

**Annual Report and
Financial Statements**
2020



Contents

Chair's report	3
Group Chief Executive's report	5
Financial performance	21
Governance	25
Auditor's report	41
Financial statements	45

Cover picture: Sian and Olivia Lewis at their new home in Rhiw Cefn Gwlad, Bridgend

Right: WWH's new affordable housing development at Rhiw Cefn Gwlad, Bridgend



Our vision is:

“strong sustainable growth to
make a difference to people's
lives, homes and communities”



Chair's report



Alex Ashton
Chair of the Board



Extraordinary

INVESTORS IN PEOPLE™
We invest in people Platinum

My second year as Chair of this great organisation has been an extraordinary year. We have lived through unprecedented times, with the global pandemic disrupting all of our lives in a way that has happened to perhaps only those who lived through the second world war, in our lifetimes. In the 55 years that Wales & West Housing has been in existence, 2020 will probably go down as our most challenging year ever. However, I am extremely proud of the way that the Board has led the organisation through this period, and this has allowed us to carry on making a difference to lives, homes and communities, even in the most difficult of times.

I want to pay tribute to our wonderful staff right across the Group who have gone above and beyond over the course of the year to continue to deliver great services to our customers and residents. Whether it has been those staff who have been making welfare calls to residents just to check that they are OK, those staff that have done the shopping or run errands for residents in difficulty, those staff who have switched roles to limit contact in our schemes whilst still keeping them clean and safe, our maintenance and Cambria staff who have continued to organise and carry out servicing to boilers and necessary repairs, our care and catering staff who have continued to support and serve some of the most vulnerable in society or our housing staff who have worked with residents as their work circumstances have changed to make sure they pay their rent, I want to thank each and every one of them for their dedication and their desire to make a difference.

I also want to thank Anne, our Group Chief Executive, and her leadership team, for the way they rose to the challenge of the year and for the way they have supported the Board to be able to guide the organisation through these most difficult of times. For many months the leadership team held daily incident management team meetings in response to the ever changing challenges of dealing with the pandemic.

This allowed us to coordinate a huge effort from our ICT staff to allow everyone to work from home where appropriate and to enable the Board to meet remotely, which has worked really well. There was a considerable amount of work undertaken to source the right personal protective equipment to enable staff to perform their roles safely where they needed to be in residents' homes. Throughout this whole period, guidance from both Welsh Government and the UK Government has been consistently changing as the circumstances of the pandemic changed. In these situations, communication is key and the daily emails and weekly video messages from the Group Chief Executive were invaluable in keeping staff informed.

More than ever after this year I feel honoured to be part of this organisation that is so true to its values.

The Board and I are even more proud of the work that our staff do each and every day to support some of the most vulnerable in society. I am so pleased that during the year we retained our Investors in People Platinum status, where back in 2017 we became the first organisation in Wales to obtain this level. Even more pleasingly, this time it was not just for Wales & West Housing as a housing association, but for the Wales & West Housing Group, including Cambria, our maintenance subsidiary, and Castell Ventures, our care, catering and cleaning subsidiary.

As I look forward, writing as we emerge from another lockdown, the future is perhaps less certain than it has ever been. However, what I am certain of is that we will continue to focus on solving the right problems with our residents: one person, one contact, one step at a time.



Group Chief Executive's report



Anne Hinchey
Group Chief Executive

As the Chair has said, 2020 has truly been an unprecedented year and I too want to extend my personal thanks to each and every staff member right across the Group for their dedication and hard work throughout the year. It has not been easy for any of us, but the way that our staff have risen to the challenge, supported each other and continued to make a difference is truly humbling. I am so pleased with our Investors in People Platinum status right across the entire Group. Any organisation is only as good as the people that work together within it, and I have never been more proud of our culture, the Wales & West Housing Group way, which has allowed us to work even more flexibly than ever, enabling and empowering people to do the right thing at the time that works for them, whilst never forgetting that we are here to meet the needs of our residents and customers.

12,225 homes

owned or managed (2019: 12,018)



Despite the pandemic, we have continued to deliver new homes, have delivered a strong financial performance and our staff have gone above and beyond to deliver a high quality service to our residents and customers.

Construction of new homes has continued safely during the pandemic and we have significantly increased our development capacity over the year, with over 950 homes on site at the end of the year and over 1,000 further plots in our development pipeline. We completed 231 badly needed new rented homes in 2020, adding to our portfolio, and will deliver many more over the coming few years. We also delivered 7 low cost home ownership homes, helping those who aspire to own their own home but who cannot afford to pay full market price. We will do more of this in the coming years, both in building our own and in partnership with housebuilders.



Staff participating in Shwmae Welsh Language day

£13.9 million

Association free cash inflow
(2019: £7.4 million)

Our work assessing the performance of the right assets in our portfolio continued in the year. The vast majority of our homes are ones that we can be proud of, now and into the future, providing a safe and secure environment for our residents to call home. Where we cannot create this environment, even with good investment, then we will divest ourselves of unsuitable properties and plough that money back into building high quality modern homes. We also buy back leasehold flats to help us have even greater control of fire safety in our flatted schemes. Over the year, taking account of buy backs, disposals and new developments, there has been a net increase of 207 homes during the year, taking our portfolio to a total of 12,225 homes owned or managed across the whole of Wales.

3.34%

average loan
interest rate
(2019: 3.49%)

Investing in our existing homes is important to us, keeping our residents safe and secure. We have done everything we needed to this year, but we have not carried out some works that can wait, particularly kitchens and bathrooms, so as not to spend time unnecessarily in residents' homes. This has meant

that we have spent £6.4m this year, which is less than in 2019 (£11.5m) and will mean that we will spend slightly more than usual over the next few years as restrictions ease and when it is more appropriate to be in residents' homes carrying out work.

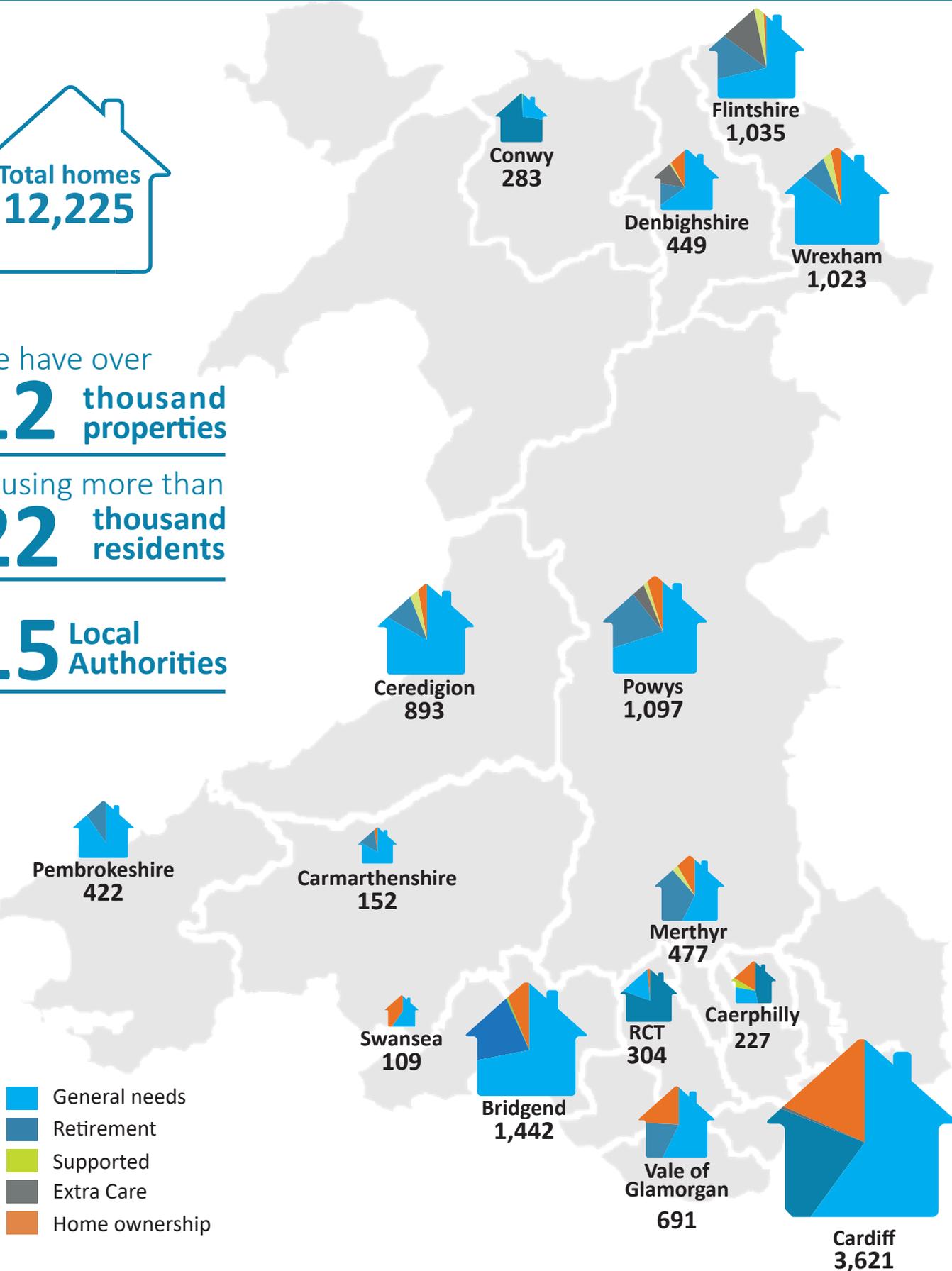
This has meant that our principal financial metric, free cash flow, increased to £13.5 million for the Group and to £13.9 million in the Association. The underlying performance was strong, with free cash before property reinvestment being £20.3m in 2020 and £17.9m in 2019. This reflects growth in rental income, through inflationary rent increases and the development of new homes, our carefully managed maintenance programme and the effectiveness of our treasury strategy. We have a strong balance sheet position, which includes a significant unsecured asset portfolio, which provides the flexibility and security to borrow funds at preferential rates to develop more homes and to confidently address future challenges and opportunities. Despite the pandemic, we used this strength to go to the financial markets in 2020 and borrow a further £75m to fund our development pipeline. This meant that the average rate of interest on our borrowings fell to 3.34%, with over 96% of our borrowing at fixed rates, providing long-term cost certainty.

In these times of great uncertainty, whatever the future holds, we have a way of working, the Wales & West Housing Group way, which allows us to do the right thing efficiently and effectively time and again and means that we are well placed to continue to make a difference to people's lives, homes and communities.

Communities across Wales



We have over
12 thousand properties
housing more than
22 thousand residents
in
15 Local Authorities



- General needs
- Retirement
- Supported
- Extra Care
- Home ownership

Our **7** priorities

This report reflects the seven strategic priorities set out in our Business Plan 2021-2025, providing commentary and measures of our progress against the goals it contains.

- ★ Embedding the **WALES & WEST HOUSING GROUP WAY**
- ★ **AGILE** and **FLEXIBLE**
- ★ Build **MORE** homes
- ★ **INVEST** in the right homes
- ★ **CARE** for and improve **WELLBEING**
- ★ Tackle **HOMELESSNESS**
- ★ **EFFICIENT, AFFORDABLE** and **ACCESSIBLE** services



Embedding the WALES & WEST HOUSING GROUP WAY

Every organisation has a culture and we are very deliberate in shaping ours and making sure that customers are at the centre.

We express our culture as a series of interconnected cogs, each working together with its neighbour to create a cohesive whole which is easy to understand and designed to be used in the real world. The central cog has customers at the centre and summarises our culture in three segments, a Vision for 'Making a Difference', Behaviours showing 'Integrity in everything' and Actions to 'Do the right thing'.

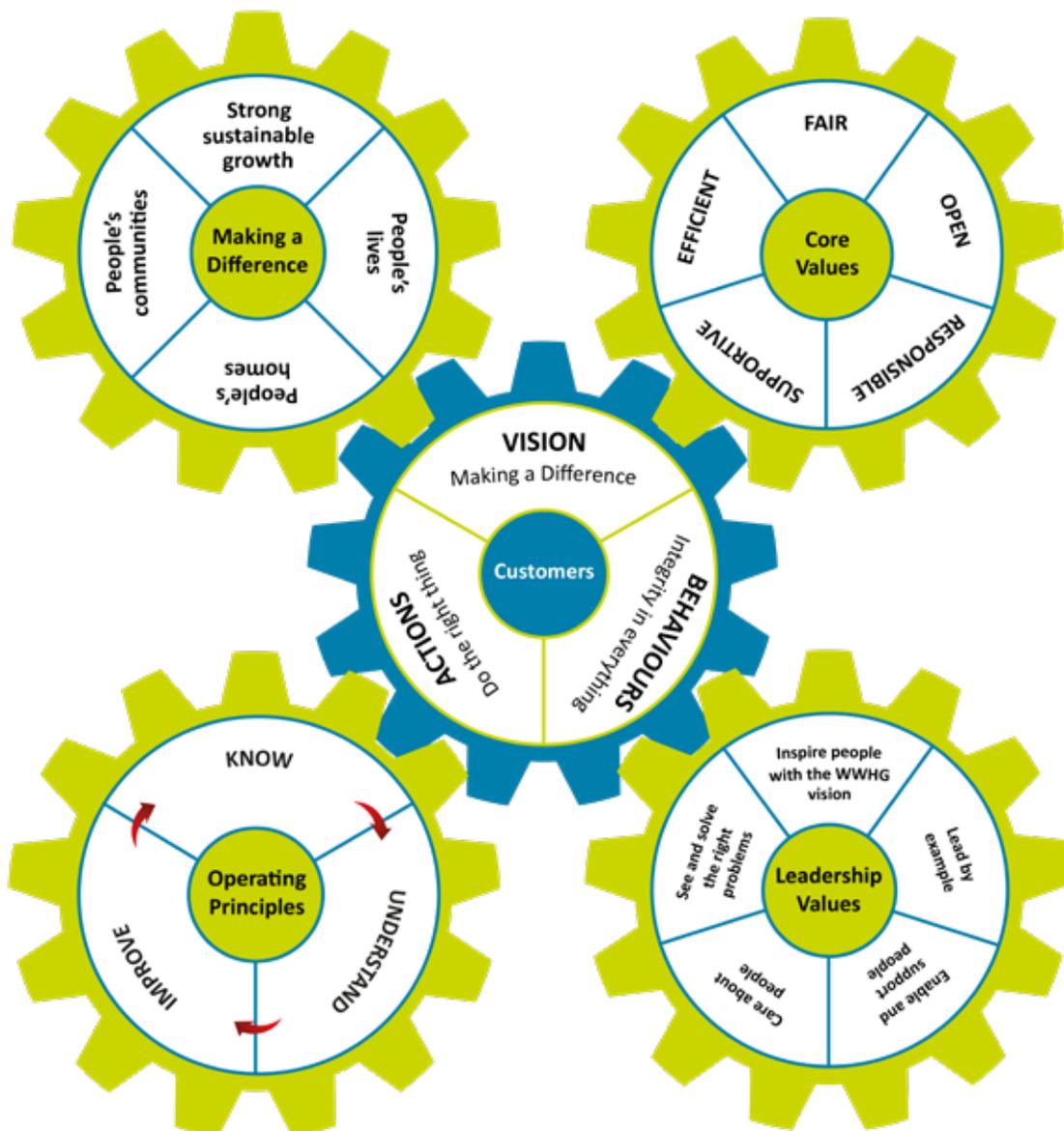
They act like our head, heart and hands; the vision we see that inspires us, the values we believe that drive our behaviour and the actions we take to do

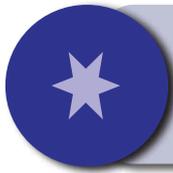
the right thing for staff and customers alike.

This culture is the Wales & West Housing Group way, which we have continued to work on embedding across the Group during the year.

The surrounding interconnecting cogs expand on the Vision, Behaviours and Actions to give a practical recipe for what it means to make a difference, have integrity in everything and to do the right thing.

Each cog is focussed on providing practical guidance and tools centred on making our Vision a reality using our Core Values, Leadership Values and Operating Principles.





AGILE and FLEXIBLE

The need to be agile and flexible in the way that we work has been highlighted by the dramatic events of 2020. In many ways, we have achieved more in one year than we would normally achieve in many more, with the unprecedented circumstances meaning that we have had to adapt the way that we work more than we have ever had to in the past.

We were already in a good position from a technology point of view when the pandemic hit, with many of our services and the majority of our data already cloud based and with our single operating platform, built on Microsoft Dynamics, already well embedded. We had already rolled out an app that allowed staff to access areas of the system remotely, enabling staff to see things offline and we had moved all of our email accounts to Office online. However, the need for many staff to be able to work from home, including those in our customer services and repairs call centres, presented significant challenges which were overcome in a very short period of time. We are now in a position where staff can work on an agile basis, being able to access both ICT services and telephony from wherever they need to. The mark of the change is that the use of video calls and meetings using Microsoft Teams now seems just an ordinary way of doing business, whereas a year ago it was very much on the periphery of what we did.

