

Newydd Group Limited
Newydd Housing Association (1974) Limited

Annual Report and Financial Statements 2022



Your Home Your Community Your Future

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Information

Year Ended 31st March 2022

Legal status

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
Ms C Marshall (Chair)
Mr C Dawson Morris
Ms R Jones
Mr M Dicks
Ms D Austin
Ms I Brooks-Jones
Mr K Ablett
Mr N Lawley
Mr N Irvine (appointed 08/09/21)
Mr M Brooks (appointed 08/09/21)

Chief Executive

Jason Wroe

Company Secretary

Elizabeth Lendering,
Finance and Resources Director

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 31st March 2022



Strategic Report

Year Ended 31st March 2022

The Board present their Strategic Report on the affairs of Newydd Group Limited and Newydd Housing Association (1974) Limited, together with the financial statements and auditors' reports for the year ended 31 March 2022.

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:** As we hopefully reach the end of the COVID-19 pandemic, 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 the organisation 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 stock. The sustainability theme also aims to ensure that tenancies and communities are resilient to the challenges facing them.
- > **Safety:** Safety for 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 our behaviours as an organisation and our expectations for the people who work with us. These are a new set of values that were developed with staff to reflect the organisation they chose to work for.

The new 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 the year for the Newydd Group Limited are set out in the Abbreviated Consolidated Statement of Comprehensive Income on page 30 and the state of affairs at 31st March 2022 is set out in the Abbreviated Consolidated Statement of Financial Position on page 31.

The results for Newydd Housing Association (1974) Limited are set out in the Statement of Comprehensive Income on page 37 and the state of affairs at 31st March 2022 is set out in the Statement of Financial Position on page 38.

We review and monitor achievement against our corporate plan and we have made solid progress against many of our targets. The Board in considering the results for the year looked beyond the 31st of March and considered the impact that Covid-19 has had on our homes, our tenants and our programme of developing new affordable homes. The Board considers that the results for the year are satisfactory and make appropriate provision for the impact of Covid-19 and look forward to achieving good performance in the coming twelve months.





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1. QED Award

We were awarded the prestigious and nationally recognised equality and diversity mark for social landlords in 2022. The QED Award, developed by Welsh housing charity, Tai Pawb, provides a comprehensive framework for improving the equality and diversity impact of an organisation.

2. Cwrt Canna

We opened the doors to thirteen ultra-low energy homes to benefit the rural community in Llangan. In partnership with the Vale of Glamorgan Council, these highly sustainable affordable homes were developed using private and Welsh Government Innovative Housing Programme funding and Social Housing Grant.

3. Working Wardrobe launched in Rhydyfelin

A new service offering free interview clothing to job seekers was launched in March 2022 in Rhydyfelin near Pontypridd. The Working Wardrobe initiative aims to give people the confidence to take their first step towards a new career by gifting free interview and workwear attire.

4. Hapi project launches in Cardiff and Vale

Hapi (Happy, Aspiring, Prosperous and Inclusive) was launched in Cardiff and Vale, which is a health and wellbeing project providing local communities with free resources and access to workshops to positively impact mental health and wellbeing.

5. Llandrindod Food Bank

We teamed up with partners to provide 2000kg of quality surplus food to Llandrindod Foodbank because of the increase in socio-economic challenges resulting from Covid-19. Working with building contractor J.G. Hale Construction, we completed a new housing development at Ithon Road, Llandrindod Wells where we built 55 affordable homes.

6. Opening of St Paul's

Delivered in partnership with Glamorgan Voluntary Service (GVS), a multi-purpose community centre was built at St Paul's Church in Penarth, along with 14 one and two-bedroom apartments for affordable rent.

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 2022-23. These include projects funded through Social Housing Grant, section 106 partnerships with private developers and projects utilising Innovative Housing Programme funding from Welsh Government, these schemes will incorporate new ideas for heating and insulation, construction methods or mixed use. We remain committed to providing and building affordable homes, but a smaller proportion of our homes will be available through the Home Buy low cost home ownership model and we have recently completed our first Rent to Own properties in Powys. Affordable housing will remain our core business, but we have considered our options for provision of market rent and sale. We are developing some mixed tenure schemes with an element of market rent in suitable locations.
- > **Working with health partnerships:** We are currently in the final year of our HAPI project, a National Lottery funded programme to promote healthy lifestyles and wellbeing in Rhondda Cynon Taff. 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 GetFit.Wales project which we hope will lead to becoming HAPI's successor.

- > **Reviewing our Environmental, Social & 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 2022 we will update this to reflect the ever-changing environment that we live and work in.
 - > **Corporate Plan:** During the next 12 months, Newydd intends to develop strategies and actions plans under each of the Corporate Plan themes and also develop behaviours to define our values.
 - > **Newydd Maintenance Ltd:** 2022 will see the fifth year of operation of our in-house repairs and maintenance subsidiary. The first two years were challenging as we implemented new systems and procedures and welcomed new staff; whilst the third year saw the Covid-19 pandemic have a major effect on service provision. Year 4 did eventually see NML return to a normal operating environment, albeit with supply issues and vastly increased materials costs.
- Having previously increased the amount of reactive and planned works we undertake; we now do all of Newydd's maintenance work as we further expanded in the last quarter of the financial year to do the specialist maintenance works. We collaborate very closely with our colleagues in the Asset and Decarbonisation Teams and have agreed a robust programme of works for the 2022/23 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 were again recognised at the annual Tenants Participation Advisory Service (TPAS) Cymru 2021 Awards with first place for ‘making online tenant engagement work’ and runner up for ‘tenants’ shaping services’. Our Scrutiny Group member and Disability Champion, Amanda Lawrence, also deservedly won the TPAS Cymru Tenant of the Year accolade. Some of our other highlights this year have included:

- Newydd’s Equality And Diversity Subgroup (NEADS) co-producing a safety-first charter, a customer service charter, a contractor code of conduct and a reasonable adjustments document
- Our Reading and Policy Panel were consulted via email on a number of policies and documents and reviewed the accessibility of our website
- Our Scrutiny Group jointly delivered a Facebook conference with us on equality and diversity and were also involved with discussions around value for money and risk management. They also filmed two ‘Straight Talking’ interviews with David Wilton, Chief Executive of TPAS Cymru and Ross Thomas, Policy and Public Affairs Manager at Tai Pawb along with our Oonagh Lyons, Director of Housing and Rachel Honey Jones, Head of Community Regeneration.
- Following three in person consultation events on our new corporate plan, we are in the process of developing our new influencer strategy and new engagement offer for our tenants.

> **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.

Financial risk management objectives and policies

The Association's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. There is no exposure to derivative financial instruments. Fixing interest rates on borrowing to fund the development programme ensures certainty of payments, the policy is to maintain a proportion of fixed rate/hedged borrowing loans of between 60% and 100%. The Association does not have significant exposure to rent arrears which are spread over a large number of tenants and are presented net of allowance for bad debt. There is no concentration of risk on borrowing and deposits which are spread over a number of lenders with high credit ratings. The Association uses a mixture of long-term and short-term debt finance to ensure that there are sufficient funds available for ongoing operations.

Governance

The Association aims to exhibit high standards of governance and has 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.

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 February 2021 and received the highest level for both governance and financial viability (standard/standard).

At the time of writing, Newydd Group is commencing its next regulatory assessment, due to be published by 30 September 2022.



