk environment in which they operate and to be confident that these risks are effectively managed.

The Board recognise that Newydd continues to face a significant range of business and performance related risks and that these have been compounded by the cost of living crisis and general economic climate.

To effectively manage these risks a risk register is maintained and reviewed on a quarterly basis by:



Decision Time Risk Software

All Heads of Service, Senior Management team and members of Group Audit and Risk Committee have direct access to the Decision Time risk register.



Group Audit and Risk Committee

The Group Audit and Risk Committee meets quarterly and challenges the strategic risks, top operational risks and emerging issues. It also considers the current levels of assurance and effectiveness of controls.



Group Common Board

The Group Common Board discuss and challenge strategic risks, levels of assurance and emerging issues. The Board also discuss risk appetite.

The Board receives quarterly reports of:

- > Emerging issues that have not yet appeared in the operational risk register
- > Strategic risks and associated residual risk

The Internal Auditors will perform an assessment of one or more strategic risks on a quarterly basis and present findings to the Group Audit and Risk Committee for review.

The Emerging Issues Register and full operational Risk Register are available to Group Audit and Risk Committee at all times enabling understanding at any time of the risks Newydd faces.

Full details of Newydd's approach to risk is set out in the Risk Management Framework which is reviewed annually.

During 2022, following a tender process, the Internal Audit service changed. The Group is now working with Astari.

Health and safety

Newydd's policy is to prevent accidents and cases of work-related ill health by managing the health and safety risks in the workplace.

An annual health and safety review is carried out covering the following:

- > data on the health and safety performance
- > significant risks and strategies to address them
- > health and safety goals as set out in the action plan and progress towards achieving the goals
- > arrangements for consulting employees and involving health and safety representatives

At an operational level, it is important that staff have competency to carry out their responsibilities and the following staff have formal qualifications:

- > Head of Human Resources – IOSH certificate in Managing Safely
- > Maintenance Director – NEBOSH General and NEBOSH Construction
- > Maintenance Works Manager – NEBOSH Construction Certificate
- > Head of Compliance – IOSH certificate in Managing Safety
- > Health & Safety Representatives (15) – Health and Safety at Work level 2 certificate, Fire Marshall Level 2 and DSE assessor training
- > Newydd Maintenance Limited hold Gas Safe and EICR Accreditation.

In addition, Newydd collaborates with two other housing associations and employs a Health and Safety Manager and Health and Safety Officer who develop and oversee the delivery of the Group's health and safety plan, carry out performance monitoring, policy development, provide guidance and advice to managers and staff and attend quarterly health and safety meetings. Newydd also engages external consultants and auditors to undertake regular inspections of both the operational and administrative functions to provide further assurance.

Tenant participation in governance

Tenants are currently involved directly in the governance of Newydd through several routes:

- > The Tenant Scrutiny Group (TSG) review and scrutinise services and report their findings directly to Newydd Board. The Group Audit and Risk Committee then monitors the implementation of their recommendations. The Scrutiny Group are

also given access to the Internal Audit service to support their reviews.

- > One Board member is a Newydd tenant.

During "lockdown" virtual conferences were held in conjunction with the TSG on a quarterly basis. The approach to tenant involvement is being reviewed as part of the excellent services theme in the new Corporate Plan. A new Tenant Involvement Strategy will be developed working with TPAS Cymru to complete their TESA process (a self-assessment on our tenant engagement processes). TPAS Cymru will be providing challenge, advice and support as part of this process.

Compliance

Newydd's primary regulator is the Welsh Government, their Regulatory Framework has nine regulatory standards to conform to evidenced by undertaking a self-evaluation on an annual basis. Since the Regulatory Framework was introduced, Newydd has attained the highest level of compliance (green) for Governance and Tenant Services and Financial Management. Our last report was published in March 2023.

Newydd has adopted the Community Housing Cymru Code of Governance. Full compliance is evidenced through Newydd's self-assessment.

Newydd has also achieved several other accreditations in order to benchmark performance or to drive improvement to meet a national standard.

Accreditations include:

- > Best Companies – Two-star status
- > Investors in People – Gold
- > Corporate Health Standard – Gold
- > Disability Confident Employer
- > Cyber Essential Plus accreditation for IT security systems
- > QED Tai Pawb national recognised standard for equality and diversity
- > RNIB Cymru Visibly Better
- > Sustainability Reporting Standard for Social Housing early adopter

Statement of Board members responsibilities in respect of the Board's report and the financial statements

Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year. Under that legislation, the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Registered Social Landlord 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 Newydd Housing Association (1974) Limited and of the surplus or deficit for that year. In preparing these financial statements, the Board is required to:

- > select suitable accounting policies and then apply them consistently
- > make judgements and estimates that are reasonable and prudent
- > state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Newydd Housing Association (1974) Limited will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain Newydd's transactions and disclose with reasonable accuracy at any time the financial position of Newydd to enable them to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, The Accounting requirements for Registered Social

Landlords General Determination (Wales) 2015, and the Statement of Recommended Practice for Registered Social Housing Providers issued in 2018.

The Board are also responsible for safeguarding the assets of Newydd and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the system of internal financial control in existence in the Group for the year ended 31 March 2023. Based on the audit work carried out during the year, no weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Disclosure of information to the auditor

In so far as the Board are aware:

- > There is no relevant information of which Newydd's auditors are unaware;
- > The Board members have taken all the steps that they ought to have taken to make itself aware of any relevant information and to establish that the auditors are aware of that information.