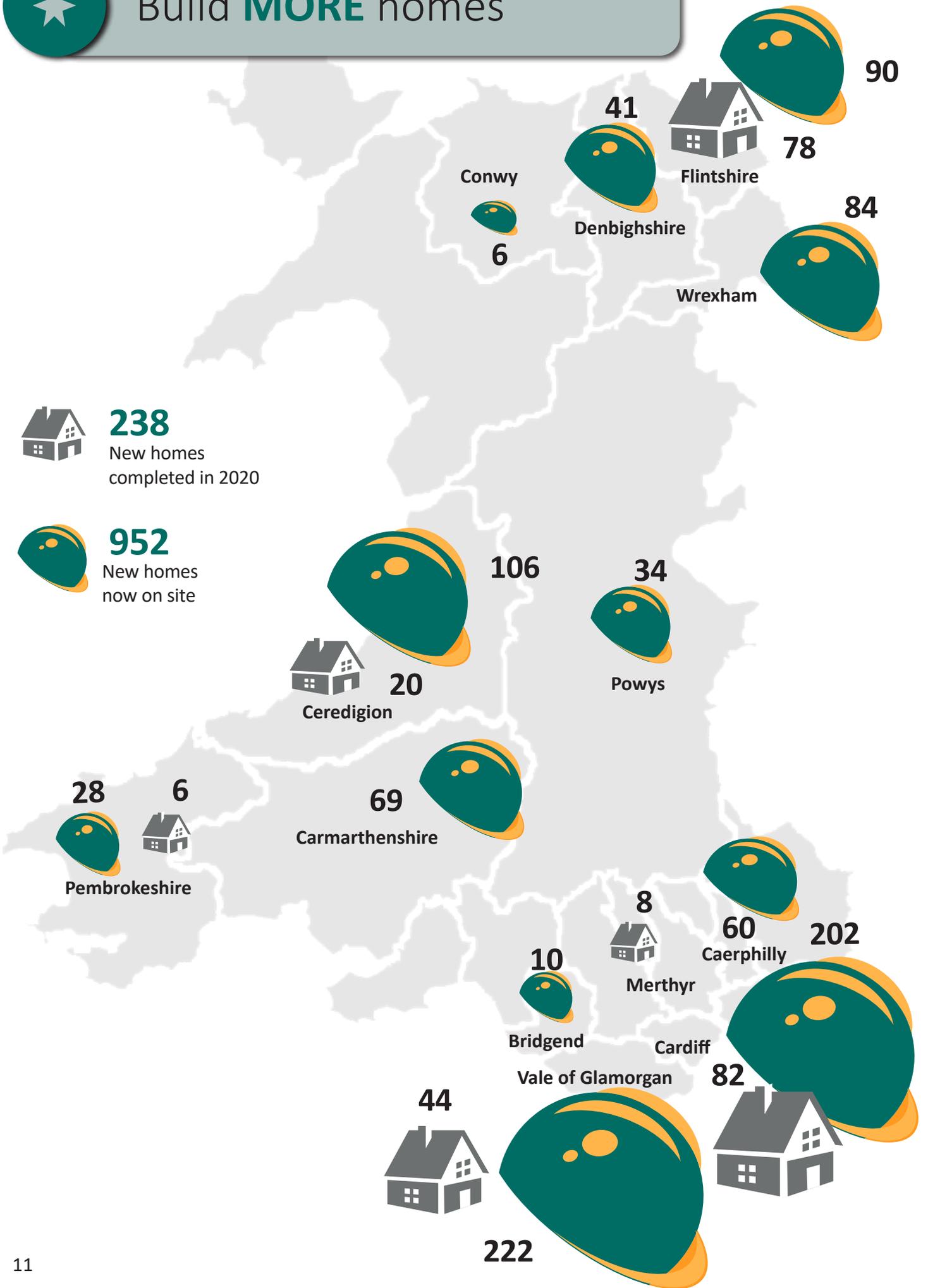
As we move forward, we will not lose this change, and this will significantly cut the need for staff to

travel for meetings, making us more agile, more flexible and more efficient.

We had installed our new housing system in 2019 and the new platform was designed to enable us to use the system to focus on payment plans with residents. We have always had arrangements with our residents on how they will pay their rent and clear any arrears. The new system, however, has allowed us to capture this in a much better way, with the system now forecasting outcomes and telling us when someone hasn't done what they said they would do. This has been invaluable during the pandemic, where our residents have borne the brunt of the economic inequality that the pandemic has exposed. So many have lost their jobs, been placed on furlough or have had their hours reduced. We have learnt over many years that getting to the resident quickly to support them and get them back on track with their rent when their circumstances change is the key to success. Our housing staff have worked hard with residents using the new platform to support them to pay their rent and our performance in collecting rent has actually improved during the pandemic. Our staff have done this in new agile and flexible ways, using messaging services, phone calls or video calls to contact residents, rather than just the traditional face to face interactions. Again, these new ways of working are changes that will not be lost as we look to the future.



★ Build **MORE** homes



238
New homes completed in 2020

952
New homes now on site

Despite the challenges presented by the pandemic, construction was able to continue with safe working protocols in place and we were pleased to be able to deliver **238 NEW HOMES** during 2020, which included 231 homes for letting (of which 21 were specially built for supported living and 55 were extra care flats) and 7 Low Cost Home Ownership (LCHO) homes.

We have scaled up our development programme significantly this year and are going to deliver even more new homes in the next few years. We are currently **ON SITE BUILDING ANOTHER 952 NEW HOMES** across Wales and have over 1,000 further plots in our development pipeline. The map opposite shows where new homes were completed and those on site are located.

Our ambition is significant, underpinned by our financial strength. Over the next ten years, we expect to **SPEND OVER £500M DELIVERING NEW HOMES** all across Wales. Our priority will continue to be, as it always has been, providing social rented housing. However, Wales needs homes of all types and tenures and we intend to develop homes for low cost home ownership alongside our social housing programme. We will undertake this work with our Welsh development partners, building ever larger sites and giving these SME businesses certainty of work, helping them to plan for their futures and allowing them to grow with confidence over the period of the contract, adding further value to Wales.

Making a difference from our development activities is really important to us and over 88% of the spend on materials and labour in developing new homes in 2020 was spent with small and medium sized companies based in Wales. As well as our contractors making a contribution to our Making a Difference Fund, a number of community initiatives were also supported by our contractors including the donating and installing of a shed for a local school, donating materials to a local Family Centre to create an adventure garden, donating labour and materials to lay a new patio at a women's refuge, donating labour and materials for a scout hut redecoration and donating materials and labour to decorate and lay new flooring in a local community museum. A total of 515 apprentice weeks and 224 work experience weeks were supported by our contractors.



Right: some of our new development sites:

1. *The former Grange Hotel, Rhyl, Denbighshire*
2. *Clive Lane, Grangetown, Cardiff*
3. *Tai Pedr, Lampeter, Ceredigion*
4. *Plas yr Ywen Extra Care scheme, Holywell, Flintshire*



INVEST in the right homes

The pandemic has reinforced the need for every one of our residents to be in the right home for them and how important it is that each and every home we own is a home that is decent, safe and warm. Ensuring our homes are of a high quality is important to us and we have worked hard during the pandemic period to carry out the essential investment necessary in our properties. Inevitably the restrictions during the lockdown periods and our desire to keep our staff, our contractors and our residents safe, has meant that we have spent less time inside people's homes this year, and therefore have invested less than we usually would. However, due to the safe working protocols that we put in place early in the pandemic, we have still been able to invest £6.4m into our properties in 2020. This meant that during the year we delivered over 475 new boilers, almost 190 new kitchens, 175 new bathrooms, over 20 roofing projects and nearly 340 windows, doors and roofline projects. We have also completed just under 280 adaptations, allowing residents to stay in their existing homes as their circumstances change.

Property Compliance remains at the top of our agenda, making sure that we check, test and service key elements of our homes to ensure they remain safe for residents and comply with relevant legal requirements. The main compliance areas are managed in accordance with agreed assurance

frameworks and performance has remained strong in all key areas.

We have continued to review the information we hold about our homes to understand which homes are doing well, which are struggling, and to gather information about our homes in terms of their operating efficiency. Where our reviews indicate that the challenges of the property mean that it is hard to provide a warm, spacious and safe home, then these properties will be sold, as some have been in 2020, with the proceeds invested in building new homes to a high standard for the future.

Reviewing the performance of our homes is important as Wales moves to decarbonise its housing stock over the coming decades. Despite the pandemic, work has continued on the decarbonisation agenda, with two significant projects starting towards the end of the year. These are pilot projects, one in collaboration with Welsh Government and other RSLs and one with the Welsh School of Architecture. Their aim is to model and test various ways of retrofitting existing homes and to come up with a tool for understanding and setting a pathway to zero carbon for future years. We hope that the combined learning from these trials will inform the best route forward to decarbonisation, supported by the appropriate grant funding.





CARE for and improve WELLBEING

An absolute priority through the pandemic has been the continuation of domiciliary care and support services to our customers who have relied on our staff even more during the extensive periods of lockdown. We count ourselves as very fortunate to have experienced a very limited number of Covid 19 cases among staff and customers which has been, at least in part, down to the quality of the arrangements we put in place to keep people safe. Our revised working protocols, use of PPE and the dedication of staff have made a difference.

Isolation and loneliness, sadly, have also been a feature of the pandemic. Our care and support staff have worked hard to keep a smile on the face of residents in our supported living and extra care schemes, becoming increasingly inventive in the range of activities and events they have organised. A matter of days into the first lockdown, we re-purposed staff to identify and contact all residents that may be vulnerable or struggle with the restrictions for any reason. In all over 3,000 residents were contacted to understand their needs and provide support which ranged from a regular catch-up and chat to running errands or doing some shopping. The contact and support continued for as long as residents needed it and we repeated this support through successive lockdowns to ensure people were coping.

The demand for domiciliary care and support services continues to rise and 2020 has been a year of growth for our subsidiary company, Castell Ventures, with a number of significant contracts won during the year. Wales & West Housing built two new supported

living schemes during the year and Castell Ventures was successful in winning the tenders to provide support in both these schemes, one in Powys and one in Flintshire. Castell Ventures also won a tender in Flintshire to provide support in four supported living properties in the county, including one where Wales & West Housing are also the landlord. The transfer of the older persons service in West Wales to Castell Ventures also took place successfully during the year. The coming year promises further significant growth with Castell concentrating on new opportunities where these clearly provide benefits to our residents. The provision of domiciliary care is a challenging business and the focus will be on those areas that support new developments, existing residents and improving cost efficiency and resilience.

We also continued to operate three Extra Care facilities in North and Mid Wales, providing a balance between independent living and accessibility for domiciliary care and other support services for both older persons and those with complex needs from a range of backgrounds. We provide the domiciliary care services at one of these Extra Care schemes, and the catering services at restaurants in all three schemes. Our Extra Care schemes have delivered high levels of resident satisfaction, successful outcomes with progressively reducing care needs for residents after moving in and significant savings compared with full-time care or nursing home provision. Two new Extra Care schemes will open in 2021, where we will provide catering services in both of them and domiciliary care in one of them.





Tackle HOMELESSNESS

The pandemic has shone a light on the homelessness crisis in a way that has made the problem more visible than it has ever been before. At the start of the pandemic, the Welsh Government, working with local authorities, moved quickly to get people off the streets. This resulted in homelessness reducing by over 90% during the first three months of the pandemic, with funds provided to get people off the streets, predominantly into hotel rooms.

This was an excellent short-term response to the pandemic crisis and in the space of a few weeks people experiencing homelessness were moved into safe and stable accommodation, perhaps for the first time in their lives. However, accommodating people in hotel rooms was never a long-term solution and Welsh Government published a strategy for local government to work collaboratively with a range of agencies, including housing associations, to make a long term and fundamental change to homelessness services in Wales. Part of this strategy was to ensure that everyone who had been brought in to temporary accommodation was supported into long term accommodation. We have worked with our local authority partners to utilise the rapid rehousing model developed as part of the strategy and to prioritise homeless households for empty properties as they became available. The work has highlighted the mismatch between the available social housing stock across Wales and the housing

needs of many homeless people. The task is to ensure people move into appropriate housing with the support they need and not just any housing, reinforcing the shift in emphasis of the Association's development strategy to reflect the requirement for both smaller and larger homes.

We are firm believers in the Housing First concept to help tackle homelessness, and never more so than in 2020. Housing First is founded on the principle of housing being the foundation of a stable and happy life and provides permanent accommodation for people straight from the street. We have a number of Housing First schemes which are really good examples of partnership and how our housing and care and support teams have worked together and with other providers, firstly to give people a home and then to provide the support they need to settle and sustain it.

We have long believed that it is the right thing to do to help people stay in their homes for as long as they wish and the way we manage our rent system supports and drives that approach. We only take formal action and evict people when we have exhausted all other avenues and our track record demonstrates this. There was only one eviction in 2020 and very few in recent years, performance that has been recognised in the Welsh Government Homelessness Statistics as being one of the best in Wales.





EFFICIENT, AFFORDABLE and ACCESSIBLE services

Being efficient is part of our three-pronged approach to Value for Money (VFM), which focuses on:

- **efficiency,**
- **resident satisfaction,** and
- **social value.**

Our approach to VFM has been to improve both operational and financial efficiency. The approach has focused on service delivery, procurement and finance (treasury and tax efficiency), with the emphasis on achieving value rather than just saving money.

In achieving efficiency in service delivery, we do not set targets or seek to make arbitrary percentage cost reductions. Instead, we concentrate on only doing what matters to customers by understanding common demands and designing systems to meet those demands whilst closely monitoring performance trends over time.

This is assessed by using leading measures within each system. For example, our “fix my home” system concentrates on ensuring that problems are fixed quickly, on the first visit where possible, and that the repairs are done properly, reducing waste by the operative not having to go to a property a second time. This will then ultimately feed through to lower costs and greater efficiency in our lagging measures, of which financial efficiency measures are a part.

Our procurement approach to VFM has focused on in-sourcing work, on ensuring that the right

standardised, good-quality materials are procured and used across all of our stock to minimise future maintenance and that staff are regularly trained on making good purchasing decisions.

Our finance approach to VFM focuses on tax efficiency and treasury. Tax efficiency includes seeking to make VAT recoverable where possible and utilising Gift Aid provisions to minimise Corporation Tax across the Group. Treasury efficiency is achieved by taking advantage of long-term bond facilities to give long-term fixed rates at a competitive cost, balanced by short-term revolving facilities that ensure that unnecessary carry costs are not incurred.

We assess our efficiency using trends over time, monitoring the impacts of decisions over multiple years to assess performance rather than reacting to each snapshot in isolation.

Understanding that residents are satisfied is a good check to ensure that efficiency is being achieved without adversely affecting services. We constantly review the purpose of each of our systems and what matters to our residents by listening to their feedback, the levels of demand which we experience and the regular resident satisfaction surveys which we carry out across each of our systems.

Social value is embedded in what we do and is reflected in our mission statement of making a difference to people’s lives, homes and communities. Our approach to VFM is also about ensuring social value and making sure that it has equal prominence to financial efficiency. No decision is taken without reference to our mission statement.

Efficiency

Treasury efficiency is measured by the rate of interest paid on borrowings, which remained extremely low again.

3.34%

Weighted average cost of capital
(2019: 3.49%)

The main reason for the fall in operating costs was a reduction in our reactive repair costs per unit. This was in part due to our business plan strategy to ensure that we undertake the right repairs in the right way, and in part that fewer repairs were carried out in lockdown periods of the pandemic.

£824

Real reactive maintenance costs per unit (2019: £939)

This was achieved whilst still maintaining a strong performance on the average days to complete a repair and the number of repairs completed first time.