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1. Award-winning Junction House

The urban regeneration project, The Goodsheds and Junction House in Barry, was awarded a prestigious construction award in recognition of its regeneration development. It was a collaborative project involving us, the Vale of Glamorgan Council, DS Properties Limited and Welsh Government where it transformed a former railway storage building into a variety of commercial spaces and accommodation.

2. The Windsor

Working in partnership with the Vale of Glamorgan Council and funded using the Welsh Government Land for Housing scheme to address local housing need, The Windsor has been transformed into twelve one-bedroom and six two-bedroom flats for rent. Of the 18 flats, two of which have been adapted to accommodate tenants with disabilities and include wheelchair accessible kitchens and wet room bathing facilities.

3. Glan yr Ithon, Llandrinod

In August 2021, tenants moved into brand-new affordable homes at Ithon Road, Llandrindod. To celebrate the first phase of the handover to tenants, Councillor Jake Berriman presented story books to be included in each lettings pack, funded from Newydd's community benefits initiative.

4. Rhydyfelin litter-pick

Over 2 days in September 2021 Newydd staff worked with tenants, local volunteers and Keep Wales Tidy on a clean-up and litter-pick of our Rhydyfelin estate including the play area by the Ilan Centre and the area around the nearby stores.

5. Sponsorship of Ratha Yatra

We sponsored Ratha Yatra (chariot festival) organised by the Hindu Cohesion Mandal in Barry, allowing the Hindu community, including some of our tenants, to celebrate this festival.

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. Newydd continues to provide support to our residents through a team of 3 Financial Inclusion Officers who manage a hardship fund, offer support to tenants claiming benefits and applying for grants. Requests for hardship payments have doubled in the last year. The DWP recently announced that the programme to move all claimants of working age over from legacy benefits to universal credit will now resume and will aim to complete in 2024. This is likely to be problematic in some cases and will lead to delays in rent payments in the short term. A person-centred approach to income collection has been developed and all housing staff have been trained on Restorative Approaches. A new account management policy has been devised to take account of the changing environment we operate in, and the Welsh Government's policy of no evictions into homelessness. The policy incorporates best practice from Shelter's 2021 report 'Accessing and sustaining social tenancies: exploring barriers to homeless prevention'. In the last 2 financial years, no evictions were carried out.

Rent and lettings	2019/20	2020/21	2021/22
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Percentage of rent collected	99.35%	100%	100%
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Percentage of rent arrears owed by current tenants (including housing benefit arrears)	3.60%	4.40%	4.73%
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Percentage of rent arrears owed by current tenants (excluding rent arrears paid by housing benefit)	2.80%	3.61%	3.97%
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Percentage of rent arrears owed by former tenants	1.90%	1.84%	1.69%
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Amount of former tenant arrears written off	£52,896	£78,031	£41,454
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Percentage of rent lost due to empty homes	1.85%	1.24%	1.46%
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Rent and letting homes continued

Rent and lettings

	2019/20	2020/21	2021/22
Number of Notices of Seeking Possession (NOSP) served due to rent arrears	275	151	104
Number of tenants evicted due to rent arrears	8	0	0
Annual satisfaction with service charges	74%	79%	80%

Empty homes and lettings service

Rent loss has reduced over the last year and many of our hard to let properties have been allocated. Turnaround of empty properties continues to be a priority area of work for us and we have made progress in this area. A new void module in our housing management system, Orchard, has now been implemented and this will enable us to track and monitor void trends more efficiently. Work on a tenancy sustainability strategy has started 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.

Voids and lettings

	2019/20	2020/21	2021/22
Percentage of new tenancies that last for more than 12 months	95%	95%	95%
Percentage of properties let within 10 working days	2.15%	7%	5.34%
Rent lost due to empty property	£284,002	£199,456	£235,215

Customer service

How we provide customer service is constantly evolving. Over the last year we have been looking at omnichannel solutions to improve the service to customers. Digital interactions have steadily increased in recent years and we now regularly hit our target of 70:30. Our self-service platform My Newydd continues to attract users and we had over 34,000 contacts via this method in the last financial year. We are about to devise a new strategy with staff and tenants to ensure that we deliver excellent services which is a key theme within our new corporate plan.

Customer service	2019/20	2020/21	2021/22
Number of calls	34,206	22,600	27,719
My Newydd contacts	21,975	29,563	34,483
Ratio of digital: phone contact	65:35	69:31	70:30
Live Chats answered	793	850	707
Ratings of those responding	3.65/4	3.9 /5	4/5
Facebook posts responded to	Not recorded	Not recorded	196
Number of open anti-social behaviour cases	17	47	49
Number of evictions due to anti-social behaviour	0	0	0
Cost of anti-social behaviour (legal fees only)	£27,234	£11,876	£5,881

Maintenance service

This is the fourth 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 in response to Covid-19. Improvement in tenant satisfaction continues to be a priority for the maintenance service.

Maintenance	2019/20	2020/21	2021/22
Responsive repairs raised (all categories)	9308	8733	12005
Responsive repairs completed (all categories)	9091	9122	11832
Live voids	30	16	13
Percentage of jobs completed first time	96%	97%	98%
Percentage of emergency jobs completed on time	99%	99%	99%
Percentage of emergency repair jobs relative to total number of responsive repairs	18%	30%	21%
Appointments made and kept as % of all non emergency responsive repairs	93%	95%	98%
Average calendar days to complete responsive repairs	38	36	24

Maintenance service continued

Maintenance	2019/20	2020/21	2021/22
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Average calendar days for void turnaround	50	48	22
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Satisfaction with repairs (transactional)	90%	96%	95%
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Staff turnover (voluntary)	3.0%	1.4%	2.0%
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Jobs completed per operative per day	4	3.7	3.8
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Expired Gas Services	6	5	0
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Development

The development team has completed 96 new homes: 41 in the Vale of Glamorgan and 55 in Powys. The predominant tenure was homes for social rent with a small number for rent to own. The number of properties built and where are as follows:

Vale of Glamorgan

- > Porthkerry Road, Barry – 8 homes for social rent
- > Eastfield Close, Cae Ffynnon, Dunraven Close and Cae Wyndham in Cowbridge – 12 homes for social rent
- > Heol Penygraig and Ffordd Pentre, Barry Waterfront – 11 homes for social rent
- > Cwrt Canna, Llangan – 10 homes for social rent

Powys

- > Ithon Road, Llandrindod Wells – 55 homes (38 for social rent and 17 for rent to own)

	2019/20	2020/21	2021/22
Number of tenants satisfied after 12 months of living in a new home	100%	100%	96%
Number of physical adoptions	33	34	57
Number of tenants satisfied with adoptions	100%	100%	100%

Value for money

The Association recognises that value for money results from the activities of employees, tenants, and stakeholders. The shared ownership of corporate values brings a consistent approach to the delivery of value for money throughout the organisation.