Auditor

Bevan Buckland LLP were re-appointed as auditor to Newydd Housing Association (1974) Limited on 7 September 2022.

The Board report was approved on 2nd August 2023 and signed on its behalf by:



C Marshall
Chair

Abbreviated Consolidated Statement of Comprehensive Income

Year ended 31 March 2023

	2023 £'000	2022 £'000
Turnover	21,125	18,947
Operating expenditure	(15,800)	(13,300)
Operating surplus	5,325	5,647
Surplus on disposal of property, plant and equipment	-	11
Other finance income	34	3
Interest payable and finance costs	(3,294)	(3,079)
Surplus on revaluation of investment properties	346	528
Surplus for the year before taxation	2,411	3,110
Taxation	-	1
Surplus for the year after taxation	2,411	3,111
Actuarial gain / (loss) in respect of pension schemes	(518)	1,770
Total comprehensive income for the year	1,893	4,881

Abbreviated Consolidated Statement of Financial Position

Year ended 31 March 2023

	2023 £'000	2022 £'000
Total fixed assets	258,181	240,645
Deferred debtors	3,307	3,343
Current assets		
Stock	1,327	795
Debtors	1,715	1,223
Cash at bank and in hand	5,295	5,807
	8,337	7,825
Creditors: amounts falling due within one-year	(18,120)	(11,198)
Net current liabilities	(9,783)	(3,373)
Total assets less current liabilities	251,705	240,615
Creditors: amounts falling due in more than one-year	(220,115)	(210,918)
Net assets	31,590	29,697
Capital and reserves		
Revenue reserves	31,590	29,697
Total capital and reserves	31,590	29,697

Independent Auditor's Report

To the members of Newydd Housing Association (1974) Limited



Independent auditor's report to the members of Newydd Housing Association (1974) Limited on corporate governance

Year ended 31 March 2023

In addition to our audit on the financial statements for the year ended 31 March 2023, we have reviewed the Board's statement of Newydd Housing Association (1974) Limited ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

Opinion

With respect to the Board's statement on internal controls assurance on page 23, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.



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

Date: 2nd August 2023

Independent auditor's report to the members of Newydd Housing Association (1974) Limited

Year ended 31 March 2023

Opinion

We have audited the financial statements of Newydd Housing Association (1974) Limited (the 'association') for the year ended 31st March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Cash Flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- > give a true and fair view of the state of the association's affairs as at 31st March 2023 and of its income and expenditure for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- > the association has not kept proper books of account; 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 pages 26 to 27, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Identifying and assessing potential risks related to irregularities

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

- > enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- > discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;

- The potential of rent fraud arising as a result of collusion between the Asset and Housing teams.
- > obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the association. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