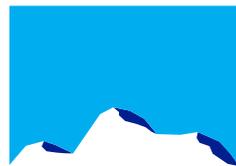


Enfys

Developments

£1,892,000

VAT savings since incorporation



Cambria

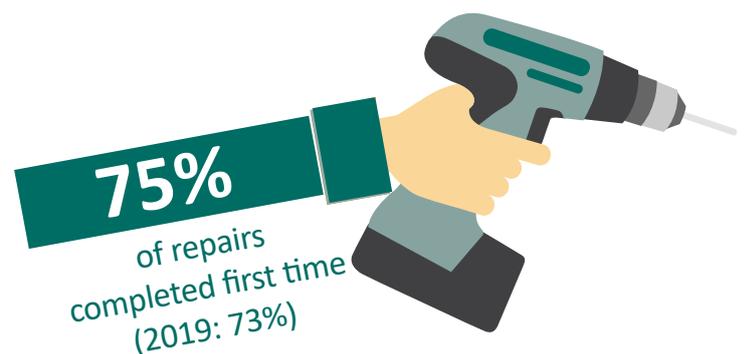
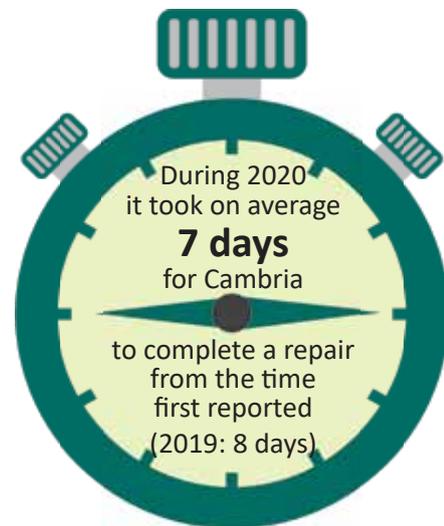
£1,198,000

Savings in 2020
(2019: £1,436,000)

We monitor our operating, management and repair costs per unit over time, after adjusting for inflation based upon the Retail Prices Index (RPI). In 2020, our cash operating costs per unit fell, mainly due to savings on reactive repairs as fewer repairs were carried out during the pandemic.

£2,683

Real operating costs per unit before major repairs
(2019: £2,779)



Resident Satisfaction

Resident satisfaction is difficult to quantify on an aggregated basis due to the highly individual nature of each resident's concerns and situation. We focus on addressing resident needs and ensuring their satisfaction at each point of contact, learning lessons from each engagement which we carry across to benefit all of our residents. We also invest in addressing the predictable types and frequencies of demands so that we are prepared to do what really matters to our residents.

Our Board monitors resident satisfaction in a number of key areas across our service delivery, striking a balance between scores at the point of delivery of specific services and periodic overall satisfaction surveys.

Our focus remains on helping each resident as an individual with their own unique situation, rather than trying to drive betterment of a numerical score.

Satisfaction scores (out of ten):

9.4 Repairs completed
(2019: 9.4)

9.1 Planned maintenance
(2019: 9.6)

9.3 Service during the lettings process
(2019: 9.4)

6.1 Handling of anti-social behaviour
(2019: 6.0)

Taking everything into account, how satisfied or dissatisfied are your tenants and residents with the following?

	Very satisfied	Fairly satisfied	Neither	Fairly dissatisfied	Very dissatisfied
The service provided by your Association	56%	30%	7%	5%	2%
Dealing with repairs and maintenance	65%	18%	9%	4%	4%
The overall quality of your home	54%	34%	6%	4%	2%
Rent providing value for money	56%	32%	8%	3%	1%
Listening to residents' views and acting on them	54%	27%	10%	6%	3%
Neighbourhoods as a place to live	50%	30%	8%	8%	4%
Dealing with anti-social behaviour	25%	17%	42%	8%	8%
Your Association providing the service you expect	61%	25%	7%	4%	3%
Residents trust of the Association	67%	20%	7%	3%	3%

Social value

Making a Difference to lives, homes and communities is not just about providing a house, but about supporting and empowering people to do what matters to them, with the right advice and assistance along their own individual journey.

We work hard to invest in our residents' lives, standing beside them to sustain their tenancies and tackle the menace of anti-social behaviour where it occurs.

We work across our organisation and in partnership with our supply chain to take every opportunity to invest in our communities, seeking to have a wider impact than just that of a landlord.

We do not take decisions without considering the impact on residents and communities, with our values at the core of the process.

Our development and maintenance contracts generated over

£55 million

for the Welsh economy, as measured by the Welsh Government Community Benefit Measurement Tool.



Helping our communities

In 2020 we spent £94k in community grants supporting over 50 projects and initiatives to bring people together in the community, helping to improve resilience and provide better access to opportunities. The COVID-19 pandemic has had a devastating impact on charities, not-for-profit organisations, sports clubs and social groups; we have sponsored initiatives to make a difference to people's lives, homes and communities at a time when so many needed help more than ever.



Volunteers running Newcastle Emlyn's King George V Playing Fields received £10,000 funding to improve access to the park and create a bike park. The funding, which will be used to create safe pathways, was awarded through our membership of the Welsh Procurement Alliance (WPA) to help support projects that bring local people together, improve health and well-being and create stronger communities in the areas where they work.

Helping in the pandemic

We supported projects delivered by Boomerang Cardiff. The charity helps those living in poverty in the Cardiff area primarily through delivering affordable furniture and white goods.



In 2020, Boomerang's work took on extra significance as the organisation provided emergency help to hundreds of homeless families/individuals, refugees and people experiencing serious domestic violence to help them move into new accommodation.

They also supplied fridges, microwaves and cookers for WWH residents who were in desperate need to cook for their families, and store their life-saving medication after their appliances broke down during lockdown.

Working in partnership in our communities

From improving lives to saving the environment, we worked with our supply chain partners to support 21 community projects in 2020. We linked our contractors with a number of community, environmental and educational initiatives that have benefitted from the time, labour and materials they kindly donated as part of their agreement to work with us. Together we have made a difference to a range of projects including those that promote recycling and improve the environment for our residents; give school pupils in our communities the chance to visit our sites to learn about our developments or support work experience and apprenticeships by working on our homes.



We found a new home for an industrial kitchen at a former care home in Johnstown, Carmarthen, in partnership with our contractors TRJ Construction.

Before demolition work began to make way for new homes at the old Tawelan care home site, TRJ dismantled industrial cookers, fridges, sinks and washing machines and delivered the items to Cardigan Food Bank's base, where it will serve local people for years to come.

Extraordinary care and support for extraordinary times

Staff at Castell Ventures went above and beyond during 2020 to boost the wellbeing of our residents, on top of the outstanding care and support, catering and cleaning services which they already deliver day-to-day across Wales.

As strict lockdown rules meant that elderly and vulnerable residents in our extra care schemes were cut off from their family and friends in order to stay safe, staff were there to make a difference - from organising small group activities to keep spirits up (all socially distant and in line with Government guidelines at the time) through to picking up shopping for residents who were shielding and had no support. For residents in extra care who were struggling to clean their homes, Castell Cleaning staff did a basic clean of their apartments once a week, plus laundry.



Financial performance

The financial statements are prepared in accordance with the Housing Statement of Recommended Practice (SORP 2018), Financial Reporting Standard 102 (FRS 102), and the Accounting Requirements for Social Landlords Registered in Wales – General Determination 2015. An analysis of our results, both surplus and free cash flow, is shown in the table below:

Analysis of surplus	2020 £m	2019 £m	Free cash flow	2020 £m	2019 £m
Turnover	68.4	67.7			
Less: Amortisation	(2.9)	(2.9)			
Net Turnover	65.5	64.8			
Cash operating costs	(34.7)	(34.3)			
EBITDA	30.8	30.5	EBITDA	30.8	30.5
EBITDA %age	47%	47%	Component replacements	(3.6)	(7.4)
Major repairs expenditure	(2.8)	(4.1)	Major repairs	(2.8)	(4.1)
Depreciation less amortisation	(8.6)	(8.6)	Property reinvestment	(6.4)	(11.5)
Surplus on sale of fixed assets	1.1	0.6	Net interest	(8.8)	(8.3)
Impairment	(0.7)	(2.2)	Capital expenditure	(1.2)	(0.9)
Operating surplus	19.8	16.2	Pension costs	(1.2)	(1.3)
Net interest	(8.9)	(8.7)	Working capital movements	0.7	(1.1)
Accounting movements	0.1	0.1	Free cash inflow	13.9	7.4
Surplus for the year	11.0	7.6			

Association turnover **↑ 1%**

£68.4 million

Our turnover increased by £0.7 million from £67.7 million in 2019, due to annual regulated inflationary rent increases and rents from newly built homes, despite the effect of the pandemic which delayed several of our new developments. Spring 2020 also saw the rollout of our new living rent policy for all new tenancies in general needs and intermediate homes, based on the Joseph Rowntree Foundation model.

EBITDA (Cash Operating Surplus)

47%
of turnover
(2019: 47%)



Our EBITDA (which we call Cash Operating Surplus), was unchanged at 47% in 2020. Our reported Operating Surplus increased as our major repairs of £2.8m, which we treat as part of our property reinvestment spend, were lower than the previous year, and we made a smaller impairment charge. A complex scheme in Cardiff did not progress beyond the design and feasibility stage, resulting in a write off of £0.7m of design fees and site investigation costs.

Our interest cost was £8.9 million compared to £8.7 million as we increased our borrowings to £274.6 million from £246.8 million in 2019. We took on new long term fixed rate loan agreements of £75 million, using a deferred private placement, to fund our increased long term development programme. The first tranche of £28 million was drawn down in 2020 and we will draw down a further £28 million in December 2021 and the remaining £19 million in June 2022. This continues our trend in recent years of taking advantage of low long term interest rates available in the market place which provides greater certainty in our future business plans.

Average interest

3.34%

(2019: 3.49%)



Our average interest rate was 3.34% (2019:3.49%) and our debt comprised 96% (2019: 96%) bearing interest at fixed rates, 3% (2019: 3%) with variable interest rates and 1% (2019:1%) with index-linked rates. Gearing on a gross-cost basis was 39% (2019:36%) which is well within the covenant requirements of our bank loans. We comfortably met our interest cover covenants. At 31 December 2020, the Association held £17.4 million (2019: £24.9 million) in cash and cash equivalents and had in place £70 million of confirmed bank facility to call upon. Further drawdowns from our deferred private placement are available in December 2021 and June 2022.

Our bottom line surplus increased from £7.6m to £11.0m in the year and our reserves in the balance sheet increased from £71.2m to £81.2m, after considering accounting movements on the defined benefit pension scheme of £1.0m reported in the other comprehensive income statement.

Association free cash inflow

Our principal financial metric is the free cash generated by the Association. In 2019, free cash inflow increased to £13.9 million from the £7.4 million generated last year. This is disclosed in the statement of cash flows as required under the Welsh Government accounting determination. This increase is mainly due to the reduction in the cash reinvested in our property portfolio, with £6.4 million spent in 2020 compared to £11.5 million in 2019. This was made up of component replacements of £3.6 million (2019: £7.4 million) together with major repairs of £2.8 million (2019: £4.1 million). We carried out all essential re-investment works but limited more discretionary activity so as not to unnecessarily spend time in residents homes during the pandemic period.

Development spending

£42 million

(2019: £49 million)



During 2020, £42 million (2019: £49 million) was spent on developing new homes. The Covid-19 pandemic delayed our programme for 2020, with several schemes expected to complete in 2020 now scheduled for 2021. We concluded the year with £699 million (2019: £664 million) in fixed assets and borrowings of £274.6 million (2019: £246.8 million).

Group structure

The Group comprises the parent Association and four trading wholly-owned subsidiaries:

- **Cambria (Cambria Maintenance Services Limited),**
- **Castell Ventures (Castell Ventures Limited),**
- **Castell Homes (Castell Homes Limited),**
- **Enfys (Enfys Developments Limited).**

All of these subsidiaries exist purely to provide cost-efficient channels to develop new homes and to provide services for the residents of the Association.

These subsidiaries do not represent diversification away from traditional housing association ventures. A fifth subsidiary, Plas Morolwg Management Company, is currently dormant.



Enfys started operations in 2013 and manages our development programme of new homes, providing a cost-efficient way of delivery.

Having our own development company ensures that we build the right homes to the right specifications using the right contractors and materials. We expect Enfys to deliver more than two thousand new homes over the next five years. During the year Enfys achieved a turnover of £34.3m (2019 - £33.8m) and made a profit of £0.3m (2019 - £0.3m).



Castell Homes manages our development of homes for sale, with two homes having been completed for sale to date. There are three homes currently on site for sale in 2021 and the number of homes for sale will be expanded in the future if suitable opportunities arise. During the year Castell Homes did not generate any turnover (2019 - £0.3m) and made a loss of £0.04m (2019 – profit of £0.03m).





Cambria has been in operation since 2011 and provides cost effective maintenance services in all of our properties across Wales. These services include reactive maintenance, gas servicing, electrical testing and kitchen, bathroom and boiler replacements.

More than 99% of all services provided are purely for the residents of the Association. Keeping the majority of our maintenance works with our in-house company provides a cost-effective solution by ensuring that works are completed to the right standard, maintaining control over associated materials costs and saving contractor profit margins and irrecoverable VAT on labour costs.

During the year Cambria achieved a turnover of £11.0m (2019 - £12.1m) and made a profit of £1.2m (2019 - £1.4m). Turnover was down as a number of trading activities were curtailed during the pandemic period.



Castell Ventures operates as Castell Care and Support and is a registered care provider, providing care at one of our Extra Care schemes and support at a range of smaller schemes in North and West Wales. A number of new schemes were added during the year as a result of successful tenders.

It also operates as Castell Catering and Castell Cleaning, providing meals and cleaning services for residents of our three Extra Care schemes in north and mid Wales, with plans to extend this to two further new schemes in 2021.

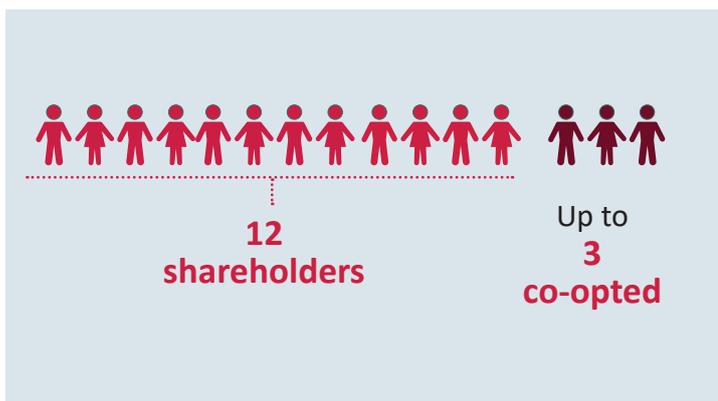
During the year Castell Ventures achieved a turnover of £2.4m (2019 - £1.7m) and made a small loss of £25k, (2019 - £3k loss).



Governance

Board of management

The Group is controlled by a Board of up to **15 Non-Executive Members** in total:



All Board Members are **Non-Executive** and hold one vote each.

The membership of the Board can include up to **four residents**.

Executive directors attend meetings to present reports but hold no voting rights.



Board Members work collaboratively to guide the Group in the achievement of the stated aims and objectives. This includes overseeing finances, agreeing policies, monitoring performance, making strategic decisions and ensuring that all matters are conducted properly. The Board oversees the boards of subsidiary undertakings to consider the strategic direction of the Group and to ensure that the affairs of the Group are conducted properly.



The Board leads a robust, evidence-based and outcome-focused self-evaluation process that is corroborated by staff, residents and partners. This is part of the requirements of the regulation of the Association by the Welsh Government, which publishes a set of performance standards and guidance to make clear its expectations of the sector as a whole. The self-evaluation process adopted is an integral part of our approach to service and business planning. The Board have adopted the CHC Code of Governance and use the principles to guide their work.



Progress against corporate priorities is reviewed quarterly by the Board following presentation of the update reports. A suite of service trend measures are used by the Board to understand the operational effectiveness of the business and the quality of service for residents. The emphasis is on measuring what matters most to residents in terms of outcomes, along with indications of the type and frequency of resident demands, so that the Board and staff can easily see the changing profile of resident requests.

The Association is registered:

(i) as a charitable association under the Cooperative and Community Benefit Societies Act 2014 with Registration Number 21114R; and

(ii) as a registered social landlord with the National Assembly for Wales with Registration Number L032.

All Non-Executive Board and Committee Members across the WWH Group are remunerated. In taking this decision, the Board considered the views of residents and stakeholders as well as the future business requirements which included safeguarding the ability of the Association to continue to deliver high quality outcomes into the future by helping to retain, recruit and then hold to account, high calibre Board and Committee members both now and in the future.

Board Members are entitled to receive properly authorised expenses incurred in the course of carrying out their duties. A Board Member acting in good faith will not be liable to the Association for any loss.



The Board meets formally approximately every seven weeks, including two days away from the office to consider the strategic direction and priorities of the Group.

Board Members

Board Members are elected to the Board at the Annual General Meeting. They must either be an existing Board Member standing for re-election or be nominated by an existing shareholder.

Shareholders are required to pay a one pound subscription fee and must not be a minor, an employee of the Association, or previously expelled as a shareholder (unless authorised by a special resolution at a general meeting). Shareholders must demonstrate that they can positively contribute to the future management of the Association and are obliged to act in the interests of the Association, for the benefit of the community.

