

Annual Report and Financial Statements 2021



Tai
Wales & West
Housing

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Cover picture: Sam and Riley Struthers were among the first residents to move into their new homes at Heol Gruffydd in Newtown

This page: Our new development at Ffordd Tiger Moth in Deeside

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



INVESTORS IN PEOPLE™
We invest in people **Platinum**

This has been my third year as Chair of the Wales & West Housing Group Board and what a year it has been, with the pandemic having had a continued and significant effect on us all. If 2020 was an unprecedented year, then 2021 felt even stranger. But in the words of the poem 'if' by Rudyard Kipling, 'if you can keep your head when all around you are losing theirs... yours is the earth'. What the Board and I are proud of is that we did keep our heads, and we continued to make a difference to lives, homes and communities.

For this, I want to thank Anne, the Group Chief Executive, and each and every member of staff in the Group for their hard work, which has made this year the success it has been. The Board and I are proud of the way our staff have adapted to new ways of working while continuing to deliver great services to do the right thing for our residents and customers. Our staff do an incredible job every day to support some of the most vulnerable in society, and this is appreciated by our residents, with almost 9 out of 10 telling us they are satisfied overall with the services we are providing for them.

I am proud to be the Chair of a World Class Group of companies. And that's not just my opinion but the endorsement of Best Companies, where we have once again achieved the highest rating of 3 Stars this year, world class no less. We also retained our Investors in People Platinum status this year too. This was as a Group of companies, including not just Wales & West Housing as the housing association but also Cambria, our maintenance subsidiary, and Castell Ventures, our care and catering subsidiary. The Board and I know what a caring place to work this organisation is – as I know many staff say, 'it's family!' These amazing results are made even more impressive by the challenging and extraordinary times we find ourselves in.

As I reflect on the last two years, despite being apart, I think we have actually come closer together as an

organisation, operating in this virtual world, with the majority of us feeling more connected than ever before. We all talk more, on Teams or on the phone, and this creates a greater connection. We focus more on wellbeing, with a really positive outcome from the pandemic being that mental health and wellbeing is being discussed and highlighted across society in a way it never has before. Finally, we have spent more time on the safety of staff and customers than anything else.

The final thing that has struck me about the last two years has been the strong sense of connection between us all, not only at Wales & West Housing Group but across the world. 2020 hit parts of the world differently but in 2021 almost everywhere has experienced the same thing, Covid, lockdowns, vaccinations. So many events across the globe have affected us all and so more than ever before, it is

clear that together we are stronger. Over the last two years of the pandemic we've all become used to seeing our friends and colleagues on our screens and staying connected online. Thankfully we are starting to see more hope; hope that we have turned a corner in what has been a challenging and tough two years. Restrictions have eased and although we must not become complacent, we can be hopeful, and with that hope comes optimism.

The world still looks like an uncertain place as we emerge from the pandemic, with the lasting effects of the pandemic, Brexit and global conflict leading to a squeeze on everyone's living standards. 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.



WWH Housing Officer Claire Ashby with Luccia Palmer at the Hidden Hillfort Project in Caerau, Cardiff. The project explores the history and archaeology of the Iron Age Caerau Hillfort and the surrounding area, helping to connect communities with their heritage.

Group Chief Executive's report



Anne Hinchey
Group Chief Executive

As the Chair said, I also am proud of the way we kept our heads in the turbulence of 2021 and I want to extend my thanks to every staff member right across the Group for helping us to continue to make a difference to lives, homes and communities. I know that it has been a hard year for everyone, but 2021 has also been a successful year for the Wales & West Housing Group and every one of us across the Group should feel extremely proud of the part they have played in this success.