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

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

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

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

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

Use of our report

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

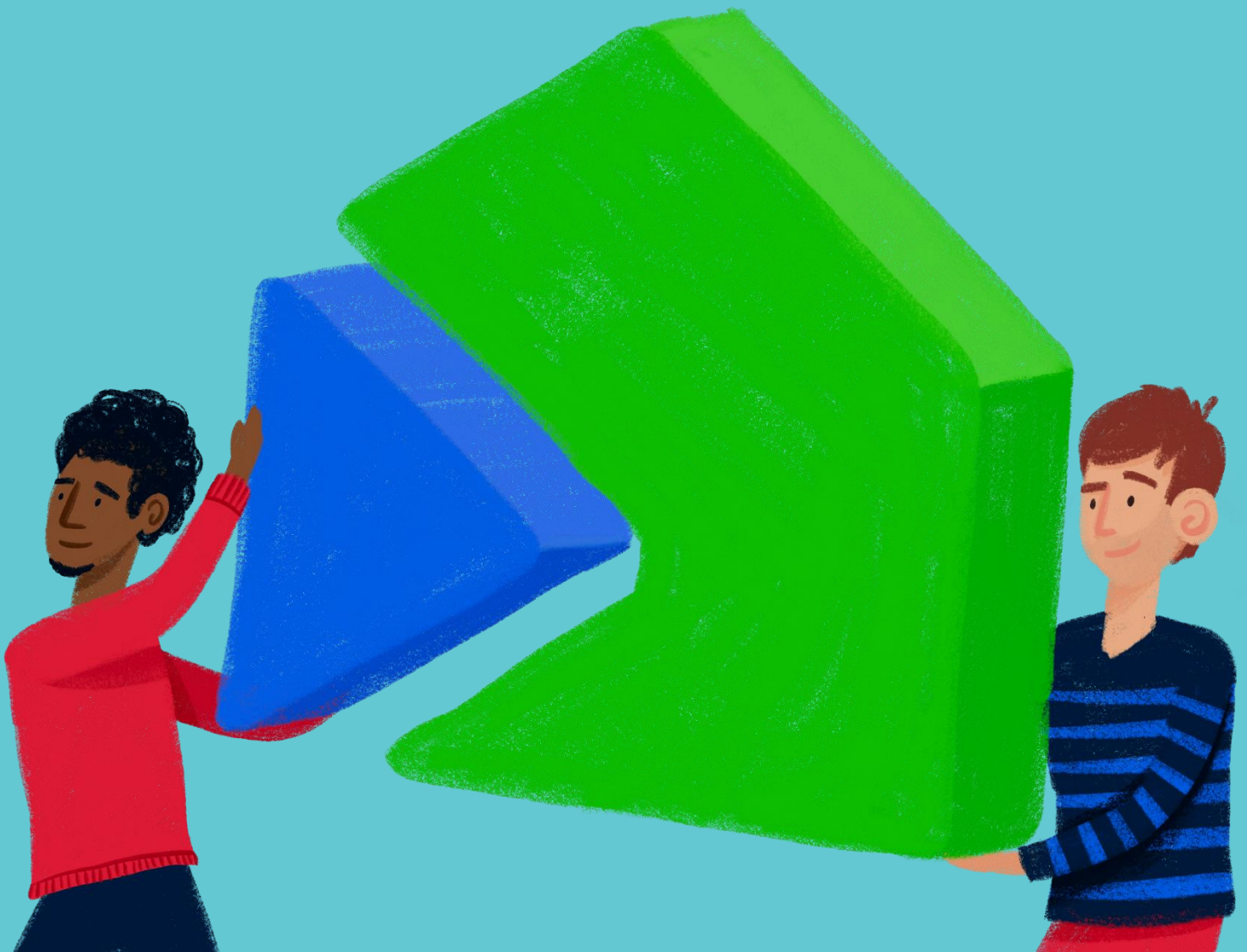
Bevan Buckland

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

Date: 2nd August 2023

Financial Statements

Year ended 31 March 2023



Newydd Housing Association (1974) Limited

Statement of Comprehensive Income

Year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	21,116	19,066
Operating expenditure	3	(16,116)	(13,529)
Operating surplus	3	5,000	5,537
Surplus on disposal of property, plant and equipment		-	-
Other finance income	6	31	3
Interest payable and finance costs	7	(3,255)	(3,028)
Surplus on revaluation of investment properties	12	346	528
Surplus for the year		2,122	3,040
Actuarial (loss) / gain in respect of pension schemes	21	(238)	808
Total comprehensive income for the year		1,884	3,848

Newydd Housing Association (1974) Limited's turnover and expenses wholly relate to continuing activities.

Statement of Changes in Reserves

Year ended 31 March 2023

	Total reserves £'000
At 1 April 2021	26,406
Surplus for the year	3,040
Actuarial gain in respect of pension schemes	808
At 31 March 2022	30,254
At 1 April 2022	30,254
Surplus for the year	2,122
Actuarial loss in respect of pension schemes	(238)
At 31 March 2023	32,138

Newydd Housing Association (1974) Limited

Statement of Financial Position

Year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Housing properties	11	246,031	230,009
Investment properties	12	5,114	4,768
Other property, plant and equipment	13	3,952	2,788
Investments – Homebuy loans receivable	14	3,583	3,540
Total fixed assets		258,680	241,105
Deferred debtors	15	3,307	3,343
Current assets			
Stock	16	1,274	753
Debtors	17	1,396	955
Cash at bank and in hand		4,808	5,063
Total current assets		7,478	6,771
Creditors: amounts falling due within one-year	18	(17,533)	(10,374)
Net current liabilities		(10,055)	(3,603)
Total assets less current liabilities		251,932	240,845
Creditors: amounts falling due in more than one-year	19	(219,794)	(210,591)
Net assets		32,138	30,254
Capital and reserves			
Share capital	20	-	-
Revenue reserves		32,138	30,254
Total capital and reserves		32,138	30,254

These financial statements were approved by the Board on 2nd August 2023 and signed on its behalf by:



C Marshall
Chair



R Thomas
Vice Chair



L Bolderson
Secretary

Newydd Housing Association (1974) Limited

Statement of Cashflows

Year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Net cash generated from operating activities		6,611	7,445
Cashflows from investing activities			
Purchase of property, plant and equipment		(22,679)	(13,874)
Homebuy investment		(252)	(78)
Proceeds from sale of property, plant and equipment		531	562
Proceeds from sale of investment property		753	148
Proceeds from sale of Homebuy investments		588	-
Grants received		13,604	8,310
Interest received		31	3
Net cashflows from investing activities		(7,424)	(4,929)
Cash flows from financing activities			
Interest paid		(3,255)	(3,028)
New loans		13,000	4,000
Repayment of borrowings		(1,951)	(2,405)
Repayment of revolving credit facility		(7,000)	-
Pension deficit		(236)	(176)
Net cash flows from financing activities		558	(1,609)
Net (decrease) / increase in cash and cash equivalents		(255)	907
Cash and cash equivalents at the beginning of the year		5,063	4,156
Cash and cash equivalents at the end of the year		4,808	5,063

Notes to the Financial Statements

Year ended 31 March 2023



Notes to the Financial Statements

Year ended 31 March 2023

1. Accounting policies

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 for registered social housing providers 2018 (SORP) and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Newydd Housing Association (1974) Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Newydd Housing Association (1974) Limited also adopts the going concern basis in preparing the annual report and financial statements. The accounting policies within this note have been applied consistently.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from empty properties) together with revenue grants, amortisation of government grants and other sundry income. Rental and service charge income is recognised in line with tenancy and lease agreements.

Properties for outright sale

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

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

Housing Finance Grant

Housing Finance Grant (HFG) is paid in instalments over a period of 30-years by the Welsh Government towards the capital and interest costs of developing affordable housing. The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant 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.