Potential shareholders can obtain more information by writing to the Secretary of the Association at the address in note 32.

The Board decides the selection criteria for shareholders wishing to stand for election as Board Members.

Requirements

It is required that Board Members and shareholders wishing to stand for election meet the following criteria:

- (a) they are not disqualified from acting as a director of a company, as a board member of another registered society or as a charity trustee for any reason;
- (b) they have not been convicted of an indictable offence which is not, or cannot be spent;
- (c) no composition has been made with that person's creditors generally in satisfaction of that person's debts;
- (d) they are not in material or serious breach of their tenancy agreement or lease which they have failed to rectify within a reasonable timeframe and are not in breach of a suspended possession order, nor subject to any of the following types of court order: anti-social behaviour order, anti-social behaviour injunction, demoted tenancy, or closure order;
- (e) no registered medical practitioner who is treating that person has given a written opinion to the Association stating that that person has become physically or mentally incapable of acting as a Board Member and may remain so for more than three months;
- (f) no court has made an order, by reason of that person's mental health, which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (g) they have not absented themselves from three consecutive meetings of the Board without special leave of absence;
- (h) they remain a shareholder or they are an employee of any other body whose accounts must be consolidated with those of the Association.

Co-opted Board Members

The elected Board can appoint up to three co-opted Members to the Board should the Board at any time determine that there is a need for supplementary skills.

Co-opted Members are appointed for a finite period and have the same voting rights as elected Board Members, except that they are not entitled to vote on matters pertaining to positions of office on the Board or issues affecting shareholders.

The Board also decides the selection criteria in relation to individuals to be co-opted as Board Members.

Diversity and skills

The Board's requirements for the skills, qualities and experience of its Members are that collectively they must:



have a balance of appropriate skills including – but not limited to – legal, business, financial, technical, community work, housing sector experience, relevant public sector experience, human resources and governance;

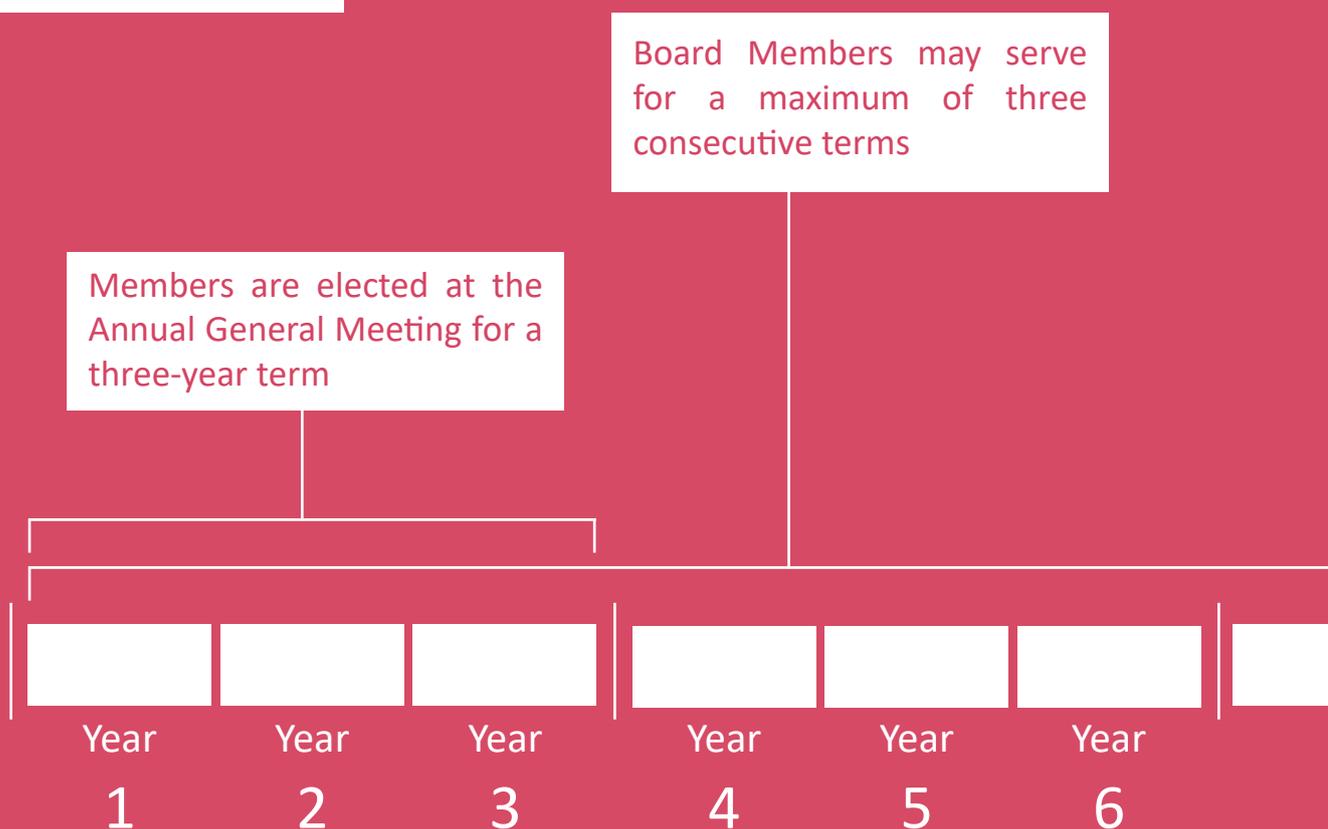


reflect the communities wherein the Association operates; and



reflect the diversity of society in terms of a balance of gender, age, and minority groups such as BAME and disabled.

Term of office



Individually they must also:



be able to give the appropriate amount of time necessary to be trained, and to attend and prepare for meetings;



be able to work within a team and put personal considerations aside; and

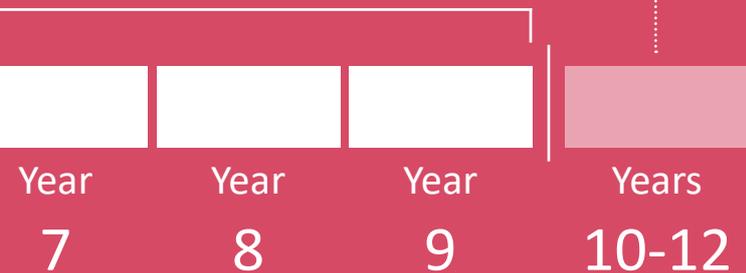


demonstrate empathy with social housing.



An extensive appraisal exercise is undertaken annually which assesses the performance of both individual Board Members as well as the performance of the Board as a team. The extent to which the above requirements are met by Board Members and whether there are any gaps in terms of skills and experience are considered by the Board during their away day.

It is required that there be a clear 3 year gap following the serving of three consecutive terms before a Member may re-join the Board in any capacity



Board Member obligations

The collective and personal obligations of Board Members are to:



understand and uphold the values and objectives of the Association;



monitor, supervise and control the Association's affairs as custodians of its mission;



act objectively at all times and serve the interests of the Association before their own or the interests of any particular sector of the community served by the Association;



use independent judgement on strategy, performance and accountability;



ensure that an effective contribution is made by preparing for meetings and events, attending regularly and participating in discussions and decision-making;



act as ambassadors of the Association at all times;



acknowledge that an objective is to be 'business-like' without turning the Association into a business which trades purely for profit;



abide by the Association's rules and code of governance; and



handle the appointment and dismissal of the Group Chief Executive.

Board of management

Elected Board Members

Alex Ashton

Chair of the Board



Alex was elected to the Board in 2016, and has also been a Member in the past. He is the pastor of a church in Bridgend and has strong connections across the community and local government, having previously worked in a local authority benefits section for over ten years. Alex holds a Master of Business Administration, and has experience serving on various boards, as a charity trustee and as a school governor.

Board attendance



Peter Harding



Peter initially filled a casual vacancy on the Board in 2019 and was elected to the Board in June 2020. He was a manager in housing, specialising in supported housing, regional management and policy development and a Welsh Government civil servant. He has run his own business and is currently a director of the Cadenza Partnership. He has extensive experience in the third sector, is Chair of Cardiff Pedal Power and Treasurer of Llantarnam Grange Arts Centre. He has a Masters in Public Administration.

Board attendance



John McPeake

Vice Chair of the Board and Chair of Probity & Audit Committee



John was co-opted to the Board in 2014 and elected in 2015. He also holds board roles at the UK Collaborative Centre for Housing Evidence and the Northern Ireland Federation of Housing Associations. John was previously Chief Executive of the Northern Ireland Housing Executive and he is an Honorary Professor of Planning at Queens' University, Belfast.

Board attendance



Sarah Porter



Sarah joined the Probity & Audit Committee in 2014 and was elected to the Board in 2015. She is an experienced litigation solicitor, specialising in property litigation and tenancy disputes. In addition Sarah is an accredited mental health lawyer representing clients at tribunal hearings to contest their detention under section, and representing clients within the Court of Protection. Sarah is also an accredited mediator.

Board attendance



Rachel Fleri

Chair of the Cambria Board



Rachel was elected to the Board in 2012, after being involved with Wales & West Housing for over five years, initially as an independent member of the Probity & Audit Committee. She has run her own security business since 2001 and has a degree in marine biology. Rachel previously taught biology and science to secondary school students.

Board attendance



Christine Salter



Christine was elected to the Board in June 2020. A qualified accountant for 40 years, Christine spent her career in local government with responsibility for the whole range of support services for the largest council in Wales. She has extensive experience in corporate finance, strategic management, policy development and financial planning. Since retiring in 2019 Christine has become involved in volunteering with both vulnerable children and adults and is a dementia friend.

Board attendance



Jemma Bere



Jemma was co-opted to the Board in 2014 and elected in 2015. She is Policy & Research Manager at Keep Wales Tidy, specialising in environmental sustainability and behaviour change. Jemma previously worked at CREW Regeneration Wales and Valleys Regional Park, and was a trustee with her local Women's Aid Group and Refuge. Jemma is a resident of the Association in Brecon.

Board attendance



Kathy Smart



Kathy was elected to the Board in June 2017. She is very much involved in charity work and has an MSc in Entrepreneurship and Business. She lives in the Vale of Glamorgan and is Chair of The Slocombe Cottages for the Aged and Infirm.

Board attendance



Ruth Eley



Ruth was co-opted to the Board in 2015 and elected in 2016. Ruth has a social care background, with over 40 years experience in local government, the NHS and the Department of Health. She is a Trustee of Together in Dementia Everyday (TIDE) and a Director of the Life Story Network and of her own consultancy company, with recent work focusing on people with dementia and family carers.

Board attendance



Kevin Taylor



Kevin was co-opted to the Board in 2016 and elected in 2017. Kevin is a qualified accountant with over 40 years' extensive experience. Since retiring in 2014 he has been active in housing, volunteering with a Cardigan-based charity and social enterprise. He lives in Pembrokeshire and continues to learn Welsh.

Board attendance



Joy Williams



Board attendance



Joy initially filled a casual vacancy on the Board in 2018 and was appointed to the Board in June 2020. She was previously a primary school teacher before working in a social services employability project. She has also run her own businesses. She has worked in the homelessness sector across Wales since 2012. Her areas of expertise include homelessness policy and legislation, and public sector commissioning. Joy is currently chair of Goleudy; a South Wales charity enabling social inclusion for those most socially excluded.

Co-opted Board Members

Ivor Gittens



Board attendance



Ivor was co-opted to the Board in 2019. After a full career in the RAF he worked for the MOD as an Instructional Officer. He has extensive experience in volunteering, was a member of South Glamorgan Probation Committee and a member of South Wales Police Authority. Ivor also spent time as a member of the Independent Monitoring Board of Parc Prison, Bridgend, and is a member of the governing body of two Cardiff schools. He lives in Cardiff.

Ian Anderson



Board attendance



Ian was co-opted to the Board in 2020. He has a BSc in Housing Management, Finance and Policy. He has worked within housing benefits, a BAME Housing Association and at a senior level in housing management and special needs. Ian lives in Neath where he pastors a church. He also works in a voluntary capacity as deputy lead chaplain for South Wales Police Force and as chaplain for Abertawe Bro Morgannwg Local Health Board.

Resignations

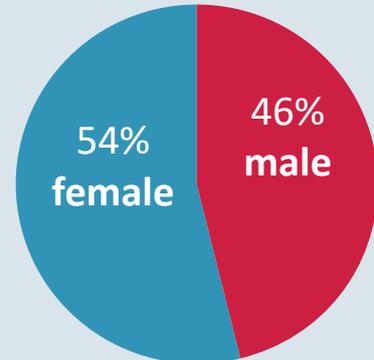
Mrs H Christan
(resigned 30 September 2020)

Retirements

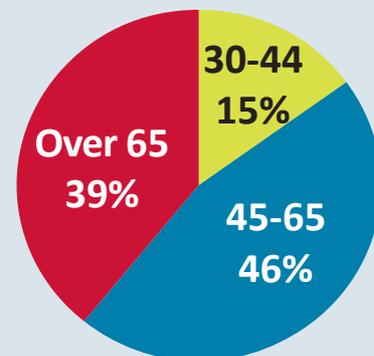
When a Board member has served for nine years, they retire from the Board

Mrs S Lee (retired 11 June 2020)

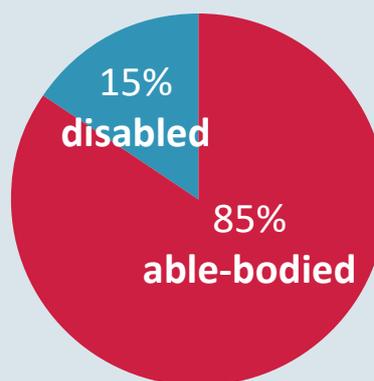
Gender



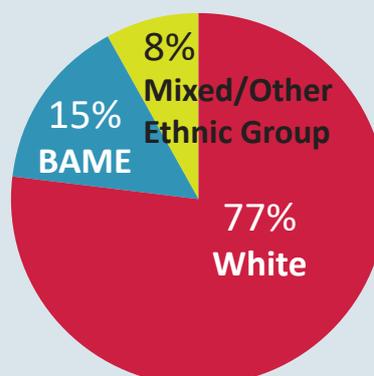
Age



Disability



Race



Internal control

The Board acknowledges its responsibility for ensuring that the Association and the Group have in place systems of controls that are appropriate to the various business environments in which they operate. These controls are designed to give reasonable assurance with respect to:



the reliability of financial information used within the Association and Group or for publication;



the maintenance of proper accounting records; and



the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:



formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;



experienced and suitably qualified staff take responsibility for important business functions (annual procedures have been established to maintain standards of performance, as well as self-certification of risk control in all areas);



the Board undertakes a quarterly review of the major risks facing the Association and the Group;



forecasts are prepared which allow the Board to monitor the key business risks and 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 financial and other information and significant variances from forecasts are investigated as appropriate;



all significant new initiatives, major commitments and investment projects are subject to a formal authorisation procedure, through relevant committees comprising Board Members and others;



the Probity & Audit Committee reviews reports from management, the Internal Audit Manager and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed (the Committee makes regular reports to the Board); and



formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board is satisfied that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future and at present sees no reason for the situation to change.

The Board is also satisfied that there are no weaknesses in the Association's system of internal control which might lead to material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

Assurance and 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. Risk management is an important part of any successful organisation and its application can help ensure effective business and project planning so that resources and attention are appropriately directed.



The Board is clear on the key risks that the Association faces and is provided with suitable assurance that these risks have been properly mitigated. In general, the Group operates in a low risk environment, with most of the events or occurrences that could adversely affect the business taking considerable time to impact. Any such events would be identified through day to day management before significant harm occurs.