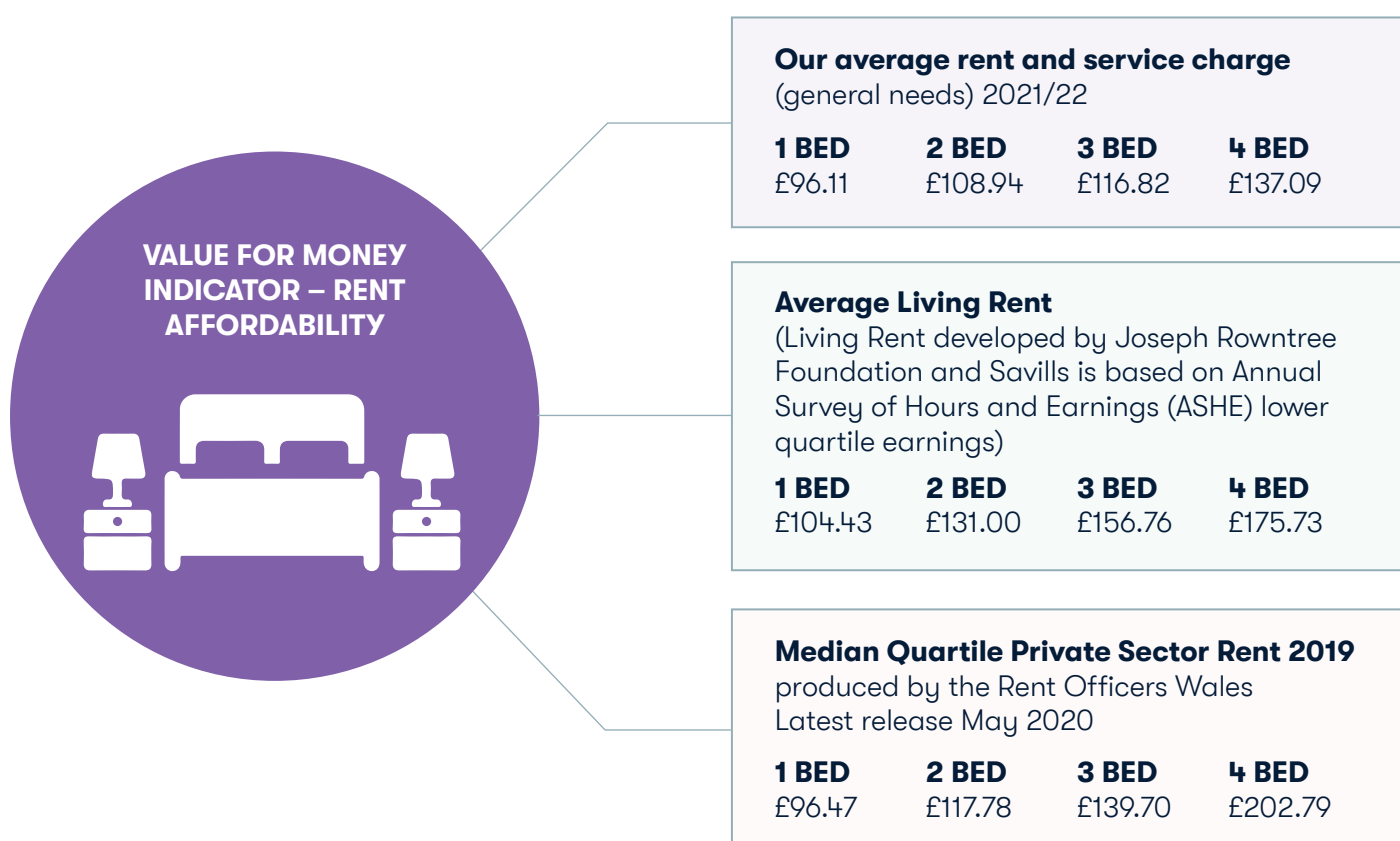
What tenants’ value is an important part of service performance measurement. The tenant indicators are periodically reviewed with our tenants to ensure we continue to measure what is most valued.

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. Our latest tenant satisfaction survey showed that 90% of tenants were satisfied with rent as value for money and 80% satisfied that service charges were value for money.

The Association has 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.

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.



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

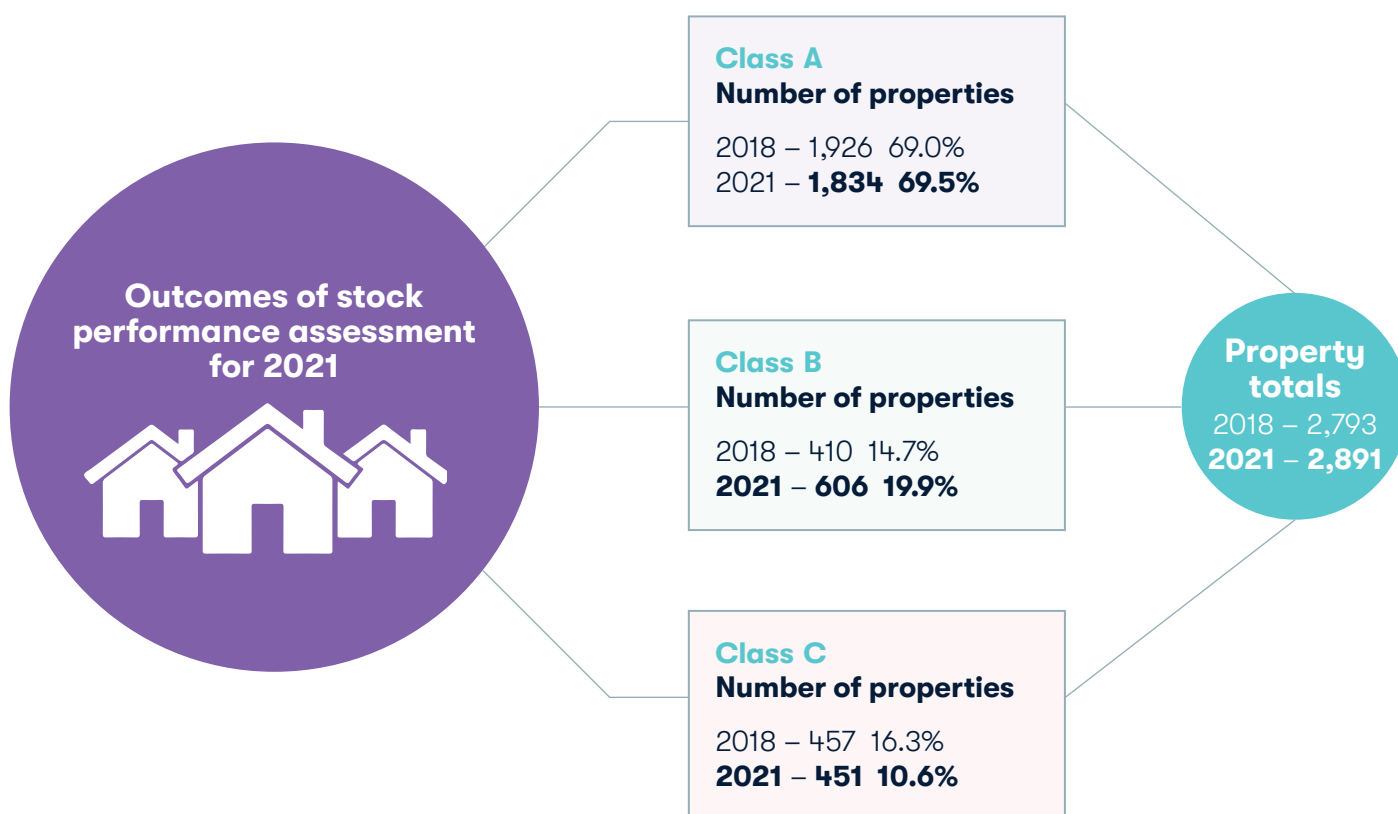
Asset performance

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, neighbourhood grading, 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 identify the worst performing stock and decide how to improve performance overall. This establishes the strategy for the next 3 years. The last review provided evidence that the strategy is beginning to bear fruit as the percentage of performing stock (Class A & 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 the performance, appearance and living conditions for the people who live within them.