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 immediately as revenue in the Statement of Comprehensive Income.

Capital expenditure

Capital expenditure is defined as expenditure where the benefits last more than 12-months and relates to the acquisition, creation or enhancement of a fixed asset such as land, housing properties, new buildings, vehicles, furniture and equipment. This is different to

revenue spending, which covers day-to-day items to run services such as staffing and purchase of services.

Any abortive costs incurred relating to developments that do not proceed are written off to the Statement of Comprehensive Income in the year identified as abortive.

Housing properties

Housing properties are stated at cost less accumulated depreciation. Cost includes:

- > cost of land and buildings
- > professional fees
- > management costs directly related to the development scheme
- > interest incurred during the development period is capitalised and added to the cost of completed housing properties based on net investment and the average borrowing costs during the year
- > provision for the cost of work completed but not paid for at the year end.

The cost of housing properties includes staff costs and overheads which are directly attributable to bringing the housing properties into working condition for their intended use. Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset. Such enhancement can occur if the improvements result in either:

- > an increase in rental income
- > a material reduction in future maintenance costs
- > a significant extension to the life of the property

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

Where properties come into ownership of Newydd Housing Association (1974) Limited under Section 106 agreements, these are often purchased at below cost price. Where this is the case the cost is increased to the full cost and the difference is shown as imputed cost within property acquisitions, with the corresponding balance shown as imputed grant within creditors.

Depreciation periods are shown below. All other costs are written off to the Statement of Comprehensive Income as incurred.

Surpluses or deficits on sale of properties are recognised at the date a sale becomes certain. The surplus or deficit is the difference between the sale price and the aggregate of the depreciated cost and any allocated cost of disposal such as legal and valuation fees.

Depreciation

Freehold land

Freehold land is not depreciated.

Housing properties

Depreciation of buildings is charged by component so as to write down the net book value to their residual value on a straight line basis over their estimated useful economic lives to the business.

The estimated economic lives of the principal components are as follows:

Traditional housing structures

All buildings and structure written down to residual value over 150 years.

Major components

Roofs	45 years
Windows and doors	35 years
Kitchens	15 years
Bathrooms	25 years
Heating systems	20 years
Solar PV panels	25 years
Intelligent Energy Systems	10 years
Lifts and service assets	15% per annum

Leaseholders

Leaseholders and tenants are recharged for improvements carried out under the terms of the lease, recharges are recognised in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

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 and fair value less costs to sell. Where assets are held for their social 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. Depreciated replacement cost is taken a suitable measurement model.

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

Investment properties

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

Other property, plant and equipment

Other property, plant and equipment are used for administrative and operating purposes and stated at historic cost less accumulated depreciation. Depreciation is provided on all other property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold office	2% per annum
Office premises improvements	10% per annum
Furniture, fixtures and fittings	10% per annum
Service assets	15% per annum
Vehicles	20% per annum

Homebuy loans receivable

Equity loans have been made, under low-cost home ownership arrangements, to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages. Equity loans are included in the Statement of Financial Position at historic cost. Newydd Housing Association (1974) Limited is entitled to a portion of the market value corresponding to the equity interest at a time when homeowners either dispose of their property or when they choose to repurchase some, or all, of the equity loan. Grants are recycled where they are deemed to be repayable.

Financial instruments

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors, and cash and cash equivalents. Where the effect of discounting is

material, financial assets are measured at amortised cost using the effective interest method. At the reporting date, the effect of discounting is not material to the value of the financial assets of Newydd Housing Association (1974) Limited, so discounting is omitted.

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.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other creditors and interest bearing loans and borrowings.

Loans which are classed as basic financial instruments under FRS 102 are measured at amortised cost using the effective interest method, with interest and 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.

Stocks

Stocks are stated at the lower of cost or net realisable value.

Bad and doubtful debts

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

Operating Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income in the period to which they relate. Operating lease premiums are accounted for within debtors as lease prepayments and are amortised over the life of the lease period.

Interest and financing costs

Financing costs are interest and other costs incurred in connection with the borrowing of funds, including fees paid to financing parties for their commitments to lend money to Newydd Housing Association (1974) Limited in the future. Borrowing costs are amortised over the period that benefit is derived from a financial instrument, such as a loan, using the effective interest rate method.

Taxation

Value Added Tax

Newydd Housing Association (1974) Limited charges Value Added Tax (VAT) on some of its non-rental income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Corporation Tax

Newydd Housing Association (1974) Limited is treated as charitable for taxation purposes. Surpluses derived from primary charitable activities are exempt from taxation.

Pension obligations – defined benefit scheme

Newydd Housing Association (1974) Limited is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

Newydd Housing Association (1974) Limited makes payments to defined benefit pension schemes on behalf of its employees. The schemes are funded by contributions partly from the employees and partly by Newydd Housing Association (1974) Limited at rates determined by independent actuaries. The scheme assets are invested separately from Newydd Housing Association (1974) Limited assets in independently administered multi-employer funds. The cost of these benefits and the present value of the obligation depends 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 from in these assumptions could significantly impact the liability.