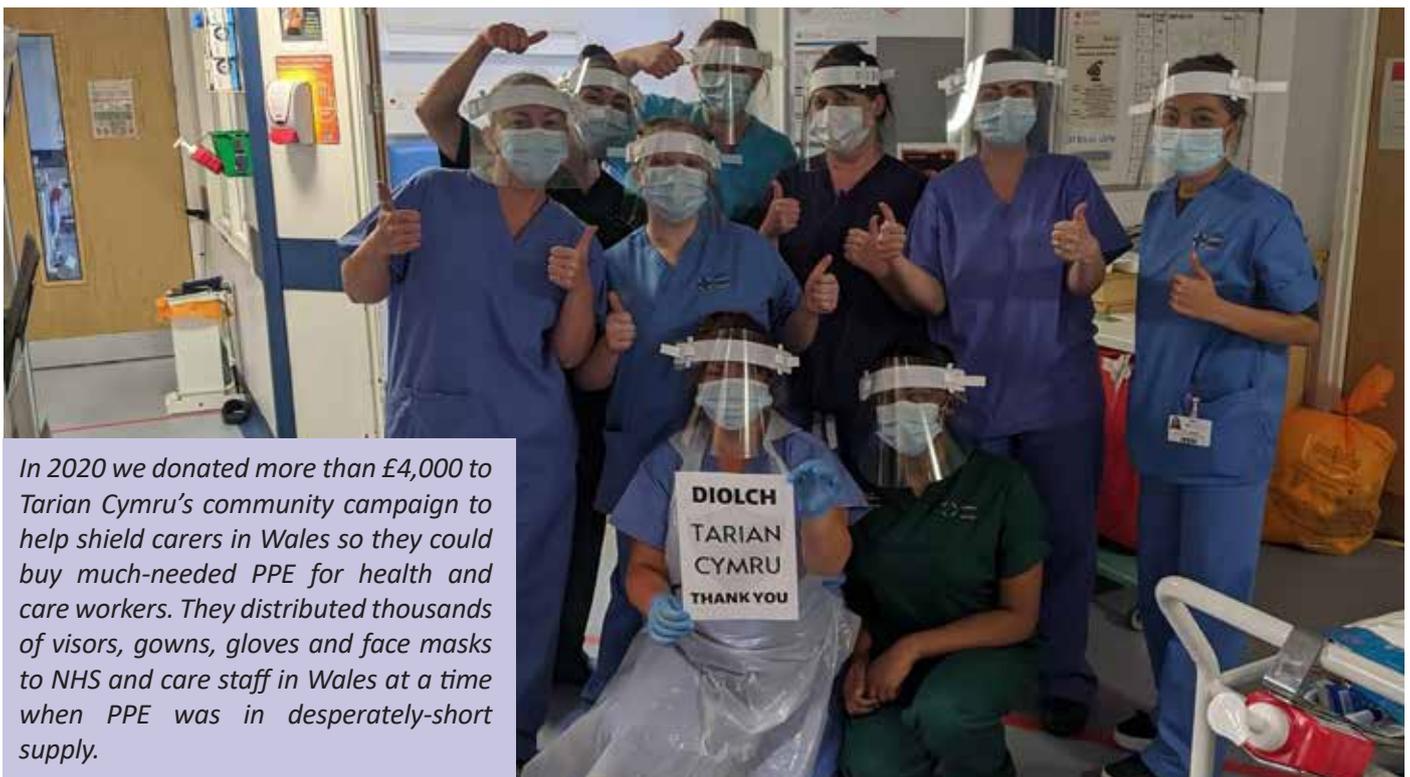


The Board receives quarterly updates on the operational and financial performance of the organisation, which incorporates the rolling self-evaluation

undertaken to ensure continuous improvement in all areas of the business. This ensures that focus is maintained on those matters which, if not properly managed, pose a risk to the achievement of the Board's strategic objectives. This report also gives assurance that the necessary controls are both in place and effective in safeguarding the business and mitigating the risk of negative outcomes, or that action is being taken where this is not the case.



The Board has identified ten broad risk areas on which it requires assurance, and these cover all the elements necessary for the Group to be well governed, to deliver high quality, customer focused services and to be financially viable. Within these ten areas are the Association's primary systems (the services that customers receive), the 'back office' services that enable the business to run including financial management, its provision for protecting staff and customer health and safety and its leadership and governance arrangements.



In 2020 we donated more than £4,000 to Tarian Cymru's community campaign to help shield carers in Wales so they could buy much-needed PPE for health and care workers. They distributed thousands of visors, gowns, gloves and face masks to NHS and care staff in Wales at a time when PPE was in desperately-short supply.

Area of Risk	Risk summary	What we pay attention to
Sufficient income	That sufficient income is NOT coming in	Self-payer income, benefit system income, empty property loss and grant income
Expenditure	That all expenditure is NOT controlled	Development spend, maintenance spend, overhead spend and staff and resource management
Availability of funds to meet commitments	That sufficient funds are NOT available to meet commitments	Cashflow and free cash, our credit score and our funding covenants
Prevention of fraud and theft	That fraud and theft is NOT prevented	Cash transactions, taking of payments, ability to move money and ability to steal goods
Protection of ICT systems and data	That loss of systems or data is NOT prevented	Infrastructure capability, application capability, data access and control and device security
Property compliance	That homes are NOT safe for people to live in	Gas servicing, electrical safety, fire safety, legionella, asbestos, lift servicing, playgrounds and WHQS
Resident safety	That residents are NOT safe from harm or abuse	Physical abuse, financial abuse, isolation and loneliness, harassment or bullying and lack of or poor quality response to Emergency Alarm activation
Staff health and safety	That staff are NOT safe from harm or abuse	Physical abuse, accidents at work, impact on health or safety at work and harassment or bullying
Governance and leadership	That the right staff and Board members are NOT in place so that WWHG stays legal and achieves its objectives	Number and skills of staff, Board composition and arrangements and regulatory guidance and judgements
Landlord service and business obligations	That the WWHG does NOT meet its landlord/service provider obligations	Repair obligations and property condition, breaches of tenancy and regulatory requirements

How we measure and report		Residual rating
Our new housing system has been invaluable through the pandemic period, enabling us to continue to collect rent at better than normal levels. The system tells us how much the resident is paying and how much comes from the benefit system. It alerts us when what we expected to happen has not happened so that we respond quickly. We turn properties round quickly, managing empty property loss, although the pandemic period slowed this for a period during 2020. Our grant income has been as expected.		MEDIUM 
Costs are tightly controlled, with salary increases requiring Board approval. The majority of maintenance work is carried out by Cambria. We have long-term partnering arrangements to build new homes. All property reinvestment requires an annual approval and levels of work can be adjusted if unit costs increase.		MEDIUM 
We have a clear treasury strategy and have strong relationships with a range of lenders. There is detailed quarterly performance monitoring with a focus on free cash flow, our credit score and liquidity, with additional liquidity reporting at each Board meeting. Covenants are reviewed quarterly and funds are raised well ahead of time, backed up by a revolving credit facility.		MEDIUM 
We have clear segregation of duties and access controls on all banking systems and review bank reconciliations daily. We aim to minimise any cash transactions, setting up alternative electronic arrangements. We have clear asset registers and material checking processes.		LOW 
We have made a clear investment in assets and software, backed up by the expertise in our staff structure. During the pandemic period we were able to move most staff to work on an agile basis, whilst maintaining security of systems and data, showing the resilience of our business continuity planning. We carry out regular phishing checks and information security audits.		MEDIUM 
We have well established compliance assurance framework documents, backed up by established systems and skills. Much of our compliance work is carried out in-house using Cambria, with the rest with trusted long term partners. There is a tiered reporting system, with management level reports escalating to a quarterly property compliance report to Board.		MEDIUM 
We have clear safeguarding policies and have provided extensive training to all relevant staff. There are regular health and safety audits and a tiered reporting system to management and Board. During the pandemic, we have implemented necessary measures to keep residents as safe as possible, always following government guidance.		LOW 
We have a clear health and safety policy and the necessary risk assessments. During the pandemic period our risk assessment and safe working protocols were constantly reviewed and updated, with clear communication to staff, in line with the changing government guidance to make sure that we kept our staff safe.		LOW 
We have experienced staff and a diverse Board which draws upon a wide range of skills. Our governance rules are robust and are in accordance with the community housing Cymru (CHC) Code of Governance. We have a rigorous self-assessment process in place to validate that the Board has access to the right information at the right time.		MEDIUM 
We have a clear culture, with a set of operating principles that guide our staff. We carry out regular stock condition surveys and resident demand exercises to ensure that we shape and operate our services according to the needs of our residents.		LOW 

Executive team



Anne Hinchey

Group Chief Executive

Anne joined the Group in 1999 and became Group Chief Executive in 2006. She has extensive experience in the housing association, voluntary and local authority sectors in Wales, after starting as a rent collector in 1985 in Cardiff. Anne has a BA in History & Politics, an MA in Education, and is a Fellow of the Chartered Institute of Housing.



Shayne Hembrow

Group Deputy Chief Executive

Shayne joined the Group in 2006 and became Group Deputy Chief Executive in 2012. He has more than 30 years of experience in housing and regeneration. Shayne spent seven years in the private sector before working for a local authority and then for the Audit Commission.



Steve Porter

Executive Director (Assets)

Steve joined in 2008 as Head of Property Services before becoming Operations Director in 2012 and Executive Director (Assets) in 2019. He is professionally qualified and has over 30 years of experience working in housing, maintenance and construction in both client and contractor roles.



Stuart Epps

Executive Director (Resources)

Stuart joined the Group in 2011 and became Executive Director (Resources) at the start of 2016. He has over 20 years of experience as a senior finance professional in property development, consultancy in the built environment and construction in Wales. Stuart is qualified as a Chartered Accountant.



Alex Stephenson

Executive Director (Technology & Transformation)

Alex has more than 15 years' experience in housing. Having joined the Group in the finance department in 2004 as a qualified accountant, he went on to become the Head of Property Services and Director of Corporate Services before becoming Executive Director (Technology and Transformation) at the beginning of 2020.

Probity & Audit Committee

Board Members



John McPeake
Chair of Probity & Audit Committee
Attendance: ✓✓✓



Peter Harding
Attendance: ✓✓✓



Christine Salter
Attendance: ■■✓
Appointed July 2020



Kevin Taylor
Attendance: ✓✓✓



Ruth Eley
Attendance: ✓✓✓

Independent Members



Julie Wilson-Thomas
Attendance: ✓□✓



Darren Pritchard
Attendance: ✓✓□



Lisa Lake
Attendance: ✓□□

Resignations

Mrs H Christan
(resigned 9 July 2020)

The Committee was renamed the Audit & Risk Committee in March 2021, with updated terms of reference

Composition



Up to 5

Board Members



Up to 3

independent members

Independent members have all the rights and responsibilities of the Board members who sit on the Committee, but cannot be members of any other committees or the Board of the Association.

The Committee **meets three times annually**, this number being deemed appropriate to its role and responsibilities.

Responsibilities

To ensure that the Association operates to the highest level of accountability;

To ensure that weaknesses in probity and standards are dealt with quickly and efficiently;

and

To oversee the internal and external audit functions and ensure that adequate systems of internal check and control are being implemented.

Internal audit

The internal audit service is provided by an in-house Internal Audit Manager, who is a member of the Institute of the Chartered Accountants in England and Wales and who has many years of audit experience, both internal and external. Internal audit has unrestricted rights to access all documents, records and information, and no limitations are placed on the scope of work.

Throughout the year, internal audit work has been undertaken in accordance with a rolling risk-based needs assessment and forward programme of work for the Association.

Changes to the needs assessment and forward programme of work are proposed in consultation with the Senior Management Team before being approved by the Committee. This process helps ensure that the extent of internal audit work carried out remains appropriate to the needs of the Association. It also enables members to become more involved in the audit planning process and fulfil their responsibilities with regard to approving the internal audit plan.

At each committee meeting held during the year, reports were received summarising the findings of routine internal audit work completed since the previous meeting as shown in the diagram opposite. In cases where weaknesses or other issues requiring attention have been identified, action plans are agreed with management and presented to the Committee for approval, after which the Committee receives regular updates on the status of agreed internal audit action plans.

Together with assessment of the control environment, internal audit work during the year encompassed a range of financial and operational thematic reviews in accordance with the programme of work determined by the Committee as detailed opposite.

The Committee confirmed that management had taken appropriate steps to address weaknesses identified, and concluded that the Association's framework of governance, risk management and internal control systems were adequate and effective.

External audit

Following a tender exercise in 2020, Beever and Struthers were appointed as External Auditor for the Group.

The Committee reviews the audit plan from the external auditor each year and considers its scope and sufficiency. The Committee reviews reports

from the external auditor following each significant element of audit work and meets at least once annually with the external auditor without any executive directors or management present. The Committee has assessed the external auditor and considers them to be independent.

Probity

The Committee reviews internal audit reports on governance arrangements within the programme of internal audit work. This includes periodic assessment of compliance with the Community Housing Cymru (CHC) Code of Governance.

The Committee also reviews the Association's code of conduct and policies on confidentiality, hospitality and whistleblowing and agree that they remain fit for purpose and in line with best practice. The Committee produces an annual summary of activities and internal audit opinion to the Board.



Effectiveness of internal control

The Committee concluded that the Association's framework of governance, risk management and internal control systems were adequate and effective.

The Committee has reviewed its work for 2020 and considers that it is compliant with both its terms of reference and the relevant provisions of the CHC Code of Governance.

External audit did not note any material weaknesses in the accounting and internal control systems during their audit.

The Committee feels that the Association has in place a system of controls that is appropriate to the various business environments in which it operates, and that no significant weaknesses in these systems have been identified.

Statement of Board responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Income and Expenditure for the period of account.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and



Online meeting of the Board and WWH Executive Team

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015 . It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

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

Covid -19

The pandemic has had a significant impact on the activities of the Group, as it has on society as a whole. The Board has met regularly during this period and has received detailed updates from the IMT (Incident Management Team), which met daily during the first lockdown and continued to meet regularly thereafter. The Board has provided leadership and oversight, and has been regularly updated on service delivery, operational performance and financial risk. The Group initially suspended lettings, grounds maintenance and all but essential cleaning, as well as carrying out essential repairs only, including

annual gas servicing. As the first lockdown eased, full risk assessments and safety protocols were put in place and the Group was able to resume much of its normal activity, except for some property reinvestment works, which would have involved significant time in residents' homes. During the Welsh firebreak and then the second national lockdown, a much more normal service was provided. Over the whole pandemic period, most staff have been able to conduct their work from home and so it has been business almost as usual, just undertaken in a different way.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Strategic Report was approved on 20 May 2021 and signed on its behalf by:



Mr Alex Ashton
Chair of the Board

Auditor's report

Year ended 31 December 2020

Opinion

We have audited the financial statements of Wales & West Housing Association Limited (the Association) and its subsidiaries (the Group) for the year ended 31 December 2020 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Changes in Reserves, the Consolidated and Association Statement of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 December 2020 and of the Group's income and expenditure and the Association's 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's or Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is 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.

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

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with 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 Board's Responsibilities set out on pages 39-40, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the Group's activities and the regulated nature of the Group's activities.

- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

20 May 2021

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	GROUP		ASSOCIATION	
		2020 £'000	Restated 2019 £'000	2020 £'000	Restated 2019 £'000
Turnover	2	69,258	67,212	68,381	67,710
Operating expenditure	2	(49,812)	(49,420)	(48,997)	(49,964)
Surplus on sale of fixed assets	5	1,147	640	1,147	640
Impairment	1b	(738)	(2,264)	(738)	(2,264)
Operating surplus	4	19,855	16,168	19,793	16,122
Interest receivable	7	94	197	211	214
Interest payable	8	(9,146)	(8,979)	(9,146)	(8,979)
Financing costs – pension deficit	29	(20)	161	(20)	161
Movement in fair value of investments	15	127	100	127	100
Surplus before tax		10,910	7,647	10,965	7,618
Taxation	9	(19)	(8)	(18)	(8)
Surplus for the year		10,891	7,639	10,947	7,610
Other comprehensive income					
SHPS DB opening balance adjustment		-	(3,017)	-	(3,017)
Actuarial (loss) in respect of defined benefit pension scheme	28, 29	(991)	(643)	(991)	(643)
Total comprehensive income for the year		9,900	3,979	9,956	3,950

All of the above results are derived from continuing operations.

Consolidated Statement of Changes in Reserves

for the year ended 31 December 2020

	GROUP		ASSOCIATION	
	2020 Total reserves £'000	2019 Total reserves £'000	2020 Total reserves £'000	2019 Total reserves £'000
At 1 January	71,183	67,204	71,292	67,342
Surplus from statement of comprehensive income	9,900	3,979	9,956	3,950
At 31 December	81,083	71,183	81,248	71,292

Total reserves are solely comprised of the comprehensive income reserve for both the Association and the Group.