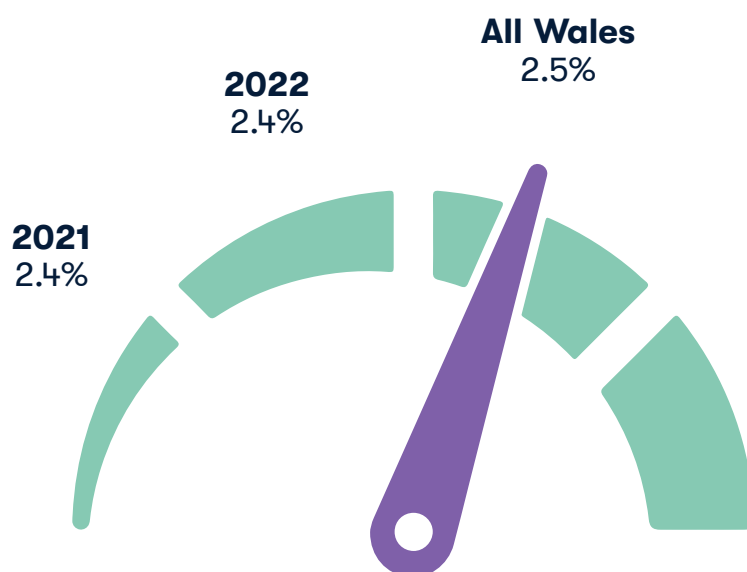
Return on Total Assets

The Association has over a third of its stock in areas where rents are below the Welsh average. In addition to this our stock comprises 30% one-bedroom properties which we endeavour to maintain at affordable rent levels. Therefore, achieving a healthy return on investment, whilst continuing to meet the Welsh Quality Housing Standard and service additional finance to develop new homes is challenging.

The Asset Performance Improvement Strategy is to ensure that investment in existing stock provides the return we need to continue to invest in the development of new homes.

Value for Money indicators – return on assets

Operating surplus on total assets



Service performance

The three main housing costs comprising maintenance, staffing and treasury have undergone external reviews which have provided assurance that we are performing in line with our peers. Salary costs are set at market median which is reviewed tri-annually.

Wales Global Accounts Value for Money Indicators

A more detailed review of the indicative VfM indicators that have been published in the All Wales Global Accounts are detailed below. The development of a suite of indicators for the sector is a work in progress and is set out below to provide some indication of our performance compared to the sector.

	Value for Money indicator – annual sector averages	2021	2022	All Wales 2021
	Lettings turnover per social housing unit	£5,543	£5,740	£5,737
	Total operating cost per social housing unit	£2,780	£2,781	£3,418
	Management cost per social housing unit	£887	£930	£1,308
	Reactive costs per social housing unit	£887	£884	£1,138
	Major repairs and component per social housing unit (Capital)	£654	£700	£681
	Major repairs and component per social housing unit (Capital and Revenue)	£716	£794	£961
	Bad debt costs per social housing unit	£53	£2	£28
	Weighted average cost of capital	3.92%	3.88%	4.7%
	Free cash inflow (outflow) per housing association	£987	£892	£787
	Gross arrears/social housing turnover	8.0%	7.6%	4.9%
	Rental void loss per social housing unit	£110	£62	£96

Social value

Newydd Housing Association uses the 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.



Over the last year we have received a total of **£27,000** in community investment sum payments, which has been spent or is due to be spent on local community projects.



Our external contractors and internal team delivered **£10,586** in local cash contributions or sponsorships, **£895** of in-kind labour and **£1000** of material donations to community projects.



Further, **452** apprenticeship weeks have been delivered, and **215** weeks of work experience throughout the financial year.



Community activities are usually done face to face, COVID-19 triggered a switch to online activities which reduced the cost of community investment. The budget 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.

	2020	2021	2022
Budget for community investment activity	£215,684	£93,447	£176,541
Structure of activity	5 programmes with a total of 31 projects	6 programmes with a total of 14 projects	5 programmes with a total of 17 projects
Number of people experiencing and outcome	2,633	1,921	3,021
Social Impact	£9,740,870 Based on 3144 outcomes, 6 unevidenced	£4,636,461 Based on 2001 outcomes, 1 unevidenced	£11,242,029 Based on 3167 outcomes, 0 unevidenced
Budget to impact ratio	£1: £45.20	£1: £49.60	£1: £64.70
Net benefits (benefit less budget)	£9,525,186	£4,543,014	£11,242,029
Community benefits	414 apprenticeship weeks, 216 weeks of work experience	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
Total tenant participation hours	952.25	139.25	277.5



Signed: C Marshall, Chair
Dated: 20th July 2022

Report of the Board

Year ended 31st March 2022



Report of the Board

Year ended 31st March 2022

Statement of Board members responsibilities

Internal control and risk management

The Board acknowledge their ultimate responsibility for 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 used within the Association
- d) the maintenance of proper accounting records; and
- e) the safeguarding of assets against unauthorised use or disposition.

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 the Association'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 the Group'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. During the year one cyber breach was investigated. The potential phishing attack was reported to the Information Commissioner resulting in no enforcement action due to the facts and remedial actions taken.
- experienced and suitably qualified staff take responsibility for important business functions.
- forecasts and budgets are prepared which allow the Association 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.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees comprising Board members and others.

Risk

The Board is committed to the management of risk in order to achieve the vision and goals of the Group, 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.

In general, the Group operates in a low-risk sector, with most of the events or occurrences that could adversely affect the business taking a considerable time to impact. However, in recent years events such as cyber security, the pandemic and the cost of living crisis has made the operating environment less certain.

The Risk Register is reviewed on a quarterly basis by:



Decision Time Risk Software

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

Group Risk & Audit Committee

The Group Audit & Risk Committee meets quarterly and challenge the strategic risks, top operational risks and emerging issues. It also considers the current levels of assurance and identifies three operational risks for the Internal Auditors to assess each quarter

Group Common Board

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

Risk continued

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 the Group faces.

Full details of the Group'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.

Top emerging issues facing the Group**Emerging issues**

Decarbonisation – Potential high costs to achieve net zero may have an adverse effect on Newydd's service levels impacting negatively on Newydd's reputation.

Policy development – Uncertainty in the sector regarding policy developments over the next 6-18 months due to the pandemic.

Material cost increase – Increasing costs or delay in supply for construction materials means development viabilities maybe adversely impacted and project completions are delayed so rental income is affected.

Corporate insurance – The insurance market is tightening, there are fewer insurers and the existing market has no appetite for new business. Insurance policies will no longer cover flooding costs.

Annual rent settlement – A likely increase in inflation during 2022 may have an adverse impact on the rent settlement for 2023-24 and beyond so Newydd's rental income is adversely affected.

Use of Section 21 Notices – With starter tenancies being replaced by introductory occupancy agreements under RHWA, our ability to take action to swiftly end a failing tenancy in the first year may be limited.

Renting Homes Wales Act – Legislation only applies to Wales so it will be for Welsh organisations to defend any challenges to the new Act which could be extremely costly.

Unnos (Land & Housing Wales) – The formation of a national construction company by the Welsh Government may be a risk or an opportunity. Further details during 2022 will provide more clarity.

Restorative Approaches – Implementation of Restorative Approaches across the organisation may lead, initially, to a reduction in performance which may raise concerns for Management and Board.

Top emerging issues facing the Group continued

Emerging issues

Building Safety White Paper – The Welsh Government's Building Safety White paper may result in onerous and/or costly impacts on the Group increasing demand for retrofitted safety systems.

Development – Zoning changes leads to increased competition for grant funding in the Vale, RCT and Powys due to changes to regional zoning.