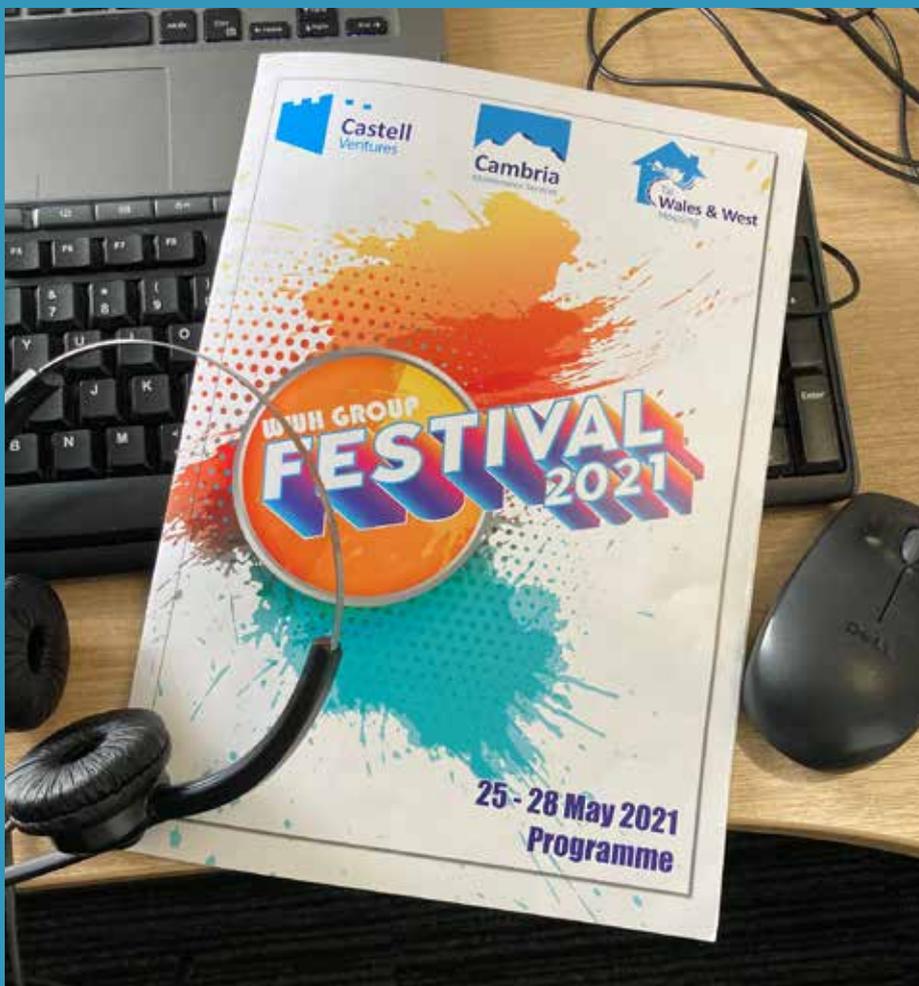
The last year has shown us all those organisations and individuals that have a good ethos and those that don't. We all know of companies that have looked after people and done the right thing and those that have not. We often talk about being a people business and this has never been so true as now.

This focus as a people based business has allowed us to maintain 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 prouder of our culture, the Wales & West Housing Group Way. This has helped our staff to show resilience, to be creative to solve challenges, to be responsive and agile, to be continually positive and committed to doing what matters.

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

Construction of new homes has continued safely during the pandemic and we have significantly increased our development capacity over the year, with 780 homes currently on site and over 1,000 further plots in our development pipeline. We completed 309 badly needed new rented homes in 2021, adding to our portfolio and will deliver many more over the coming few years. We also delivered





In May 2021 we held our first virtual Wales & West Housing Group Festival

10 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.

Our work assessing the performance of the homes 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 properties that were sold under the old Right to Buy scheme, bringing them back into their rightful place as social homes available to let to those most in need. Over the year, taking account of buy backs, disposals and new developments, there has been a net increase of 293 homes during the year, taking our portfolio to a total of 12,518 homes owned or managed across the whole of Wales.

Investing in our existing homes is important to us, keeping our residents safe and secure. We were able