Pension obligations – defined contribution scheme

Newydd Housing Association (1974) Limited makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and Newydd Housing Association (1974) Limited. The scheme assets are invested separately from Newydd Housing Association (1974) Limited assets in independently administered funds in the names of the employees concerned and there is no residual liability for

Newydd Housing Association (1974) Limited beyond remittance of these contributions. The associated expenditure is recognised immediately in the Statement of Comprehensive Income in the year in which contributions are earned.

Apportionment of employee administration costs

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the actual expenditure. Management, finance and administration costs are further apportioned on the basis of staff salaries.

Ultimate parent company

Newydd Housing Association (1974) Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord. All the shares are held in trust for and on behalf of Newydd Group Limited which is also registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord.

Newydd Housing Association (1974) Limited has taken advantage of the exemption contained in section 33 Financial Reporting Standard 102 and has not disclosed transactions and balances with other members of Newydd Group as it is a wholly owned subsidiary undertaking of a parent undertaking which prepares consolidated accounts that are publicly available from the registered office shown on page 3.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from these estimates. In this regard, the Board believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Significant management judgements

The following are management judgements in applying the accounting policies of Newydd Housing Association (1974) Limited that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

Newydd Housing Association (1974) Limited has to make assessments as to whether an indicator of impairment exists. In making this judgement management has considered the detailed criteria set out in the Statement of Recommended Practice for Registered Social Housing providers (2018).

Depreciation and residual values.

The Board have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset life and residual value is appropriate.

Provisions and accruals

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

3. Turnover, operating costs and operating surplus

	Turnover £'000	Operating costs £'000	2023 Operating surplus £'000	2022 Operating surplus £'000
Social housing lettings (note 4)	17,079	(12,612)	4,467	4,624
Other social housing activities:				
Revenue grants	707	(646)	61	239
Decarbonisation programme	109	(113)	(4)	-
First tranche low cost home ownership sales	588	(588)	-	-
Staircasing	101	(11)	90	-
Grant amortisation	880	-	880	771
	19,464	(13,970)	5,494	5,634
Non-social housing activities:				
Lettings	364	(428)	(64)	(89)
Sale of leasehold properties	-	-	-	-
Low cost home ownership legal charge redemptions	316	(209)	107	14
Sale of other properties	866	(859)	7	230
Gift aid from Group companies	-	-	-	151
Other	106	(650)	(544)	(403)
	1,652	(2,146)	(494)	(97)
	21,116	(16,116)	5,000	5,537

4. Income and expenditure from social housing lettings

	General needs £'000	Sheltered housing £'000	Supported housing £'000	Other social housing £'000	2023 Total £'000	2022 Total £'000
Turnover						
Rents receivable	14,555	809	355	48	15,767	14,967
Service charge income	815	444	53	-	1,312	1,266
	15,370	1,253	408	48	17,079	16,233
Operating costs						
Management	(2,760)	(192)	(57)	-	(3,009)	(2,889)
Service charge costs	(1,167)	(635)	(75)	(1)	(1,878)	(1,554)
Routine maintenance	(2,842)	(198)	(59)	-	(3,099)	(2,697)
Planned cyclical maintenance	(790)	(55)	(16)	-	(861)	(1,061)
Planned major repairs expenditure	(315)	(22)	(6)	-	(343)	(277)
Rent loss from bad debts	(138)	(10)	(3)	-	(151)	(6)
Abortive costs on potential developments	(53)	-	-	-	(53)	(19)
Depreciation of housing properties	(2,780)	-	-	-	(2,780)	(2,598)
Components written off during the year	(325)	-	-	-	(325)	-
Other costs	(113)	-	-	-	(112)	(508)
	(11,283)	(1,112)	(216)	(1)	(12,612)	(11,609)
Operating surplus on social housing lettings	4,087	141	192	47	4,467	4,624
Rent loss due to voids	154	28	-	-	182	184

5. Surplus for the year

Newydd Housing Association (1974) Limited has charitable status for taxation purposes. Surpluses derived from primary charitable activities are exempt from taxation.

	2023 £'000	2022 £'000
Operating surplus is stated after charging / (crediting):		
Depreciation on housing properties	2,780	2,598
Depreciation on property, plant and equipment	259	171
Management services from Newydd Group Limited	3,265	3,069
Revenue and government grants	(1,696)	(1,423)
Gift aid receipts from Group companies	-	(151)
Net book value on disposal of components written off	325	-
Operating lease rentals	10	10
External auditors remuneration in their capacity as auditors	14	12

6. Other finance income

	2023 £'000	2022 £'000
Interest receivable	31	3
Total	31	3

7. Interest payable and financing costs

	2023 £'000	2022 £'000
Bank loans and overdrafts	(3,544)	(3,045)
Release of deferred loan arrangement fees	(87)	(73)
Unwinding discount on provisions	(24)	(40)
	(3,655)	(3,158)
Borrowing costs capitalised	400	130
Total	(3,255)	(3,028)

Borrowing costs have been capitalised based on a capitalisation rate of 4.17% (2022: 1.65%) which is the weighted average of rates applicable to borrowings during the year.

8. Board members and senior executives remuneration

Board members

The remuneration paid to Board members relates to Newydd Housing Association (1974) Limited. Payments totalling £33,000 (2022: £33,000). Expenses paid to Board members during the year amounted to £30 (2022: £50).