Physical Adaptation Grant (PAG) – Proposed changes to the levels of PAG funding to Registered Social Landlords and the methods used to manage the PAG process could lead to the number of PAGs reducing.

Fuel costs and supply shortages – May have an adverse impact on Newydd's services, especially the maintenance service.

Internal Audit – A change in Internal Auditor during 2022 and a subsequent different approach may lead to an increased sensitivity to risk.

Welsh Housing Quality Standard 2 – Costs of implementing WHQS2 have an adverse impact of the rest of the organisation.

Strategic Risks Facing the Group

Strategic risk	Inherent risk level	Number of controls	Residual risk level
Newydd Group becomes insolvent	High	9	Low
Failure to deliver the Corporate plan	Moderate	9	Moderate
Serious business continuity event	High	5	Low
Regulatory intervention	High	7	Low
Legal breach (including Health & Safety, data protection, safeguarding)	Moderate	7	Low
Minorities are disadvantaged by inequalities in Newydd services	Moderate	3	Low
Failure of governance prevents the organisation operating effectively	Moderate	6	Low
Services are impacted by pandemic	High	5	Moderate

Health and safety

The Association'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 of the Association
- 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 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
- Gas safe and EICR Accreditation

In addition, the organisation 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 and policy development, provide guidance and advice to managers and staff and attends quarterly health & safety meetings. The organisation also employs 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 the Association through several routes:

- The Tenant Scrutiny Group (TSG) review and scrutinise the Association's services and report their findings directly to the 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.

- We currently have one Board member who is a tenant.

During "lockdown" we held virtual conferences in conjunction with the TSG on a quarterly basis. We are now reviewing our approach to tenant involvement as part of the Excellent Services theme in the new Corporate Plan. We will be developing a new tenant involvement strategy and as part of this we are 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

Our primary regulator is the Welsh Government, and we are required to conform to the nine regulatory standards set out in the Regulatory Framework and undertake a self-evaluation on an annual basis. Since the Regulatory Framework was introduced, we have attained the highest level of compliance (standard) for Governance and Service Delivery and Financial Management. Our last report was published in February 2021.

We have adopted the Community Housing Cymru Code of Governance. Our self-assessment confirms that we are in full compliance.

We have also achieved several other accreditations in order to benchmark our performance or to drive improvement to meet a national standard. Our accreditations include:-

- Best Companies – Two-star status
- Investors in People – Standard retained
- Corporate Health Standard – Gold
- We are a Disability Confident Employer
- We have Cyber Essential Plus accreditation for our 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 (RSL) 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 RSL legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and Group and of the surplus or deficit of the Association and Group 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 Association will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association 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 the Association and hence for 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 the Association'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 2022. 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

The Board members have taken all the necessary steps to make us aware, as a Board, of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Bevan Buckland LLP were reappointed as auditor to the Newydd Goup on 9th September 2021.



Signed:

C Marshall, Chair

Dated: 20th July 2022

Newydd Group Limited

Abbreviated consolidated statement of comprehensive income

As at 31st March 2022

	2021/22 £'000	2020/21 £'000
Turnover	18,947	19,458
Operating expenditure	(13,300)	(13,806)
Operating surplus	5,647	5,652
Surplus on disposal of Property, Plant and equipment	11	–
Other finance income	3	11
Interest payable and finance costs	(3,079)	(2,963)
Surplus on revaluation of investment properties	528	(3)
Surplus for the year before taxation	3,110	2,697
Taxation	1	(1)
Surplus for the year after taxation	3,111	2,696
Actuarial gain/(loss) in respect of pension schemes	1,770	(2,744)
Total Comprehensive Income for the year	4,881	(48)

Abbreviated consolidated statement of financial position

As at 31st March 2022

	2021/22 £'000	2020/21 £'000
Total Fixed Assets	240,645	229,176
Deferred debtors	3,343	3,397
Current Assets		
Stock	795	43
Debtors	1,223	1,116
Cash at bank and in hand	5,807	5,290
	7,825	6,449
Creditors: amounts falling due within one year	(11,198)	(9,263)
Net current liabilities	(3,373)	(2,814)
Total assets less current liabilities	240,615	229,759
Creditors: amounts falling due in more than one year	(210,918)	(204,943)
Net assets	29,697	24,816
Capital and reserves		
Revenue reserve	29,697	24,816

The External Auditors, Bevan & Buckland, are satisfied that these summarised accounts are consistent with the full accounts. A full set of audited financial statements is available on request.

Independent Auditor's Report

To the members of Newydd Housing Association (1974) Limited



Independent Auditor's Report to the Members of the Newydd Housing Association (1974) Limited on corporate governance

In addition to our audit on the financial statements for the year ended 31 March 2022, we have reviewed the Board's statement of The 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 24, 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: 20th July 2022

Independent Auditor's Report to the Members of the Newydd Housing Association (1974) Limited

Opinion

We have audited the financial statements of Newydd Housing Association (1974) Limited (the 'association') for the year ended 31st March 2022 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 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 24 to 29, 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.

Identifying and assessing potential risks related to irregularities continued

- 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 LLP

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

Date: 20th July 2022

Newydd Housing Association (1974) Limited

Statement of Comprehensive Income

Year Ended 31st March 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	19,066	19,408
Operating Expenditure	3	(13,529)	(13,954)
Operating Surplus	3	5,537	5,454
Deficit on Disposal of Plant & Equipment		—	—
Other Finance Income	6	3	11
Interest Payable and Financing Costs	7	(3,028)	(2,939)
Deficit on Revaluation of Investment Properties	12	528	(3)
Surplus for the year	5	3,040	2,523
Actuarial (loss)/ gain in respect of pension scheme	21	808	(1,246)
Total Comprehensive Income for the Year		3,848	1,277

Continuing operations

None of Newydd's activities were acquired or discontinued during the year.

Newydd Housing Association (1974) Limited

Statement of Financial Position

Year Ended 31st March 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Housing Properties	11	230,009	218,449
Investment Properties	12	4,768	5,100
Other Property, Plant & Equipment	13	2,788	2,423
Investments - Homebuy Loans Receivable	14	3,540	3,664
Total Fixed Assets		241,105	229,636
Deferred Debtors	15	3,343	3,397
Current Assets			
Stock	16	753	–
Debtors	17	955	942
Cash at Bank and in Hand		5,063	4,156
Total Current Assets		6,771	5,098
Creditors: Amounts Falling Due Within One Year	18	(10,374)	(8,287)
Net Current Liabilities		(3,603)	(3,189)
Total Assets Less Current Liabilities		240,845	229,844
Creditors: Amounts Falling Due After More Than One Year	19	(210,591)	(203,438)
Net Assets		30,254	26,406
Capital and Reserves			
Share Capital	20	–	–
Revenue Reserve		30,254	26,406
Total Reserves		30,354	26,406

These financial statements were approved by the Board on 20th July 2022 and signed on its behalf by:



R Thomas
Board member



C Marshall
Chair



E Lendering
Secretary

Newydd Housing Association (1974) Limited

Statement of Change in Reserves

Year Ended 31st March 2022

	Revenue Reserve £'000	2022 Total £'000	2021 Total £'000
At 1 April 2021	26,406	26,406	25,129
Total comprehensive income for the year	3,848	3,848	1,277
At 31 March 2022	30,254	30,254	26,406