Consolidated Statement of Financial Position

at 31 December 2020

	Notes	GROUP		ASSOCIATION	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Tangible fixed assets					
Housing land and buildings – gross cost	12	796,488	752,964	795,014	752,029
– depreciation	12	(131,891)	(123,780)	(131,891)	(123,780)
		664,597	629,184	663,123	628,249
Other tangible fixed assets	13	16,387	16,256	16,315	16,198
Fixed asset investments					
HomeBuy and LCHO loans receivable	14	12,123	11,434	12,123	11,434
Other investments	15	7,800	7,652	7,800	7,652
Total fixed assets		700,907	664,526	699,361	663,533
Current assets					
Stock	16	3,409	2,594	1,790	1,601
Trade and other debtors: amounts falling due within one year	17(a)	6,112	6,374	10,620	10,221
Debtors: Loan proceeds held in escrow	17(b)	28,125	-	28,125	-
Trade and other debtors: amounts falling due after more than one year	18	27,856	28,718	27,916	28,718
Cash and cash equivalents		22,530	32,166	17,360	24,914
		88,032	69,852	85,811	65,454
Current liabilities					
Creditors: amounts falling due within one year	19	(21,805)	(30,741)	(17,884)	(25,251)
Social housing and other government grants: amounts falling due within one year	21	(2,749)	(2,701)	(2,749)	(2,701)
Net current assets		63,478	36,410	65,178	37,502
Total assets less current liabilities		764,385	700,936	764,539	701,035
Non-current liabilities					
Creditors: amounts falling due after more than one year	20	(326,446)	(294,983)	(326,446)	(294,983)
Social housing and other government grants: amounts falling due after more than one year	21	(341,613)	(319,684)	(341,613)	(319,684)
Defined Benefit Pension liability	28, 29	(15,162)	(15,010)	(15,162)	(15,010)
Provisions for liabilities	24	(81)	(76)	(70)	(66)
Total net assets		81,083	71,183	81,248	71,292
Capital and reserves					
Called-up share capital	25	-	-	-	-
Total reserves		81,083	71,183	81,248	71,292
Total capital and reserves		81,083	71,183	81,248	71,292

The financial statements on pages 45 to 79 were approved by the Board on 20 May 2021 and were signed on its behalf by:

Chair of the Board - Mr A Ashton

Vice Chair of the Board - Mr J McPeake

Secretary - Mr S Epps

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Operating surplus	19,855	16,168	19,793	16,122
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	11,553	11,523	11,543	11,512
Government grants utilised in the year	(2,924)	(2,851)	(2,924)	(2,851)
Surplus on sale of fixed assets	(1,147)	(640)	(1,147)	(640)
Impairment	738	2,264	738	2,264
Working capital movements:				
Decrease/(increase) in stock	(815)	(779)	(189)	303
(Increase)/decrease in trade and other debtors	1,513	(951)	2,046	(1,253)
(Decrease)/increase in trade and other creditors	(357)	600	(1,116)	(129)
Increase in provisions	1	1	-	-
Pension deficit cash contributions paid	(1,716)	(1,602)	(1,716)	(1,602)
Net cash generated from operating activities	26,701	23,733	27,028	23,725
Interest received	179	157	177	152
Interest and mortgage fees paid	(9,056)	(8,466)	(8,949)	(8,455)
Difference between pension costs charged in operating surplus and pension cashflows	539	327	539	327
Taxation paid	(13)	(19)	(13)	(19)
Purchase of other replacement fixed assets	(1,233)	(951)	(1,205)	(938)
Adjustments for reinvestment in existing properties:				
Component replacements	(3,634)	(7,411)	(3,634)	(7,411)
Free cash generated before and after loan repayments	13,483	7,370	13,943	7,382
Cash flow from investing activities				
Purchase and development of properties	(43,434)	(46,128)	(41,810)	(49,060)
Exceptional pension charge	(141)	(1,300)	(141)	(1,300)
Proceeds of sale of LCHO properties (note 5)	2,645	1,451	2,645	1,451
Proceeds of sale of land and other housing properties (note 5)	2,958	1,318	2,958	1,318
Proceeds of sale of other fixed assets	2	746	-	745
Decrease in amounts invested in subsidiaries	(1,460)	(1,649)	(1,460)	(1,649)
Grants received	19,221	21,153	19,221	21,153
Cash flow from financing activities				
New secured loans and use of revolving credit facilities	(2,910)	36,666	(2,910)	36,666
Net increase in cash and cash equivalents	(9,636)	19,627	(7,554)	16,706
Cash and cash equivalents at the beginning of the year	32,166	12,539	24,914	8,208
Cash and cash equivalents at the end of the year	22,530	32,166	17,360	24,914

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 (registration number: 21114R) and is a registered social landlord (National Assembly for Wales registration number: L032). The Association is a public benefit entity and adopted charitable rules with effect from 20 January 2005.

The Association's wholly-owned subsidiaries are incorporated as limited liability companies under the Companies Act 2006. These are listed below under "basis of consolidation" and in note 30.

Basis of consolidation

The consolidated accounts include the results of Wales & West Housing Association Limited (the "Association") and its trading subsidiary undertakings: Cambria Maintenance Services Limited ("Cambria"), Enfys Developments Limited ("Enfys"), Castell Ventures Limited ("Castell Ventures") and Castell Homes Limited ("Castell Homes"). Consolidated accounts are required under the Co-operative and Community Benefit Societies Act 2014. Wales & West Housing Association Limited is the parent entity and the ultimate parent entity.

Basis of accounting

The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice for "Accounting by Registered Social Housing Providers" as updated in 2018 ("SORP 2018"). Where any conflict arises between the SORP 2018 and applicable financial reporting standards, then the SORP prevails. The financial statements comply with the Accounting Requirements for Social Landlords Registered in Wales – General Determination 2015.

The financial statements are prepared on the historical cost basis of accounting.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Development expenditure. The Association capitalises development expenditure. Initial capitalisation of costs will follow Board approval of any land purchases or scheme approval including relevant funding. In determining whether a project is likely to cease, management monitors the development and considers if any changes have occurred that will result in impairment.

b. Impairment. The Association considers whether indicators of impairment exist in relation to its housing properties. Indicators include a reduced demand for a property or a reduction in the value of land or of an investment. Property units are grouped into cash generating units (CGUs), each of which is normally a scheme. The test is essentially to confirm that the aggregate book value of the group of property units in each CGU is not greater than the value of those units to the business. The value to the business of properties held as fixed assets is normally the Existing Use Valuation (EUV), which is one of the bases used by external professional property valuers. The Association also considers expected future performance of the asset. Any impairment loss is charged to the Statement of Comprehensive Income. See note 12 for more information.

A scheme in Cardiff was aborted before works commenced, resulting in a write off of £0.7m of design fees and site investigation costs. The charge in the previous year's accounts relates to the write off of regeneration costs incurred in excess of regeneration grant received at a scheme in Merthyr.

1 Principal accounting policies (continued)

c. Pension benefits. The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, earnings growth, price inflation and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The Group makes payments to defined benefit and defined contribution pension schemes on behalf of its employees. The schemes are funded by contributions partly from the employees and partly from the Group, at rates determined by independent actuaries. The assets of the defined benefit schemes are invested separately from the assets of the Group in independently administered multi-employer funds.

The pensions cost for the TPT Retirement Solutions Growth Plan have been calculated as if they arose within defined contribution schemes, as permitted by Financial Reporting Standard 17 (Retirement Benefits), as it is not possible to separately identify the scheme assets attributable to the Group on a consistent and reasonable basis.

The Social Housing Pension Scheme (SHPS) defined benefit pension scheme is accounted for under FRS102 to show the Group's share of the estimated pension fund net liability on the Statement of Financial Position. Employer contributions for future service liability are shown in the statement of comprehensive income, along with all employer contributions to defined contribution schemes.

Further details are given in note 28 and 29.

d. Tangible Fixed Assets. Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into

account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

e. Going concern. The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2020/21 particularly in response to the COVID-19 pandemic. The Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

f. Bad Debt Provision. The main category of debtors which is exposed to bad debt risk is amounts due from residents. Where there is doubt about recovery of any amount due, a provision is made, with increasing provision rates based on the type and age of debt.

Housing properties – fixed asset capitalisation and depreciation (note 12)

Housing properties are stated at cost less accumulated depreciation. The cost of properties is their purchase price together with incidental costs of acquisition and direct costs of the development process. Where properties come into the ownership of the Association under section 106 agreements, these are often purchased for less than cost price. Where this is the case, such properties are recognised at their true cost price, with imputed cost being the difference between this and the amount paid and shown within property acquisitions, with the corresponding liability shown as imputed grant.

"Housing properties in the course of construction" are stated at cost and are transferred into "social housing properties" when completed. Any overhead

1 Principal accounting policies (continued)

costs directly attributable to bringing fixed assets into working condition for their intended purpose are capitalised. Expenditure on the initial purchase of land and buildings is capitalised and disclosed as part of housing properties in the course of construction.

Depreciation is charged on the historic cost of properties components. Grant is allocated to land and the main structure of the property, but not to other components. Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of the leases. The depreciable amount is written off over the estimated useful lives from the date of purchase or construction handover. Housing properties in the course of construction are not depreciated.

Profits or losses on disposals of properties are recognised as at the date a sale becomes certain. The profit or loss arising on a disposal of a property is the difference between the sale price and the aggregate of the depreciated cost, and any associated costs of disposal such as legal and valuation fees. The grant originally received on a property is repayable in full in the case of a disposal, demolition or change of use to an ineligible activity, save that in circumstances where the Welsh Government considers appropriate it may reduce the amount repayable. Where this arises on a disposal, the grant repayable so waived is added back to the profit or loss on that disposal.

Some properties have been partially sold under shared ownership arrangements. Occupiers have full use of the properties concerned and pay a rent which reflects the proportional interest retained by the Association. In the Statement of Financial Position, the Association's interest is shown as a proportion of the original historic cost, corresponding to the interest retained. Occupiers are able to purchase some or all of that retained interest at a corresponding proportion of the current market value when that transaction arises.

Where a housing property comprises two or more major components with substantially different

useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalized as incurred. Depreciation is charged on cost on a straight line basis over the component's expected economic useful life as follows:-

Main structure	years
Houses	150
Flats	100
Other components	years
Back doors	40
Bathrooms	30
Heating systems	15
Electrics	60
Front doors	30
Kitchens: general needs	17
Kitchens: retirement housing	20
Roofs	80
Windows: installed pre-2000	20
Windows: installed post-2000	40

Components on leasehold land are depreciated over the shorter of the above and the remaining period of the lease. Where a grant is received against the cost of a component, the cost of the component is reduced by the net present value of the future grant and that net present value figure is shown as a debtor in the accounts.

Other fixed assets (note 13)

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis so as to write off the cost less estimated residual value of assets over their expected useful economic lives as follows:

Asset class	years
Motor vehicles	2 to 4
Office equipment – Solar PV panels	25
Office equipment – other	3 to 10
Site equipment – lifts	10 to 25
Site equipment – door entry systems	10 to 15

1 Principal accounting policies (continued)

Site equipment – other	3 to 10
Commercial and office buildings	up to 60

Loans and bonds (notes 19 and 20)

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

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

Grants (note 21)

Grants received from central government agencies and local authorities are shown within creditors on the face of the statement of financial position. Grants relating to assets are recognised in income on a straight-line basis over the expected useful life of the asset. Government grants received for housing properties are recognised in income over the expected useful life of the housing property structure.

Where grants are received in advance they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. Grants receivable in respect of completed schemes or those under construction are included within debtors in the financial statements.

Grants are repayable under certain circumstances, primarily following the sale of a property. Such repayable grants are included within creditors in the statement of financial position.

Value added tax (VAT)

The Association, Cambria and Castell Ventures form a single VAT group which is partially exempt for VAT purposes. Claims are made for repayment of VAT on

items that are specifically allowable. Expenditure is shown inclusive of irrecoverable VAT.

Enfys and Castell Homes are each separately registered for VAT purposes. As these entities can recover VAT, if incurred, expenditure is shown exclusive of VAT.

Financial instruments

The calculation of fair value of financial instruments at each reporting date is based on active market quotes if available, where not available a valuation technique is used to make maximum use of market inputs and transactions, using a discounted cash flow analysis.

Lease accounting

Whether the risks and rewards of ownership in relation to individual leases indicate that it should be accounted for as a finance lease or an operating lease.

Analysis of Social Housing Income and Associated Costs

A detailed analysis of the social housing turnover and related operating costs is provided in note 2(b). Management of operations represents the costs of the Association's "How we run" system for running the core operations of the organisation. Tenancy management services represents the costs of the Association's "I want a home" system for administering lettings, the "Pay my rent" system for collection of rental receipts and the "ASB" system for dealing with anti-social behaviour issues. The Association's other key system is "Fix my home" for administering repairs to properties, the costs of which are split between routine maintenance, major repairs expenditure and management of component replacement in the following analysis. Development and other costs include development overheads which are not directly attributable to bringing fixed assets into their working condition for their intended purpose. Central overheads are allocated based upon the utilisation of key personnel within each area.

2 Analysis of turnover and costs

Turnover represents rental and service charge income (both net of empty properties), Gift Aid, fees and revenue-based grants receivable. All turnover is derived from operations within the United Kingdom.

(a) Particulars of turnover, operating costs and operating surplus

	GROUP					
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	65,106	(47,042)	18,064	64,177	(48,029)	16,148
Other furlough income	685	(685)	-	-	-	-
Other social housing activities						
Gift Aid	-	1,526	1,526	-	1,772	1,772
Surplus on sale of fixed assets	-	-	1,147	-	-	640
Impairment	-	-	(738)	-	-	(2,264)
Non-social housing activities						
Lettings	94	(95)	(1)	100	(88)	12
Other	1,709	(1,837)	(128)	1,926	(2,070)	(144)
Care and support	1,664	(1,679)	(15)	1,009	(1,005)	4
Total	69,258	(49,812)	19,855	67,212	(49,420)	16,168

	ASSOCIATION					
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	65,106	(47,042)	18,064	64,177	(48,029)	16,148
Other social housing activities						
Gift Aid	1,526	-	1,526	1,772	-	1,772
Surplus on sale of fixed assets	-	-	1,147	-	-	640
Impairment	-	-	(738)	-	-	(2,264)
Non-social housing activities						
Lettings	94	(95)	(1)	100	(88)	12
Other	1,655	(1,860)	(205)	1,661	(1,847)	(186)
Total	68,381	(48,997)	19,793	67,710	(49,964)	16,122

A reconciliation from the management accounts is shown in note 2(c).

2 Analysis of turnover and costs (continued)

(b) Particulars of income and expenditure from social housing lettings

	GROUP & ASSOCIATION			
	General needs and sheltered housing £'000	Supported housing £'000	2020 total £'000	2019 total £'000
Income				
Rent receivable	55,541	1,266	56,807	55,105
Service charge income	5,168	-	5,168	5,948
Grant income for support services	-	113	113	273
Furlough income	95	-	95	-
Amortisation of social housing and other government grants	2,923	-	2,923	2,851
Turnover from social housing lettings	63,727	1,379	65,106	64,177
Operating costs				
Management of operations	(5,810)	(87)	(5,897)	(5,482)
Tenancy management services	(5,772)	(86)	(5,858)	(5,274)
Service charges	(6,141)	-	(6,141)	(6,388)
Routine maintenance	(11,033)	(165)	(11,198)	(11,691)
Major repairs expenditure	(3,913)	(59)	(3,972)	(5,439)
Management of component replacement	(1,596)	(24)	(1,620)	(1,555)
Bad debts	(304)	(5)	(309)	(114)
Depreciation of housing properties	(10,080)	(151)	(10,231)	(10,233)
Development and other costs	(1,789)	(27)	(1,816)	(1,853)
Operating costs on social housing lettings	(46,438)	(604)	(47,042)	(48,029)
Operating surplus on social housing lettings	17,289	775	18,064	16,148
Memorandum information:				
Rent foregone due to properties being vacant	850	-	850	493

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the balance sheet date.

Notes to the financial statements

for the year ended 31 December 2020

2 Analysis of turnover and costs (continued)

(c) Analysis of income and expenditure

	ASSOCIATION					
	2019	2020	Subsidiary	Analysis of non-	Allocation	2020
	management	management	donations	social housing	of central	total
	accounts	accounts	to parent	activities	costs	
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable	54,968	56,685	-	123	-	56,808
Service charge income	7,064	6,114	-	(946)	-	5,168
Furlough income	-	95	-	-	-	95
Supporting people income	273	113	-	-	-	113
Sundry income	503	671	-	(671)	-	-
Amortisation	-	-	-	-	2,922	2,922
Gift Aid	-	-	1,526	-	-	1,526
Non-social housing lettings	-	-	-	94	-	94
Non-social housing other activities	-	-	-	1,655	-	1,655
Turnover	62,808	63,678	1,526	255	2,922	68,381
Operating costs						
Management of operations services	-	-	-	-	(5,897)	(5,897)
Service charge cash costs	(5,357)	(5,033)	-	832	(1,519)	(5,720)
Service charge depreciation	(431)	(433)	-	13	-	(420)
Routine maintenance	(9,920)	(9,448)	(983)	-	(769)	(11,200)
Major repairs and cyclical maintenance	(4,122)	(2,822)	(203)	-	(947)	(3,972)
Management of component replacement	-	-	-	-	(1,620)	(1,620)
Bad debts	(114)	(309)	-	-	-	(309)
Depreciation of housing properties	(10,232)	(10,231)	-	-	-	(10,231)
Development and other costs	-	-	(340)	-	(1,476)	(1,816)
Staff costs (excl. site staff)	(12,111)	(13,448)	-	-	13,448	-
Overheads	(4,779)	(4,615)	-	-	4,615	-
Other depreciation	(847)	(878)	-	-	878	-
Amortisation	2,851	2,923	-	-	(2,923)	-
Non-social housing lettings	-	-	-	-	(95)	(95)
Non-social housing other activities	-	-	-	(1,100)	(759)	(1,859)
Operating costs	(45,062)	(44,294)	(1,526)	(255)	(2,922)	(48,997)
Surplus on sale of fixed assets	640	1,147	-	-	-	1,147
Impairment	(2,264)	(738)	-	-	-	(738)
Operating surplus	16,122	19,793	-	-	-	19,793

3 Directors and employees

(a) Directors' emoluments

The remuneration paid to the directors (defined as Board Members and the executive officers) of the Group and Association was:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Aggregate emoluments of executive officers, excluding pension contributions	668	545
Aggregate emoluments of Board Members	67	12
Emoluments of highest paid director (Group Chief Executive), excluding pension contributions	165	164
Pension contributions in respect of executive officers	47	33

Retirement benefits are accruing under defined benefit schemes (note 28). The Group Chief Executive received payment in lieu of pension contributions of £37,354 (2019: £36,747). The Association makes no contributions to any individual pension arrangement.