Senior executive remuneration

	2023 £'000	2022 £'000
The remuneration paid to senior executives was:		
Basic salary	52	66
Social security	6	8
Pension contributions	36	13
Total	94	87

Remuneration of the highest paid director, excluding pension contributions	52	66
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During the year all directors have opted to pay their pension contributions by salary sacrifice, which lowers the gross salary and increases the employer contributions respectively. This option is available to all employees.

The number of key management personnel who received remuneration (excluding pension and national insurance contributions) were in the following ranges:

	2023 Number	2022 Number
£50,001 - £60,000	1	-
£60,001 - £70,000	-	1

The senior executives remuneration relates to Newydd Housing Association (1974) Limited only.

Remuneration was paid by Newydd Group Limited to senior executives during the year in respect of services provided to Newydd. Details of this remuneration are disclosed in the Statutory Accounts of Newydd Group Limited.

9. Employee information

The average number of staff employed by Newydd Housing Association (1974) Limited during the year expressed as full time equivalents:

	2023 Number	2022 Number
Office staff	43	44
Wardens	5	5
Total	48	49

Staff costs can be further analysed as follows:

	2023 £'000	2022 £'000
Basic salary	1,482	1,319
National insurance contributions	127	117
Pension contributions	119	118
	1,728	1,554
Contracted out staffing services	-	-
Total	1,728	1,554

10. Properties in management

	2023 Number	2022 Number
Social housing accommodation for letting:		
General needs	2,739	2,692
Sheltered accommodation	203	203
Supported housing	60	60
	3,002	2,955
Low cost home ownership:		
Shared ownership (leased)	18	19
Homebuy	109	106
	127	125
Other:		
Market rent	56	67
Intermediate rent	10	10
Leasehold / freehold with service charges	116	123
Community office	1	1
Garages	44	44
	227	245
Total	3,356	3,325

11. Housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared Ownership properties completed £'000	Total £'000
Cost				
At 1 April 2022	247,560	16,146	231	263,937
Schemes completed in the year	8,153	(8,153)	-	-
Disposals	(1,742)	-	(13)	(1,755)
Additions	5,346	14,472	-	19,818
At 31 March 2023	259,317	22,465	218	282,000
Depreciation				
At 1 April 2022	(33,896)	-	(32)	(33,928)
Disposals	737	-	2	739
Charge for the year	(2,778)	-	(2)	(2,780)
At 31 March 2023	(35,937)	-	(32)	(35,969)
Net book value at 31 March 2023	223,380	22,465	186	246,031
Net book value at 31 March 2022	213,664	16,146	199	230,009
			2023 £'000	2022 £'000
Housing properties comprise:				
Freeholds			239,984	223,962
Long leaseholds			6,047	6,047
			246,031	230,009
			2023 £'000	2022 £'000
Additions to housing properties held for letting:				
Replacement of components			2,374	2,092
Purchase of properties			16,143	11,786
Retentions			393	506
Decarbonisation programme			909	126
Improvements			-	-
			19,818	14,510

12. Investment properties

	2023 £'000	2022 £'000
Valuation:		
At 1 April	4,768	5,100
Additions	-	-
Disposals	-	(107)
Reclassification to stock	-	(753)
Revaluation of market rented properties	346	528
Net book value at 31 March	5,114	4,768

13. Other property, plant and equipment

	Freehold £'000	Leasehold £'000	Premises improvement £'000	Service assets £'000	Furniture and equipment £'000	Total £'000
Cost						
At 1 April 2022	592	1,802	478	1,924	120	4,916
Disposals	-	-	1,176	39	208	1,423
Additions	-	-	-	-	-	-
At 31 March 2023	592	1,802	1,654	1,963	328	6,339
Depreciation						
At 1 April 2022	(177)	(306)	(36)	(1,511)	(98)	(2,128)
Disposals	-	-	-	-	-	-
Charge for the year	(12)	(36)	(91)	(105)	(15)	(259)
At 31 March 2023	(189)	(342)	(127)	(1,616)	(113)	(2,387)
Net book value at 31 March 2023	403	1,460	1,527	347	215	3,952
Net book value at 31 March 2022	415	1,496	442	413	22	2,788

14. Investments – Homebuy loans

	Total £'000
Cost	
At 1 April 2022	3,540
Disposals	252
Additions	(209)
At 31 March 2023	3,583

15. Deferred debtors

	2023 £'000	2022 £'000
Deferred grant	2,132	2,191
Interest repaid	1,175	1,152
Total	3,307	3,343

16. Stock

	2023 £'000	2022 £'000
Properties held for resale	1,274	753
Total		

17. Debtors

	2023 £'000	2022 £'000
Arrears of rent and service charges	1,015	1,288
Less: provision for bad and doubtful debts	(697)	(617)
	338	671
Other debtors	876	182
Amounts due from other Group entities	-	-
Prepayments and accrued income	202	102
Total	1,396	955

18. Creditors: amounts falling due within one-year

	2023 £'000	2022 £'000
Prepayment of rent and service charge	(358)	(312)
Bank loans and overdrafts	(2,963)	(3,124)
Social housing grants and other grants received in advance	(9148)	(1,847)
Grant to be amortised within one-year	(862)	(788)
Recycling of capital grant and disposals proceeds fund	(1,154)	(994)
Pension liability (see note 21)	(246)	(236)
Other capital creditors	(408)	(244)
Amount due to other Group entities	(648)	(739)
Taxation and social security	(28)	(30)
Accruals and deferred income	(382)	(455)
Other creditors	(1,333)	(1,605)
Total	(17,533)	(10,374)

Recycled capital grant

	2023 £'000	2022 £'000
Balance brought forward	(994)	(787)
Add: funds arising from property sales	(160)	(207)
Less: funds applied in the year	-	-
Total	(1,154)	(994)

19. Creditors: amounts falling due after more than one-year

	2023 £'000	2022 £'000
Housing loans	(84,548)	(80,339)
Premium issue of bonds	(4,471)	(4,703)
Grants	(130,020)	(124,814)
Pension liability (see note 21)	(755)	(735)
Total	(219,794)	(210,591)

The total accumulated amount of capital grant received or receivable at the Statement of Financial Position date before amortisation is £143,608,000 (2022: £137,858,000).