Newydd Housing Association (1974) Limited

Statement of Cashflows

Year Ended 31st March 2022

	2022 £'000	2021 £'000
Net Cash Generated from Operating Activities	7,445	6,537
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(13,874)	(15,551)
Purchase of Investment Property	–	(2,591)
Homebuy Investment	(78)	(429)
Proceeds from sale of Property, Plant & Equipment	562	1,211
Proceeds from sale of Investment Property	148	260
Proceeds from sale of Homebuy Investments	–	822
Grants Received	8,310	5,741
Interest Received	3	11
Net Cash Flows from Investing Activities	(4,929)	(10,526)
Cash Flows from Financing Activities		
Interest Paid	(3,028)	(2,939)
New Loans	4,000	11,275
Repayment of Borrowings	(2,405)	(1,433)
Repayment of Revolving Credit Facility	–	(3,500)
Pension Deficit	(176)	(172)
Net Cash Flows from Financing Activities	1,609	3,231
Net (Decrease)/ Increase in Cash & Cash Equivalents	907	(758)
Cash & Cash Equivalents at the beginning of the year	4,156	4,913
Cash & Cash Equivalents at the end of the year	5,063	4,155

Newydd Housing Association (1974) Limited

Statement of Cashflows continued

Year Ended 31st March 2022

	2022 £'000	2021 £'000
Net Cash Generated from Operating Activities		
Surplus for the year	3,848	1,277
Adjustment for non cash items:-		
Interest receivable	(3)	(11)
Interest payable	3,028	2,939
(Increase) in fair value of properties	(528)	3
Reversal of previous impairment of investment property	—	—
Surplus on disposal of property (homebuy)	—	—
Loss/ (surplus) on disposal of property (First tranche LCHO and RTB)	(245)	(745)
Depreciation charges	2,369	2,808
Write off on investment property components	—	—
Amortise grant	(788)	(677)
(Increase) decrease in debtors	76	(58)
Increase/ (Decrease) in creditors	530	(341)
Increase in bad debt provision	(34)	96
Actuarial loss in respect of pension schemes	(808)	1,246
Net Cash Generated from Operating Activities	7,445	6,537
Cash and cash equivalents:-		
Cash at bank and in hand	5,063	4,156
Cash equivalents included in current assets investments	—	—
Cash and cash equivalents	5,063	4,156

Newydd Housing Association (1974) Limited

Free Cashflow

Year Ended 31st March 2022

	2022 £'000	2021 £'000
Net cash generated from operating activities	7,445	6,537
Interest Paid	(3,028)	(2,939)
Interest Received	3	11
Taxation Paid	–	–
Adjustments for reinvestment in existing properties		
Component replacements	(2,092)	(1,896)
Component replacement grant received	292	244
Free cash generated before loan repayments	2,620	1,957
Loans repaid (excluding revolving credit and overdrafts)	(2,405)	(1,433)
Free cash (consumed)/ generated after loan repayments	215	524

Notes to the Financial Statements

Year Ended 31st March 2022



Notes to the Financial Statements

Year Ended 31st March 2022

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. The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The Association 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 the organisation's net investment and its 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 the Association 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 surplus or deficit 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. The Association 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 the Association, 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 the Association in the future. Borrowing costs are amortised over the period that the Association derives benefit from a financial instrument, such as a loan, using the effective interest rate method.

Taxation

Value Added Tax

The Association 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 by the Association 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

The Association is treated as charitable for taxation purposes. Surpluses derived from primary charitable activities are exempt from taxation.

Pension obligations – defined benefit scheme

The Association 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.

The Association 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 the Association at rates determined by independent actuaries. The scheme assets are invested separately from the Association 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

The Association makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and the Association. The scheme assets are invested separately from the Association assets in independently administered funds in the names of the employees concerned and there is no residual liability for the Association 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 The 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 the 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 the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Association 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 estimating 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

	2022			2021		
	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000
Social housing lettings (note 4)	16,233	(11,609)	4,624	15,456	(11,476)	3,980
Other social housing activities:-						
Revenue grants	545	(306)	239	457	(173)	284
Decarbonisation programme	108	(108)	(0)	–	–	–
First tranche low cost home ownership sales	–	–	–	822	(769)	53
Staircasing	–	–	–	33	(7)	26
Grant amortisation	771	–	771	677	–	677
	17,657	(12,023)	5,634	17,445	(12,425)	5,020
Non social housing activities:-						
Lettings	355	(444)	(88)	229	(368)	(139)
Sale of leasehold properties	–	–	–	–	–	–
Low cost home ownership legal charge redemptions	156	(142)	14	197	(114)	83
Sale of other properties	553	(323)	230	1,241	(658)	583
Gift aid from Group companies	151	–	151	40	–	40
Other	194	(597)	(403)	256	(389)	(133)
	1,409	(1,506)	(97)	1,963	(1,529)	434
	19,066	(13,529)	5,537	19,408	(13,954)	5,454

4. Particulars of Income and Expenditure from Social Housing Lettings

	General needs £'000	Sheltered and elderly people housing £'000	Supported Housing £'000	Other social housing letting £'000	2022 Total £'000	2021 Total £'000
Income						
Rents receivable	13,822	809	286	50	14,967	14,259
Service charge income	785	442	37	2	1,265	1,197
Turnover from social housing lettings	14,607	1,251	323	52	16,233	15,456
Expenditure						
Management	(2,647)	(188)	(55)	–	(2,889)	(2,621)
Service charge costs	(964)	(542)	(46)	(2)	(1,554)	(1,541)
Routine maintenance	(2,470)	(175)	(52)	–	(2,697)	(2,574)
Planned cyclical maintenance	(973)	(69)	(20)	–	(1,061)	(1,199)
Planned major repairs expenditure	(254)	(18)	(5)	–	(277)	(181)
Rent loss from bad debts	(6)	(0)	(0)	–	(6)	(155)
Abortive costs on potential developments	(19)	–	–	–	(19)	(66)
Depreciation of housing properties	(2,598)	–	–	–	(2,598)	(2,485)
Transfers to Property, Plant & Equipment (note 27)	–	–	–	–	–	–
Components written off during the year	–	–	–	–	–	–
Other costs	(507)	–	–	–	(507)	(654)
Operating costs	(10,438)	(991)	(178)	(2)	(11,609)	(11,476)
Operating surplus on social housing lettings	4,169	260	145	50	4,624	3,980
Rent loss due to voids (memorandum note)	157	27	–	–	184	318

5. Surplus for the year

The Association has charitable status for taxation purposes. Surpluses derived from primary charitable activities are exempt from taxation.

	2022 £'000	2021 £'000
The surplus for the year is stated after charging / (crediting):-		
Depreciation on housing properties	2,598	2,483
Depreciation on Property, plant and equipment	171	325
Management services from the Newydd Group Limited	3,069	2,676
Revenue and Government Grants	(1,423)	(1,134)
Gift aid receipts for Group companies	(151)	(40)
Deficit on disposal of fixed assets	–	–
Operating lease rentals	10	10
Auditor's remuneration including irrecoverable VAT of £2,000 (2021 £2,000) – In their capacity as auditors	12	12

6. Other Finance Income

	2022 £'000	2021 £'000
Bank interest receivable	3	11
	3	11

7. Interest Payable and Financing Costs

	2022 £'000	2021 £'000
Bank loans & overdrafts	(3,045)	(2,977)
Release of deferred loan arrangement fees	(73)	(69)
Unwinding of discounts on provisions	(40)	(17)
	(3,158)	(3,063)
Borrowing costs capitalised	130	124
	(32,028)	(2,939)

Borrowing costs have been capitalised based on a capitalisation rate of 1.65% (2021 1.27%) which is the weighted average of rates applicable to the Association's borrowings during the year.