The full time equivalent number of key management personnel (including the Group Chief Executive) whose remuneration (excluding pension contributions) payable during the period fell within the following bands was:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
£0 – £9,999	13	14
£110,000 – £119,999	2	1
£120,000 – £129,999	1	1
£140,000 – £149,999	1	1
£160,000 – £169,999	1	1

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Expenses reimbursed to directors not chargeable to UK taxation	4	11

3 Directors and employees (continued)

(b) Employee information

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

	GROUP		ASSOCIATION	
	2020 Staff	2019 Staff	2020 Staff	2019 Staff
Actual	687	667	413	411
Full time equivalent	619	589	369	363
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Staff costs				
Wages and salaries	17,899	17,189	11,401	11,401
Social security costs	1,704	1,564	1,146	1,074
Pension costs	2,998	2,408	2,765	2,224
Total staff costs	22,601	21,161	15,312	14,699

The 2020 pension costs are split as follows:

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Defined benefit scheme contributions	1,786	1,546	1,786	1,546
Actuarial movement	537	327	537	327
Current Service cost	2,323	1,873	2,323	1,873
Expenses paid	44	43	44	43
Defined contribution scheme contribution	631	492	398	308
Pension costs	2,998	2,408	2,765	2,224

4 Operating surplus

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Surplus for the year from continuing activities is stated after charging/(crediting):				
Depreciation of housing properties	10,231	10,233	10,231	10,233
Depreciation of other fixed assets	1,323	1,290	1,312	1,279
Amortisation	(2,924)	(2,851)	(2,924)	(2,851)
Bad debts	309	114	309	114
Auditors' remuneration (including VAT):				
– In their capacity as auditors	55	45	35	26
– In respect of other services	4	4	4	4
Operating lease rentals:				
– Land and buildings	256	26	-	-
– Other assets	61	53	61	53

5 Surplus on sale of housing fixed assets

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Sales proceeds:		
– LCHO properties	2,645	1,451
– Other land and housing	2,958	1,318
Cost of sales:		
– LCHO property cost (note 14)	(2,102)	(1,224)
– LCHO property grant (note 22)	77	-
– Housing property cost (note 12)	(1,131)	(319)
– Housing property depreciation (note 12)	22	83
– Housing property grant amortisation (note 21)	(18)	(40)
– HomeBuy cost (note 14)	(328)	(252)
– Recycled capital grant additions (note 20)	(676)	(602)
– Cost of sales from Current Assets	(873)	(352)
– Grant written back - fixed assets (note 21)	55	147
– Grant written back - current assets (note 19)	249	224
– Grant written back - HomeBuy (note 22)	328	252
Sundry (costs)/income	(59)	(46)
Surplus on sale of fixed assets	1,147	640

6 Contingent liabilities

There were no contingent liabilities at the year end. The contingent liabilities disclosed in last year's accounts in respect of grants is adequately disclosed in Note 21 in this year's accounts, and in respect of pensions is provided in Note 29.

7 Interest receivable

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Interest receivable from investments	94	197	91	192
Intra-group interest receivable	-	-	120	22
Total interest receivable	94	197	211	214

8 Interest payable

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
On bank loans and overdrafts and other loans:		
Repayable wholly or partly in more than five years	8,844	8,566
Finance charge in respect of the pension deficit (note 28)	302	413
Total interest payable	9,146	8,979

9 Corporation Tax

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current tax				
UK Corporation Tax at 19% (2019: 19%)	19	8	18	8
Current taxation charge	19	8	18	8
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on ordinary activities	19	8	18	8

The Association adopted charitable rules with effect from 20 January 2005. No Corporation Tax is expected to arise after that date on activities directly related to the charitable objectives and activities of the Association. Taxation is payable firstly on feed-in tariff income received in respect of solar panels installed on the roofs of a number of the Association's properties and secondly on renewable heat initiative income earned from heat pumps installed at some of the Association's properties.

The remaining members of the Group are subject to Corporation Tax at the prevailing rate of taxation. Current taxable profits of subsidiary undertakings have been reduced by remittance of profits to the Association, benefitting from Gift Aid relief. Deferred tax liabilities are provided for in full as they arise.

10 Properties in management

	GROUP & ASSOCIATION					
	Opening properties at	Purchase of homes	Homes sold or held for sale	Transfers	Closing properties at 31	
	1 Jan 2020				New build	Dec 2020
General needs and retirement	10,315	155	(23)	7		10,454
Extra Care	169	55	-	-	-	224
Scheme managers	3	-	(1)	-	-	2
Intermediate rented	201	-	(2)	(5)	-	195
Supported housing	143	21	(1)	-	-	163
Social housing homes	10,831	231	(27)	2		11,038
Shared ownership	25	-	-	(1)	-	24
Managed for private owners	1,158	-	2	(1)	-	1,159
Commercial properties	4	-	-	-	-	4
Non social-housing properties	1,187	-	2	(2)		1,187
Total properties owned and managed	12,018	231	(25)	-		12,225

11 Movement in net debt

					GROUP
	At 31	Cashflow £'000	Funds held in Escrow £'000	Non cash movement £'000	At 31
	December				December
	2019 £'000				2020 £'000
Cash	32,166	(9,636)	-	-	22,530
Loans due in less than one year	(103)	-	-	(11)	(114)
Loans due in greater than one year	(246,739)	362	(28,125)	11	(274,491)
Land for housing loans	(8,808)	2,408	-	-	(6,400)
Total	(223,484)	(6,866)	(28,125)	-	(258,475)

					ASSOCIATION
	At 31	Cashflow £'000	Funds held in Escrow £'000	Non cash movement £'000	At 31
	December				December
	2019 £'000				2020 £'000
Cash	24,914	(7,554)	-	-	17,360
Loans due in less than one year	(103)	-	-	(11)	(114)
Loans due in greater than one year	(246,739)	362	(28,125)	11	(274,491)
Land for housing loans	(8,808)	2,408	-	-	(6,400)
Total	(230,736)	(4,784)	(28,125)	-	(263,645)

Notes to the financial statements

for the year ended 31 December 2020

12 Tangible fixed assets – housing land and buildings

	Social Housing Properties £'000	Shared ownership £'000	Properties in the course of construction £'000	GROUP Total £'000
Cost				
At 1 January 2020	679,128	635	73,201	752,964
Property acquisitions	641	-	41,828	42,469
Social housing properties completed	30,129	-	(30,129)	-
LCHO units completed (note 14)	-	-	(2,024)	(2,024)
Imputed costs	4,289	-	115	4,404
Component additions to existing properties	3,398	-	-	3,398
Component disposals	(1,783)	-	-	(1,783)
Housing property disposals (note 5)	(76)	-	(1,055)	(1,131)
Impairment	-	-	(738)	(738)
Transfer to current assets (note 16)	(1,071)	-	-	(1,071)
Reclassification of properties	51	(51)	-	-
At 31 December 2020	714,706	584	81,198	796,488
Depreciation				
At 1 January 2020	123,641	139	-	123,780
Charge for the year	10,227	4	-	10,231
Component disposals	(1,783)	-	-	(1,783)
Housing property disposals (note 5)	(22)	-	-	(22)
Transfer to current assets (note 16)	(315)	-	-	(315)
Reclassification of properties	14	(14)	-	-
At 31 December 2020	131,762	129	-	131,891
Net book value				
At 31 December 2020	582,944	455	81,198	664,597
At 1 January 2020	555,487	496	73,201	629,184
			2020	2019
			£'000	£'000
Housing properties comprise:				
Freehold land and buildings			772,926	729,444
Long leasehold land and buildings			23,493	23,451
Short leasehold land and buildings			69	69
Total housing land and buildings			796,488	752,964

12 Tangible fixed assets – housing land and buildings (continued)

	Social Housing Properties £'000	Shared ownership £'000	Properties in the course of construction £'000	ASSOCIATION Total £'000
Cost				
At 1 January 2020	679,128	635	72,266	752,029
Property acquisitions	641	-	41,289	41,930
Social housing properties completed	30,129	-	(30,129)	-
LCHO units completed (note 14)	-	-	(2,024)	(2,024)
Imputed costs	4,289	-	115	4,404
Component additions to existing properties	3,398	-	-	3,398
Component disposals	(1,783)	-	-	(1,783)
Housing property disposals (note 5)	(76)	-	(1,055)	(1,131)
Impairment	-	-	(738)	(738)
Transfer to current assets (note 16)	(1,071)	-	-	(1,071)
Reclassification of properties	51	(51)	-	-
At 31 December 2020	714,706	584	79,724	795,014
Depreciation				
At 1 January 2020	123,641	139	-	123,780
Charge for the year	10,227	4	-	10,231
Component disposals	(1,783)	-	-	(1,783)
Housing property disposals (note 5)	(22)	-	-	(22)
Transfer to current assets (note 16)	(315)	-	-	(315)
Reclassification of properties	14	(14)	-	-
At 31 December 2020	131,762	129	-	131,891
Net book value				
At 31 December 2020	582,944	455	79,724	663,123
At 1 January 2020	555,487	496	72,266	628,249
			2020	2019
			£'000	£'000
Housing properties comprise:				
Freehold land and buildings			771,452	728,509
Long leasehold land and buildings			23,493	23,451
Short leasehold land and buildings			69	69
Total housing land and buildings			795,014	752,029

Works charged to existing properties that have been capitalised are shown above under component additions to existing properties. Works charged within the statement of comprehensive income account (net of associated staff costs) during 2020 amounted to £2,822,000 (2019: £4,122,000) – see note 2c.

Notes to the financial statements

for the year ended 31 December 2020

13 Other tangible fixed assets

						GROUP
	Motor vehicles £'000	Office equipment £'000	Site equipment £'000	Freehold commercial property £'000	Freehold office property £'000	Total £'000
Cost						
At 1 January 2020	208	5,825	8,015	1,010	11,579	26,637
Additions	-	799	510	-	156	1,465
Disposals	(18)	(120)	(40)	-	-	(178)
At 31 December 2020	190	6,504	8,485	1,010	11,735	27,924
Depreciation						
At 1 January 2020	188	3,850	5,016	174	1,153	10,381
Charge for year	-	562	442	21	298	1,323
Eliminated on disposals	(15)	(119)	(33)	-	-	(167)
At 31 December 2020	173	4,293	5,425	195	1,451	11,537
Net book value						
At 31 December 2020	17	2,211	3,060	815	10,284	16,387
At 1 January 2020	20	1,975	2,999	836	10,426	16,256

						ASSOCIATION
	Motor vehicles £'000	Office equipment £'000	Site equipment £'000	Freehold commercial property £'000	Freehold office property £'000	Total £'000
Cost						
At 1 January 2020	61	5,739	7,926	1,010	11,579	26,315
Additions	-	799	482	-	156	1,437
Disposals	-	(120)	(40)	-	-	(160)
At 31 December 2020	61	6,418	8,368	1,010	11,735	27,592
Depreciation						
At 1 January 2020	61	3,776	4,953	174	1,153	10,117
Charge for year	-	560	433	21	298	1,312
Eliminated on disposals	-	(119)	(33)	-	-	(152)
At 31 December 2020	61	4,217	5,353	195	1,451	11,277
Net book value						
At 31 December 2020	-	2,201	3,015	815	10,284	16,315
At 1 January 2020	-	1,963	2,973	836	10,426	16,198

14 Fixed asset investments – HomeBuy and LCHO loans receivable

	GROUP & ASSOCIATION					
	2020			2019		
	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000
At 1 January	8,880	2,554	11,434	9,184	1,970	11,154
Imputed costs	-	1,094	1,094	-	584	584
Reclassification from social housing (note 12)	-	2,024	2,024	(52)	1,224	1,172
Disposals (note 5)	(328)	(2,102)	(2,430)	(252)	(1,224)	(1,476)
At 31 December	8,552	3,571	12,123	8,880	2,554	11,434

HomeBuy loans are for equity loans to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages under the scheme financed by the Welsh Government. The investment grants (note 22) represent the funding received from the Welsh Government for the above loans. These loans are stated at cost in accordance with Housing SORP 2018.

Low Cost Home Ownership (LCHO) represents the Association's stake in properties, where less than 100% ownership of the property was sold, primarily under Section 106 agreements where 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 balance sheet at historic cost.

The Association is entitled to a proportion of the market value corresponding to the equity interest at a time when homeowners either dispose of their HomeBuy or LCHO property or when they choose to repurchase some, or all, of the equity loan.

15 Fixed asset investments – other investments

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
At 1 January	7,652	6,265
Additions	21	1,287
Withdrawals	-	-
Change in fair value	127	100
At 31 December	7,800	7,652

The closing balances represent investments to meet interest reserves required by certain long-term loans.

Notes to the financial statements

for the year ended 31 December 2020

16 Stock

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Completed properties	1,790	1,601	1,790	1,601
Work in progress	1,619	993	-	-
Total stock	3,409	2,594	1,790	1,601

Completed properties represent properties that are intended for sale. Movements across the year are as follows:

	Asset cost £'000	Accumulated depreciation £'000	Accumulated amortisation £'000	Associated expenses £'000	ASSOCIATION
					Properties held for sale £'000
At 1 January 2020	1,637	(376)	322	18	1,601
Disposals (note 5)	(914)	143	(102)	-	(873)
Transfer from property assets (note 12, 21)	1,071	(315)	254	52	1,062
At 31 December 2020	1,794	(548)	474	70	1,790

17(a) Trade and other debtors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Rent and service charge debtors	4,645	4,995	4,645	4,995
Bad debt provision for rent and service charges	(2,853)	(2,714)	(2,853)	(2,714)
Capital debtors	806	1,030	806	1,030
Housing Finance Grant debtor	747	716	747	716
Intra-group balances – loans	-	-	3,507	2,107
Intra-group balances – Gift Aid	-	-	1,526	1,772
Intra-group balances – trading	-	-	223	359
Loans to employees	35	37	35	37
Other debtors and prepayments	2,732	2,310	1,984	1,919
Total debtors due within one year	6,112	6,374	10,620	10,221

17(b) Debtors: loan proceeds held in escrow

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Private placement	28,125	-	28,125	-
Total loan proceeds held in escrow	28,125	-	28,125	-

Loans were signed in December 2020 and funds were placed in escrow pending successful completion of securitisation.

18 Trade and other debtors: amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Housing Finance Grant debtor	27,856	28,718	27,856	28,718
Intra-group balances – loans	-	-	60	-
Total debtors due after more than one year	27,856	28,718	27,916	28,718

19 Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Housing loans (note 20)	114	103	114	103
Land for Housing loans	6,400	8,808	6,400	8,808
Rent and service charges received in advance	1,633	1,962	1,633	1,962
Grants received and receivable in advance	-	5,246	-	5,246
Imputed grants (note 23)	175	150	175	150
Corporation Tax	13	8	13	8
Taxation and social security	577	462	405	332
Pension provision (note 29)	37	176	37	176
Sinking fund deferred income	817	668	817	668
Accrued mortgage interest	2,962	2,741	2,962	2,741
Bond market issuance premium	445	445	445	445
Deferred heat initiative income	19	22	19	22
Grant on properties held for sale	1,287	851	1,287	851
Accruals and other deferred income	7,326	9,099	3,577	3,739
Total creditors due within one year	21,805	30,741	17,884	25,251

19 Creditors: amounts falling due within one year (continued)

The sinking fund deferred income relates to certain residents that are required to contribute towards the costs of maintaining their properties. Monies received in advance of associated maintenance expenditure are credited to sinking fund deferred income accounts, to which interest is applied.