The total grant associated with Low Cost Home Ownership at the Statement of Finance position date before amortisation is £2,527,000 (2022: £2,350,000).

Government grants

	2023 £'000	2022 £'000
At 1 April	(125,602)	(118,188)
Grants receivable	(6,160)	(8,185)
Amortisation to Statement of Comprehensive Income	862	788
Grant released on sale of properties	18	(17)
At 31 March	(130,882)	(125,602)
Due within one-year	(862)	(788)
Due after one-year	(130,020)	(124,814)

Housing loans

Housing loans are secured by fixed charges on Newydd Housing Association (1974) Limited's housing properties. The interest rates are fixed at between 2.06% and 11.41% or vary with the market rate. The loans are repayable between the years 2025 to 2048. Loans repayable by instalments fall due as follows:

	2023 £'000	2022 £'000
In one year or less	(2,963)	(3,124)
Between one and two years	(2,225)	(1,908)
Between two and five years	(23,720)	(10,629)
In five years or more	(58,603)	(67,802)
Total	(87,511)	(83,463)

Undrawn facilities

At the 31 March 2023 undrawn facilities totalling £17m were available (2022: £17m).

20. Share capital

	2023 £'000	2022 £'000
Shares of £1 each issued and fully paid:		
At the beginning of the year	12	10
Shares issued during the year	1	2
Shares cancelled during the year	(1)	-
At the end of the year	12	12

The shares carry the right to vote at a general meeting. There is no right to a dividend, there is no provision required for the redemption of shares and there is no provision for a distribution following a winding up.

21. Retirement benefit schemes

Defined contribution scheme

Newydd Housing Association (1974) Limited operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to Statement of Comprehensive Income in the year ended 31 March 2023 was £168,834 (2022: £136,000).

Defined benefit scheme

Newydd Housing Association (1974) Limited participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. Since 30 September 2020, investment returns have been better than expected and the payment of deficit contributions has served to reduce the deficit and improve the funding position. Assuming that the future experience is in line with the assumptions, and deficit contributions are paid in line with the 2020 Recovery Plan, it is expected that the deficit will be eliminated by 31 March 2028, the end of the Recovery Plan.

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

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2023 £'000	2022 £'000
Fair value of plan assets	4,515	7,434
Present value of defined benefit obligation	5,519	8,405
Surplus / (deficit) in plan	(1,004)	(971)
Defined benefit asset / (liability) to be recognised	(1,004)	(971)

Reconciliation of opening and closing balances of the defined benefit obligation

	2023 £'000	2022 £'000
Defined benefit obligation at start of period	8,405	8,542
Current service cost	32	62
Expenses	7	6
Interest expense	232	188
Member contributions	-	-
Actuarial losses / (gains) due to scheme experience	(302)	590
Actuarial losses / (gains) due to changes in demographic assumptions	(11)	(121)
Actuarial losses / (gains) due to changes in financial assumptions	(2,642)	(764)
Benefits paid and expenses	(202)	(98)
Defined benefit obligation at end of period	5,519	8,405

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

	2023 £'000	2022 £'000
Fair value of plan assets at start of period	7,434	6,645
Interest income	208	148
Experience on plan assets (excl. amounts included in interest income) – gain / (loss)	(3,207)	513
Employer contributions	282	226
Member contributions	-	-
Benefits paid and expenses	(202)	(98)
Fair value of plan assets at end of period	4,515	7,434

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £2,999,000.

Defined benefit costs recognised in Statement of Comprehensive Income

	2023 £'000	2022 £'000
Current service cost	32	62
Expenses	7	6
Net interest expense	24	40
Defined benefit costs recognised in Statement of Comprehensive Income	63	108

Defined benefit costs recognised in other comprehensive income

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(3,207)	513
Experience gains and losses arising on the plan liabilities – gain / (loss)	302	(590)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	11	121
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	2,642	764
Total amount recognised in Other Comprehensive Income – gain / (loss)	(252)	808

Assets

	2023 £'000	2022 £'000
Global equity	84	1,427
Absolute return	49	298
Distressed opportunities	137	266
Credit relative value	170	247
Alternative risk premia	8	245
Emerging markets debt	24	216
Risk sharing	332	245
Insurance-linked securities	114	173
Property	194	201
Infrastructure	516	530
Private debt	201	191
Opportunistic illiquid credit	193	250
High yield	16	64
Opportunistic credit	-	26
Cash	33	25
Corporate bond fund	-	496
Liquid credit	-	-
Long lease property	136	191
Secured income	207	277
Liability driven investment	2,080	2,074
Currency hedging	9	(29)
Net assets	12	21
Total assets	4,515	7,434