8. Board members and senior executives remuneration

Key management and personnel remuneration

Directors who are executive staff members

	2022 £'000	2021 £'000
The remuneration paid to senior executives was:		
Basic Salary	66	37
National insurance contributions	8	4
Pension contributions	13	10
Aggregate emoluments	87	51

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.

Remuneration of the highest paid director, excluding pension contributions	66	37
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The number of key management personnel who received remuneration (excluding pension and national insurance contributions) were in the following ranges:

	2022 No.	2021 No.
£50,001 - £60,000	–	–
£60,001 - £70,000	1	–
£70,001 - £80,000	–	–
£80,001 - £90,000	–	–
£90,001 - £100,000	–	–

The senior executives remuneration relates to the Association 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.

Non-executive directors

	2022	2021
The remuneration paid to Non-executive directors was:		
Basic Salary	33	15
National insurance contributions	–	–
Pension contributions	–	–
Aggregate emoluments	33	15

The Non-executives remuneration relates to the Association only.

Expenses paid to board members during the year amounted to £50 (2021 - £Nil).

9. Employee information

	2022 No.	2021 No.
The average weekly number of persons employed during the year was:		
Office staff	46	45
Wardens, caretakers, cleaners and tradesmen	5	5
	51	50
Full time equivalent	49	49

	2022 £'000	2021 £'000
Staff costs for the above persons:		
Basic Salary	1,319	1,371
National Insurance contributions	117	114
Other pension costs	118	115
	1,554	1,600

The full time equivalent number of staff who received remuneration including pension and national insurance contributions, in excess of £50,000 were in the following ranges:-

	2022 No.	2021 No.
£50,001 - £60,000	—	1
£60,001 - £70,000	—	1
£70,001 - £80,000	—	—
£80,001 - £90,000	1	—
£90,001 - £100,000	—	—
£100,000 +	—	—

10. Housing Stock

The number of units of housing accommodation and other units in management as at 31st March 2022 was:-

	2022 No.	2021 No.
Housing accommodation for Letting:		
General needs	2,692	2,649
Sheltered accommodation for the elderly	203	197
Supported housing	60	55
	2,955	2,901
Low cost home ownership:		
Shared ownership (Leased)	19	19
Homebuy	106	106
	125	125
Other units:		
Market rent	67	48
Intermediate rent	10	–
Leasehold/ freeholds with service charges	123	120
Community office	1	1
Garages	44	44
	245	213
Total Number of Units	3,325	3,239

11. Tangible Fixed Assets – Housing Properties

	Housing Properties		Low Cost Homes	
	Houses for Letting Completed £'000	Under Construction £'000	Ownership Properties Completed £'000	Total £'000
Cost				
At Beginning of Year	231,209	19,148	233	250,590
Schemes Completed in the Year	15,920	(15,920)	–	–
Disposals	(1,161)	–	(2)	(1,163)
Additions	1,592	12,918	–	14,510
At End of Year	247,560	16,146	231	263,937
Depreciation				
At Beginning of Year	(32,110)	–	(32)	(32,142)
Disposals	812	–	–	812
Charge for Year	(2,598)	–	–	(2,598)
At End of Year	(33,896)	–	(32)	(33,928)
Net Book Value				
At End of Year	213,664	16,146	199	230,009
At beginning of year	199,099	19,148	201	218,448
			2022 £'000	2021 £'000
Housing Properties Comprise:				
Freeholds			223,962	212,401
Long Leaseholds			6,047	6,047
			230,009	218,448
Capitalised interest on properties in construction amounted to £124,000 (2021 £429,000).				
			2022 £'000	2021 £'000
Additions to completed properties held for letting				
Replacement of components			2,092	1,896
Purchase of properties			11,786	11,290
Retentions			506	575
Decarbonisation programme			126	–
Improvements			–	–
			14,510	13,761
Improvements charged to expenditure			163	41
Decarbonisation programme charged to expenditure			107	–

12. Investment properties

	2022 Total £'000	2021 Total £'000
Valuation		
At Beginning of year	5,100	2,682
Additions	–	2,591
Disposals	(107)	(170)
Reclass to stock	(753)	–
Revaluation of market rented properties	528	(3)
At End of Year	4,768	5,100

The investment properties were professionally valued by professional external valuers, between March 2021 and March 2022, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. Where appropriate the valuation has been uplifted by the Welsh Housing Price index as at 31 March 2022. The Board of Directors have assessed the fair value of the investment and in their opinion believe that the cost shown reflects fair value as at 31st March 2022.

13. Property, plant and equipment – Other

	Land and Buildings					Furniture and Equipment	Total
	Freehold £'000	Long/Short Leasehold £'000	Premises Improvement £'000	Service Assets £'000	Motor Vehicles £'000	£'000	£'000
Cost							
At beginning of Year	592	1,802	387	1,821	–	178	4,780
Additions	–	–	427	106	–	3	536
Disposals	–	–	(336)	(3)	–	(61)	(400)
At End of Year	592	1,802	478	1,924	–	120	4,916
Depreciation							
At beginning of Year	(165)	(270)	(367)	(1,400)	–	(155)	(2,357)
Disposals	–	–	336	3	–	61	400
Charge for the year	(12)	(36)	(5)	(114)	–	(4)	(171)
At End of Year	(177)	(306)	(36)	(1,511)	–	(98)	(2,128)
Net Book Value							
At end of Year	415	1,496	442	413	–	23	2,788
At beginning of Year	427	1,532	20	421	–	53	2,423

14. Investments- Homebuy Loans

	Total £'000
Cost	
At beginning of year	3,664
Additions	78
Disposals	(202)
At End of Year	3,540

15. Deferred Debtors

	2022 £'000	2021 £'000
Deferred grant	2,191	2,248
Interest prepaid	1,152	1,149
	3,343	3,397

16. Stock

	2022 £'000	2021 £'000
Completed properties held for resale / Maintenance Stock	753	–

17. Debtors

	2022 £'000	2021 £'000
Arrears of rent and service charge	1,288	1,283
Less: provision for bad and doubtful debts	(617)	(651)
	671	632
Other debtors	182	244
Amounts due from other Group entities	–	3
Prepayments and accrued income	102	63
	955	942

18. Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Prepayment of rent and service charge	(312)	(402)
Bank loans and overdrafts	(3,124)	(2,595)
Social housing grants and other grants received in advance	(1,847)	(1,946)
Grant to be amortised within 1 year	(788)	(677)
Recycling of capital grant and disposals proceeds fund	(994)	(787)
Pension liability (see note 21)	(236)	(176)
Other capital creditors	(244)	(52)
Amount due to other Group entities	(739)	(10)
Taxation and social security	(30)	(28)
Accruals and deferred income	(455)	(449)
Other creditors	(1,605)	(1,165)
	(10,374)	(8,287)

Recycling of Capital Grant and Disposals Proceeds Fund

	2022 £'000	2021 £'000
Balance brought forward	(787)	(664)
Add: funds arising from property sales	(207)	(442)
Less: funds applied in the year	–	319
	(994)	(787)

19. Creditors: Amounts falling due after more than one year

	2022 £'000	2021 £'000
Housing Loans	(80,339)	(79,237)
Premium on issue of Bonds	(4,703)	(4,933)
Grants	(124,814)	(117,511)
Pension liability (See note 21)	(735)	(1,721)
	(210,591)	(203,438)

The total accumulated amount of capital grant received or receivable at the Statement of Financial Position date before amortisation is £137,858,000 (2021 £129,609,000).