The bond market issuance premium relates to the difference between bond coupon rates and the effective rate of the bond issuances. This balance is spread over the bond term.

Movements in grant held on properties for sale are as follows:

	GROUP		ASSOCIATION	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 January	(851)	(499)	(851)	(499)
Disposals	249	224	249	224
Transfer from property assets (note 21)	(685)	(576)	(685)	(576)
At 31 December	(1,287)	(851)	(1,287)	(851)

20 Creditors: amounts falling due after more than one year

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Recycled capital grant fund	2,324	3,086
Housing loans	274,491	246,739
Investment grants (note 22)	11,917	11,228
Imputed grants (note 23)	25,651	21,446
Bond market issuance premium	10,258	10,703
Other creditors	1,088	1,088
Deferred heat initiative income	565	523
Pension provision (note 29)	152	170
Total creditors due after more than one year	326,446	294,983

Housing loans are shown net of capitalised loan fees of £3,474,000 (2019: £3,216,000).

Housing loans are secured by specific charges on the Association's housing properties. Rates of interest during the year ranged from 0.51% to 12.05% (2019: 1.20% to 12.05%). The weighted average rate of interest for 2020 was 3.34% (2019: 3.49%). At 31 December 2020, 96% (2019: 96%) of loans bore interest at fixed rates, 3% (2019: 3%) at variable rates and 1% (2019: 1%) at index-linked rates.

20 Creditors: amounts falling due after more than one year (continued)

The loans are repayable as follows:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Amounts falling due:		
Within one year or less	114	103
Between one and two years	128	114
Between two and five years	1,564	1,486
In five years or more	272,799	245,139
In more than one year	274,491	246,739
Total housing loans	274,605	246,842

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Repayable otherwise than by instalments in more than five years	258,125	230,000
Repayable by instalments wholly or partly in more than five years	14,674	15,139
Total repayable in more than five years	272,799	245,139

The movement on the recycled capital grant fund was as shown below:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
At 1 January	(3,086)	(4,079)
Additions during the year (note 5)	(676)	(602)
Deductions during the year	1,438	1,595
At 31 December	(2,324)	(3,086)

The Association is obligated to draw down funds of £28.125m in December 2021 and £18.75m in June 2022.

21 Social housing and other government grants

	GROUP & ASSOCIATION			
	Social housing properties £'000	Shared ownership £'000	Properties in the course of construction £'000	Total £'000
Gross grant creditor				
At 1 January 2020	341,486	392	47,275	389,153
Transfer from HomeBuy (note 22)	-	-	-	-
Transfer to LCHO (note 22)	-	-	-	-
Property acquisitions	-	-	25,194	25,194
Schemes completed	15,412	-	(15,412)	-
Transfer to current assets (note 19)	(685)	-	-	(685)
Reclassification of properties	30	(30)	-	-
Housing property disposals (note 5)	(55)	-	-	(55)
At 31 December 2020	356,188	362	57,057	413,607
Amortisation				
At 1 January 2020	66,658	110	-	66,768
Credit for the year	2,747	2	-	2,749
Transfer to current assets (note 16)	(254)	-	-	(254)
Housing property disposals (note 5)	(18)	-	-	(18)
Reclassification of properties	12	(12)	-	-
At 31 December 2020	69,145	100	-	69,245
Net grant creditor				
At 31 December 2020	287,043	262	57,057	344,362
At 1 January 2020	274,828	282	47,275	322,385

Included within social housing properties grants are £1,257,000 (2019: £1,257,000) of non-repayable grants that are being amortised over the life of the relevant assets.

The grants are amortised as follows:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Within one year or less	2,749	2,701
Between one and two years	2,749	2,701
Between two and five years	8,247	8,103
In five years or more	330,617	308,880
In more than one year	341,613	319,684
Total grant creditor	344,362	322,385

22 Investment grants

	GROUP & ASSOCIATION					
	2020			2019		
	HomeBuy	Low Cost Home Ownership	Total	HomeBuy	Low Cost Home Ownership	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	8,738	2,490	11,228	9,042	1,906	10,948
Imputed costs	-	1,094	1,094	-	584	584
Transfer (to)/from Social Housing (note 21)	-	-	-	(52)	-	(52)
Disposals (note 5)	(328)	(77)	(405)	(252)	-	(252)
At 31 December	8,410	3,507	11,917	8,738	2,490	11,228

The investment grant is funding received from the Welsh Government to fully fund the HomeBuy scheme, the assets of which are shown as a fixed asset investment (note 14). All amounts are due in more than one year.

23 Imputed grants

	GROUP & ASSOCIATION	
	Social housing properties	
	2020	2019
	£'000	£'000
Gross grant creditor		
At 1 January	22,060	19,853
Property acquisitions	4,404	2,207
At 31 December	26,464	22,060
Amortisation		
At 1 January	464	314
Credit for the year	175	150
At 31 December	639	464
Net grant creditor		
At 31 December	25,826	21,596
At 1 January	21,596	19,539

23 Imputed grants (continued)

The grants are amortised as follows:

	GROUP & ASSOCIATION	
	2020 £'000	2019 £'000
Within one year or less	175	150
Between one and two years	175	150
Between two and five years	524	450
In five years or more	24,952	20,846
In more than one year	25,651	21,446
Total grant creditor	25,826	21,596

24 Provisions for liabilities

Provisions are recognised where uncertainty exists in relation to the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the income and expenditure account and credited to the balance sheet based upon the Group's best estimate of potential liabilities.

	Insurance £'000	Deferred taxation £'000	GROUP
			Total £'000
At 1 January 2020	66	10	76
Utilised during the year	-	-	-
Released during the year	(10)	-	(10)
Additions during the year	14	1	15
At 31 December 2020	70	11	81

	ASSOCIATION	
	Insurance £'000	Total £'000
At 1 January 2020	66	66
Utilised during the year	-	-
Released during the year	(10)	(10)
Additions during the year	14	14
At 31 December 2020	70	70

Insurance provisions relate to excess levels on known insurable claims yet to be settled. Contractual obligations represented a provision on certain property leases and supplier contracts which have now been settled. Deferred taxation arises in Cambria, a wholly-owned subsidiary, and relates to the timing of tax payments due.

25 Called-up share capital

	GROUP & ASSOCIATION	
	2020	2019
	£	£
Allotted, issued and fully paid		
At 1 January	90	112
Issued during the year	1	4
Shares cancelled during the year	(9)	(26)
At 31 December	82	90

Shareholders have no entitlement to dividends or return of monies in respect of shares surrendered or a share in the assets in the event of the Association being wound up. No shareholder may hold more than one share and each share carries only one vote.

26 Capital commitments

	GROUP & ASSOCIATION	
	2020	2019
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	46,281	51,517
Capital expenditure that has been authorised by the Board but has not yet been contracted for	25,884	51,340

At 31 December 2020, the Association intended to fund this expenditure from a combination of free cash generation, social housing grants and loan drawdown from existing loan facilities.

27 Operating leases

At 31 December, the Group had total commitments under operating leases as follows:

	2020			GROUP 2019		
	Land and buildings £'000	Office equipment £'000	Site equipment £'000	Land and buildings £'000	Office equipment £'000	Site equipment £'000
Leases expiring:						
Within one year	-	-	-	-	-	-
Between two and five years	2	19	9	28	25	13
Between six and ten years	-	-	334	-	-	263
Total operating lease commitments	2	19	343	28	25	276

	2020			ASSOCIATION 2019		
	Land and buildings £'000	Office equipment £'000	Site equipment £'000	Land and buildings £'000	Office equipment £'000	Site equipment £'000
Leases expiring:						
Within one year	-	-	-	-	-	-
Between two and five years	-	19	9	-	25	13
Between six and ten years	-	-	334	-	-	263
Total operating lease commitments	-	19	343	-	25	276

Costs in respect of operating leases are amortised on a straight-line basis over the lease term.

28 Pension schemes

The Association participates in two defined benefit pension schemes, the Social Housing Pension Scheme (SHPS) and The Growth Plan, both of which are multi-employer, final salary, schemes. The Growth Plan is closed to new members. Within SHPS, the Association has an open Career average revalued earnings (CARE) scheme with a 1/80th accrual rate. The Final salary scheme with a 1/60th accrual rate closed to new members on 31 March 2011 and the CARE scheme with a 1/60th scheme closed to new members on 30 June 2019. The Association makes contributions of 9.85% to the three SHPS schemes.

The Associations' share of assets and liabilities in respect of the Social Housing Pension Scheme are assessed by the scheme actuary as at each reporting date, based upon key assumptions including discount rates, mortality rates, inflation, future salary costs and future pension costs. Changes in the Association's net asset or net liability in respect of its obligations to scheme members pass through Other Comprehensive Income and have an impact on the Group's financial reserves.

28 Pension schemes (continued)

It is not possible for the Association to obtain sufficient information to enable it to account for Growth Plan as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The Association's current liability in respect of the Growth Plan is £189k (see note 29).

Both schemes are 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 schemes are 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. The current estimated liability if this was to happen is £61.2 Million based on the latest actuarial valuation dated 30 September 2017.

The Group also participates in the Social Housing Defined Contribution Scheme, making employee contributions up to a maximum of 9.85% of salary, paying £631k into the scheme during the year (see note 3b).

SOCIAL HOUSING PENSION SCHEME

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

	31 December 2020	31 December 2019
	£'000	£'000
Fair value of plan assets	67,515	55,908
Present value of defined benefit obligation	82,677	70,918
Net defined benefit asset (liability) to be recognised	(15,162)	(15,010)

28 Pension schemes (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 December 2020 £'000
Defined benefit obligation at start of period	70,918
Current service cost	2,323
Expenses	44
Interest expense	1,494
Member contributions	11
Actuarial losses (gains) due to scheme experience	(167)
Actuarial losses (gains) due to changes in demographic assumptions	(797)
Actuarial losses (gains) due to changes in financial assumptions	10,322
Benefits paid and expenses	(1,471)
Defined benefit obligation at end of period	82,677

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

	Period ended 31 December 2020 £'000
Fair value of plan assets at start of period	55,908
Interest income	1,192
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	8,367
Employer contributions made (note 29)	1,786
Past deficit contributions (note 29)	1,678
Expenses (note 29)	44
Total contributions by the employer	3,508
Member contributions	11
Benefits paid and expenses	(1,471)
Fair value of plan assets at end of period	67,515

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 December 2020 was £9,559,000.

28 Pension schemes (continued)

Defined benefit costs recognised in Statement of Comprehensive Income

		Period from 1 January 2020 to 31 December 2020 £'000
Employer contributions made (note 3b)	1,786	
Actuarial movements (note 3b)	537	
Current service cost		2,323
Expenses (note 3b)		44
Net interest expense (note 8)		302
Defined benefit costs recognised in statement of comprehensive income		2,669

Defined benefit costs recognised in Other Comprehensive Income

		Period ended 31 December 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)		8,367
Experience gains and losses arising on the plan liabilities - gain (loss)		167
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)		797
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)		(10,322)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)		(991)
Total amount recognised in other comprehensive income - gain (loss)		(991)

28 Pension schemes (continued)

Assets

	31 December 2020	31 December 2019
	£'000	£'000
Global Equity	10,784	11,255
Absolute Return	3,203	2,673
Distressed Opportunities	1,618	1,080
Credit Relative Value	1,762	1,459
Alternative Risk Premia	2,324	3,703
Fund of Hedge Funds	9	50
Emerging Markets Debt	2,815	2,071
Risk Sharing	2,400	1,833
Insurance-Linked Securities	1,654	1,558
Property	1,321	1,241
Infrastructure	4,120	3,947
Private Debt	1,535	1,108
Opportunistic Illiquid Credit	1,578	1,016
High Yield	2,083	-
Opportunistic Credit	1,593	-
Cash	674	-
Corporate Bond Fund	3,897	2,708
Liquid Credit	764	-
Long Lease Property	1,041	1,091
Secured Income	2,246	1,829
Over 15 Year Gilts	-	-
Liability Driven Investment	19,944	16,991
Net Current Assets	150	295
Total assets	67,515	55,908

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

Key Assumptions

	31 December 2020	31 December 2019
	% per annum	% per annum
Discount Rate	1.47%	2.09%
Inflation (RPI)	2.93%	3.01%
Inflation (CPI)	2.01%	2.01%
Salary Growth	2.00%	2.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

28 Pension schemes (continued)

The mortality assumptions adopted at 31 December 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

The Association has chosen to follow assumptions that are more relevant to our circumstances, rather than those suggested by SHPS in respect of CPI inflation and wage inflation. The financial statements reflect the liability using the revised assumptions. Inflation has been reduced to 2.01% from 2.51% and salary growth has been reduced to 2% from 3.51%. The impact of this is to reduce the pension liability from £24.1m to £15.2m, reducing the actuarial loss for the year from £17.5m to £10.3m.

29 Pensions movements

	GROUP & ASSOCIATION			
	SHPS DB £'000	SHPS AVC £'000	Cardiff & Vale LPGS £'000	Total £'000
At 1 January 2020	15,010	205	141	15,356
Exit payment during the year	-	-	(141)	(141)
Other comprehensive income movement	991	-	-	991
Comprehensive income	2,669	-	-	2,669
Financing costs pension deficit	-	20	-	20
Past deficit (note 28)	(1,678)	(36)	-	(1,714)
Expenses (note 28)	(44)	-	-	(44)
Employer contributions (note 28)	(1,786)	-	-	(1,786)
At 31 December 2020	15,162	189	-	15,351
Due less than 1 year (note 19)	-	37	-	37
Due greater than 1 year (note 20)	-	152	-	152
Defined benefit	15,162	-	-	15,162
	15,162	189	-	15,351

30 Subsidiary undertakings

The Association has five directly-owned subsidiary undertakings:

Undertaking	Percentage owned	Registration number
Cambria Maintenance Services Limited	100	7389484
Enfys Developments Limited	100	8292315
Castell Ventures Limited	100	8292028
Castell Homes Limited	100	11149375
Plas Morolwg Management Company	100	12665081

During the year, Cambria generated turnover of £11,001,000 (2019: £12,080,000), of which £10,262,000 (2019: £12,034,000) was billed to the Association in respect of reactive and planned maintenance services and component replacements. At the year-end £1,000 (2019: £38,000) was outstanding. The Association has made a loan of to provide working capital, of which £72,000 (2019: £58,000) was outstanding at the year end, together with £1,186,000 (2019: £1,437,000) due to the Association in respect of Gift Aid.

During the year, Enfys generated turnover of £34,295,000 (2019: £33,867,000), of which £33,677,000 (2019: £32,874,000) was billed to the Association and £618,000 was billed to Castell Homes (2019: £993,000) in respect of construction management services carried out under design and build contracts. At the year-end £299,000 (2019: £281,000) was outstanding. The Association was due £340,000 (2019: £335,000) in respect of Gift Aid at the year end. The Association has made a loan of to provide working capital for which £1,500,000 was outstanding at the year end (2019: £1,300,000).

During the year, Castell Ventures generated turnover of £2,444,000 (2019: £1,729,000), of which £564,000 (2019: £501,000) was billed to the Association in respect of catering services, £160,000 (2019: £130,000) for cleaning services and £56,000 (2019: £89,000) for supporting people services. At the year end, £75,000 (2019: £34,000) was outstanding. The Association was not due any monies in respect of Gift Aid at the year-end (2019: £nil). The Association has made a loan of £370,000 for working capital for care and support activities (2019: £150,000).

During the year, Castell Homes generated turnover of £nil (2019: £265,000) from the sale of residential homes, all of which was billed to external parties. The Association had a loan balance due of £1,625,000 (2019: £699,000) at year end, which was made to enable Castell Homes to purchase and develop homes for sale.

Plas Morolwg Management Company was incorporated 12 June 2020 and is currently dormant.

31 Related party transactions

The following members of the Board who served during the year were also residents of the Association during the year:

Ms J Bere	Elected 19 April 2014
Mrs H Christan	Resigned 30 September 2020

The above members were on standard Association resident agreement terms and were forbidden from using their position on the Board to their personal advantage.

Two Members also held positions on the Board of Slocombe Cottages for the Aged and Infirm, which is a Registered Charity. During the year Slocombe made an annual rent subsidy to the Association of £22,539 (2019: £21,419).

32 Parent undertaking and controlling party

Wales & West Housing Association Limited is legally owned by its shareholders, but they are restricted and have no personal beneficial interest in the assets of the Association. The ultimate controlling party is considered to be the Board.

Wales & West Housing Association Limited is the parent of the largest and smallest groups in which the results of the Group are consolidated. Copies of the consolidated financial statements are available on request from the registered address of the Association:

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Archway House
77 Parc Tŷ Glas
Llanishen
Cardiff
CF14 5DU