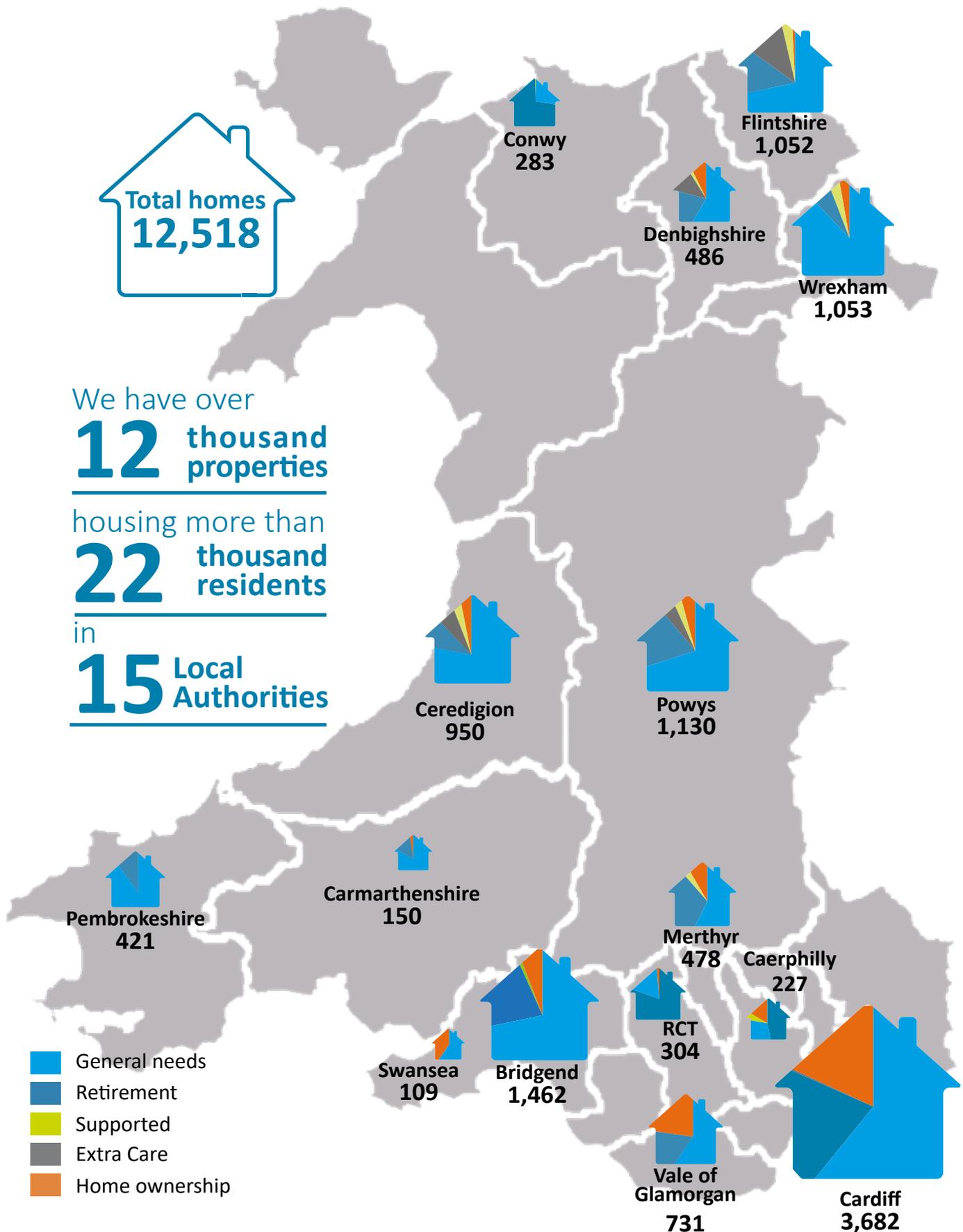
to increase in our investment in 2021 to £9.7m (2020 - £6.4m) as some restrictions eased. This has meant that our principal financial metric, free cash flow, was at a more normal level of £7.1 million for the Group and £6.9 million in the Association. This reflects a strong performance in collecting rental income, 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. Our average rate of interest on our borrowings fell to 3.25%, with over 96% of our borrowing at fixed rates, providing long-term cost certainty.

As the Chair says, we are emerging from the pandemic into uncertain times, but 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



Our priorities

This report reflects the seven strategic priorities set out in our Business Plan 2022 - 2026, 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'.