The total grant associated with Low Cost Home Ownership at the Statement of Finance position date before amortisation is £2,350,000 (2021 £2,395,000)

	2022 £'000	2021 £'000
Deferred income - Government grants		
At 1 April 2021	(118,188)	(112,978)
Grants Receivable	(8,202)	(5,887)
Amortisation to Statement of Comprehensive Income	788	677
At 31 March 2022	(125,602)	(118,188)
Due within one year	(788)	(677)
Due after one year	(124,814)	(117,511)

19. Creditors: Amounts falling due after more than one year continued

Housing Loans

Housing loans are secured by fixed charges on the Association'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:

	2022 £'000	2021 £'000
In five years or more	(67,802)	(63,241)
Between two and five years	(10,629)	(13,006)
Between one and two years	(1,908)	(3,026)
	(80,339)	(79,273)
In one year or less	(3,124)	(2,595)
	(83,463)	(81,868)

Undrawn Loan facilities

	2022 £'000	2021 £'000
At the year end the following undrawn loan facilities were available to the Association	17,000	20,000

20. Share Capital

	2022 £'000	2021 £'000
Shares of £1 each issued and fully paid:		
At Beginning of Year	10	11
Issued during the Year	2	-
Cancelled during the Year	-	(1)
At End of Year	12	10

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

The Association operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to Statement of Comprehensive Income in the year ended 31 March 2022 was £136,000 (2021: £127,000).

Defined benefit scheme

The Association 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)

	31 March 2022 £000s	31 March 2021 £000s
Fair value of plan assets	7,434	6,645
Present value of defined benefit obligation	8,405	8,542
Surplus/ (deficit) in plan	(971)	(1,897)
Defined benefit asset (liability) to be recognised	(971)	(1,897)

21. Retirement Benefit Schemes continued

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2021 to 31 March 2022 £000s
Defined benefit obligation at start of period	8,542
Current service cost	62
Expenses	6
Interest expense	188
Member contributions	–
Actuarial losses (gains) due to scheme experience	590
Actuarial losses (gains) due to changes in demographic assumptions	(121)
Actuarial losses (gains) due to changes in financial assumptions	(764)
Benefits paid and expenses	(98)
Defined benefit obligation at end of period	8,405

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

	Period from 31 March 2021 to 31 March 2022 £000s
Fair value of plan assets at start of period	6,645
Interest income	148
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	513
Employer contributions	226
Member contributions	–
Benefits paid and expenses	(98)
Fair value of plan assets at end of period	7,434

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £661,000.

21. Retirement Benefit Schemes continued

Defined benefit costs recognised in statement of comprehensive income

	Period from 31 March 2021 to 31 March 2022 £000s
Current service cost	62
Expenses	6
Net interest expense	40
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	108

Defined benefit costs recognised in other comprehensive income

	Period from 31 March 2021 to 31 March 2022 £000s
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	513
Experience gains and losses arising on the plan liabilities – gain (loss)	(590)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	121
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	764
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	808
Total amount recognised in Other Comprehensive Income – gain (loss)	808

21. Retirement Benefit Schemes continued

Assets

	31 March 2022 £000s	31 March 2021 £000s
Global Equity	1,427	1,059
Absolute Return	298	367
Distressed Opportunities	266	192
Credit Relative Value	247	209
Alternative Risk Premia	245	250
Fund of Hedge Funds	–	1
Emerging Markets Debt	216	268
Risk Sharing	245	242
Insurance-Linked Securities	173	160
Property	201	138
Infrastructure	530	443
Private Debt	191	159
Opportunistic Illiquid Credit	250	169
High Yield	64	199
Opportunistic Credit	26	182
Cash	25	–
Corporate Bond Fund	496	393
Liquid Credit	–	79
Long Lease Property	191	130
Secured Income	277	276
Liability Driven Investment	2,074	1,689
Currency Hedging	(29)	–
Net Current Assets	21	40
Total assets	7,434	6,645

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.

21. Retirement Benefit Schemes continued

Key assumptions

	31 March 2022 £000s	31 March 2021 £000s
Discount Rate	2.79%	2.21%
Inflation (RPI)	3.49%	3.24%
Inflation (CPI)	3.15%	2.87%
Salary Growth	4.15%	3.87%
Allowance for commutation of pension for cash at retirement	75 % of maximum allowance	75% of maximum allowance

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

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

21. Retirement Benefit Schemes continued

Employer Contributions breakdown for the period from 31 March 2021 to 31 March 2022

Month Received	Expenses £s	Deficit Contributions £s	Normal Employer Contributions* £s	Augmentations £s	Total £s
Apr-21	-	-	-	-	-
May-21	1,079	29,327	7,241	-	37,647
Jun-21	-	-	-	-	-
Jul-21	540	14,664	3,620	-	18,824
Aug-21	1,079	29,327	7,306	-	37,712
Sep-21	540	14,664	3,649	-	18,853
Oct-21	540	14,664	3,649	-	18,853
Nov-21	540	14,664	3,649	-	18,853
Dec-21	540	14,664	3,649	-	18,853
Jan-22	-	-	-	-	-
Feb-22	1,079	29,327	7,298	-	37,704
Mar-22	540	14,664	3,649	-	18,853
Total	6,477	175,965	43,710	-	226,152

*Normal Employer Contributions figures Surcharge payments where applicable.

22. Financial instruments

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

	2022 £'000	2021 £'000
Financial Assets measured at undiscounted amount receivable:-		
Rent arrears	670	632
Amounts due from other group entities	—	—
Other debtors	182	244
Stock	753	—
Cash at bank and in hand	5,063	4,156
	6,668	5,032
Financial liabilities at undiscounted amount payable:-		
Loans	(83,463)	(81,868)
Capital creditors	(244)	(52)
Amounts to from other group entities	(739)	(10)
Taxation and social security	(30)	(28)
Other creditors	(105)	(102)
	(84,581)	(82,060)

The Association's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022 £'000	2021 £'000
Interest income and expense		
Total interest expense for financial liabilities	(2,988)	(2,922)

23. Analysis of changes in net debt

	As at 1 April 2021 £'000	Cashflows £'000	Fair value movements £'000	Foreign exchange movements £'000	Other non cash movements £'000	As at 31 March 2022 £'000
Cash	4,156	907	–	–	–	5,063
Bank loans due within 1 year	(2,595)	(456)	–	–	(73)	(3,124)
Bank loans due after 1 year	(79,273)	(1,066)	–	–	–	(80,339)
Total	(77,712)	(615)	–		(73)	(78,400)

24. Contingent liabilities

As at 31 March 2022, there were no contingent liabilities (2021: None).

The Association 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 the Association 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 RSL;
- 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.

The Association 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 the Association 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.

25. Financial commitments

	2022 £'000	2021 £'000
Capital Expenditure		
Contracted less Certified	10,682	25,810
Authorised but not Contracted	–	1,795

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

Operating Leases

Total future minimum lease payments for the Association under non-cancellable

Operating Leases are as follows:

	2022 £'000	2021 £'000
Payments due:-		
Within one year	10	10
Between two and five years	10	20
Over five years	–	–
	20	30

26. 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.

27. Related party transactions

During the year, the following tenants of Newydd Housing Association held official positions with the Association: –

Name	Position	£	Gross weekly rent 2022 £	2021
Shani Paytner	Board member		120	117

No special terms apply to the tenancy agreements of tenant Board Members.

Total aggregate rent owed by tenant Board Members at 31 March 2022 amounted to £Nil (2021 £Nil)