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

	2023	2022
Discount rate	4.84%	2.79%
Inflation (RPI)	3.17%	3.49%
Inflation (CPI)	2.79%	3.15%
Salary growth	3.79%	4.15%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	2023	2022
Male retiring in 2023	21.0	21.1
Female retiring in 2023	23.4	23.7
Male retired in 2043	22.2	22.4
Female retiring in 2043	24.9	25.2

22. Financial instruments

The carrying values of Newydd Housing Association (1974) Limited's financial assets and liabilities are summarised by category below:

	2023 £'000	2022 £'000
Financial assets measured at undiscounted amount receivable:		
Rent arrears	338	670
Amounts due from Group entities	-	-
Other debtors	856	182
Stock	1,274	753
Cash at bank and in hand	4,808	5,063
Total	7,276	6,668
Financial assets measured at undiscounted amount payable:		
Loans	(87,511)	(83,463)
Capital creditors	(408)	(244)
Amounts due to other Group entities	(648)	(739)
Taxation and social security	(28)	(30)
Other creditors	(348)	(105)
Total	(88,943)	(84,581)

Newydd Housing Association (1974) Limited's income, expense, gains and losses in respect of financial instruments are summarised below:

	2023 £'000	2022 £'000
Interest income and expense		
Total interest expense for financial liabilities	(3,231)	(2,988)

23. Analysis of changes in net debt

	1 April 2022 £'000	Cashflows £'000	Other non-cash movements £'000	31 March 2023 £'000
Cash	5,063	(255)	-	4,808
Bank loans due within one-year	(3,124)	248	(87)	(2,963)
Bank loans due after one-year	(80,339)	(4,209)	-	(84,548)
Total	(78,400)	(4,216)	(87)	(82,703)

24. Cash flow from operating activities

	2023 £'000	2022 £'000
Surplus for the year	1,884	3,848
Adjustment for non-cash items:		
Interest receivable	(31)	(3)
Interest payable	3,255	3,028
(Increase) / decrease in fair value of properties	(346)	(528)
Loss/(surplus) on disposal of property (first tranche LCHO and right to buy)	(202)	(245)
Write off of components on investment properties	-	-
Depreciation charges	3,039	2,369
Government grant utilised during the year	(862)	(788)
(Increase) / decrease in debtors	(486)	76
Increase / (decrease) in creditors	42	530
Increase in bad debt provision	80	(34)
Actuarial (loss) / gain in respect of pension schemes	238	(808)
Net cash inflow from operating activities	6,611	7,445

25. Free cash flow

	2023 £'000	2022 £'000
Net cash inflow from operating activities	6,611	7,445
Interest paid	(3,255)	(3,028)
Interest received	31	3
Taxation paid	-	-

Adjustments for reinvestment in existing properties

Component replacements	(3,283)	(2,092)
Component replacement grant received	1,478	292
Purchase of other property, plant and equipment	(1,423)	-
Free cash generated before loan repayment	160	2,620
Loans repaid (excluding revolving credit and overdrafts)	(1,951)	(2,405)
Free cash (consumed) / generated after loan repayments	(1,791)	215

26. Contingent liabilities

As at 31 March 2023, there were no contingent liabilities (2022: nil).

Newydd Housing Association (1974) Limited receives capital grant from the Welsh Government, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties Newydd Housing Association (1974) Limited is required to recycle this grant by crediting the Recycled Capital Grant Fund.

Social Housing Grant may become repayable in the following circumstances:

- > Disposal of a property (including disposals on assisted ownership terms) other than to another Registered Social Landlord;
- > Change of use of a property to a use that would be eligible for a lesser amount of grant;
- > Change of use of a property to a use that would not be eligible for a grant;
- > Demolition of a property where the site does not form part of a new social housing development by a RSL;
- > Disposal giving rise to a repayment of discount under Schedule 2 to the Housing Association Act 1985.

Newydd Housing Association (1974) Limited is a participating employer member of the Social Housing Pension Scheme (SHPS). An employer debt could arise on withdrawal from the Social Housing Pension Scheme. The estimated employer debt for Newydd Housing Association (1974) Limited on withdrawal from the SHPS plan based on the financial position of the scheme as at 30th September 2021 was £5,804,830. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.

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

27. Financial commitments

Capital expenditure

	2023 £'000	2022 £'000
Contracted less certified	4,631	10,682
Authorised but not contracted	21,245	-
Total	25,876	10,682

This spend will be funded by a mixture of Welsh Government grant and private finance.

Operating leases

Total future minimum lease payments for Newydd Housing Association (1974) Limited under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Payments due:		
Within one year	10	10
Between two and five years	-	10
Over five years	-	-
Total	10	20

28. Post balance sheet events

There were no other events that required reporting between the Statement of Financial Position date and the date on which these financial statements were approved.

29. Related party transactions

There is one tenant member of the Board, Shani Payter. No special terms apply to the tenancy agreements of tenant Board members. There was no rent owed by tenant Board members at 31 March 2023 (2022: nil) with gross weekly rent charged of £129 (2022: £120) in the year.

Owing to the nature of Newydd's operation and composition of the Board being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving such organisations are conducted at an arm's length in accordance with Newydd's financial regulations and normal procurement procedures.