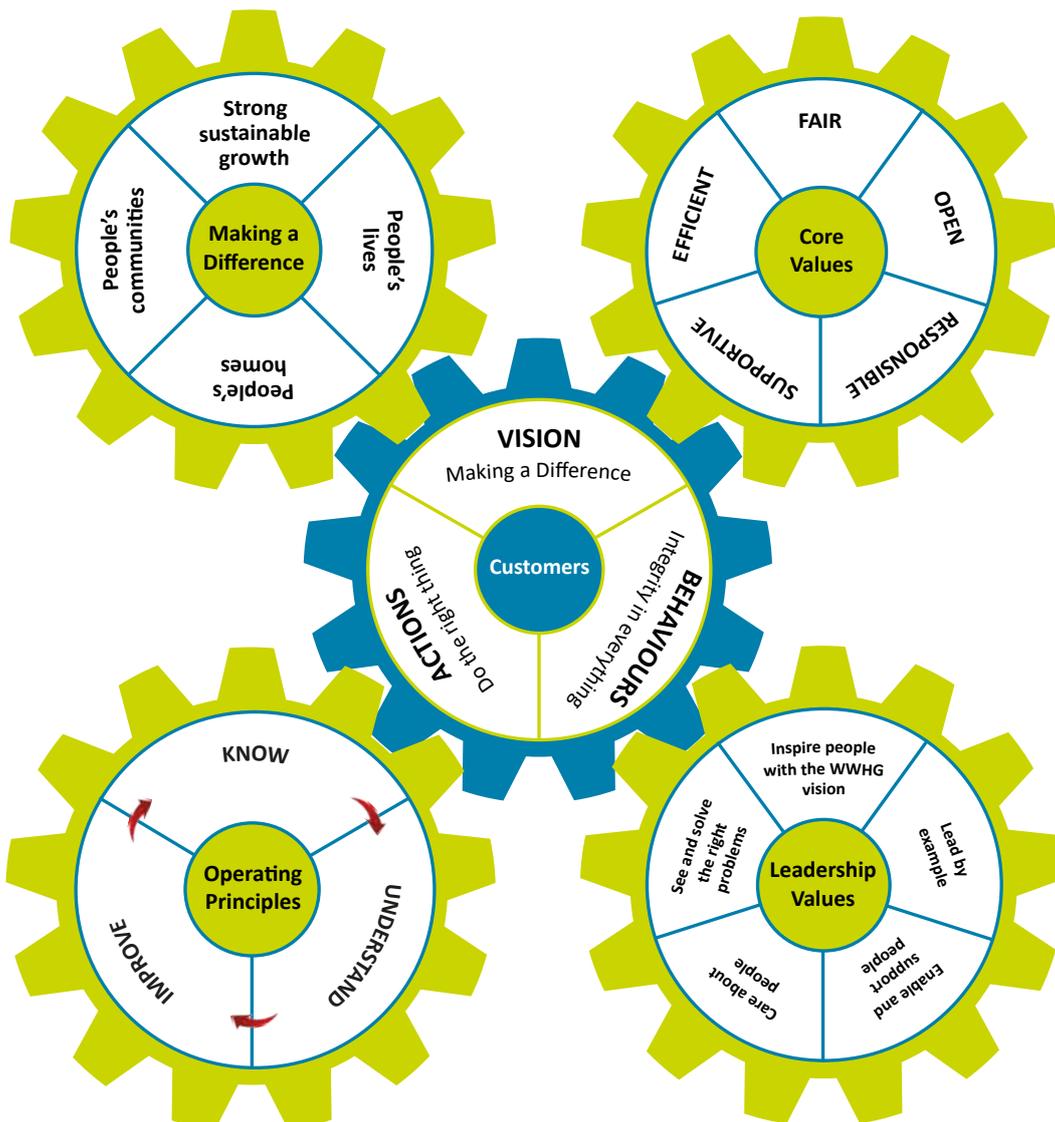
They act like our head, heart and hands; the vision we see that inspires us, the values we believe that drive our behaviour and the actions we take to do

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

We have made significant progress on our housing management system, built using Microsoft Dynamics, over the course of 2021. When we first installed this in 2019, the platform was designed to enable us to use the system to focus on payment plans with residents. Now our housing teams, who work out in our communities, have access to a personalised dashboard which shows both rent and tenancy management information. The tenancy management dashboard was introduced during the year and enables staff to understand in real time where all our cases are during the letting process, how they are being managed and, critically, gives all the teams involved the chance to work in the same environment, sharing the same data. Together with the rent dashboard, showing payment plans and arrears data, the system allows the housing team to see a joined-up picture of their patches and what problems need to be solved on any one day.

We have also made significant progress on our operating system for our domiciliary care and support subsidiary Castell Ventures, which is called Eden. The system had already been developed to allow all of our care and support staff to access rotas, care plans and other customer information whilst they operated in schemes and in customer's homes. 2021 has seen the introduction of further functionality which now enables the family and service users to look at care plans, risk assessments, daily notes and visits and also enables them to make their own notes. This makes it a fully joined-up system allowing real time viewing and updating of information.

We have also reshaped our customer service and emergency alarm offering during the year to run a more agile and flexible service. We have moved out of hours services and our alarm monitoring service to a third-party provider, whilst at the same time upgrading the fire alarm and door entry equipment at our schemes to be compatible with a remote monitoring service. This switch provides us with a strong platform as we move forward to build our digital offering to residents. It is clear from our latest residents' survey that the demand for digital services has increased during the pandemic, with more than

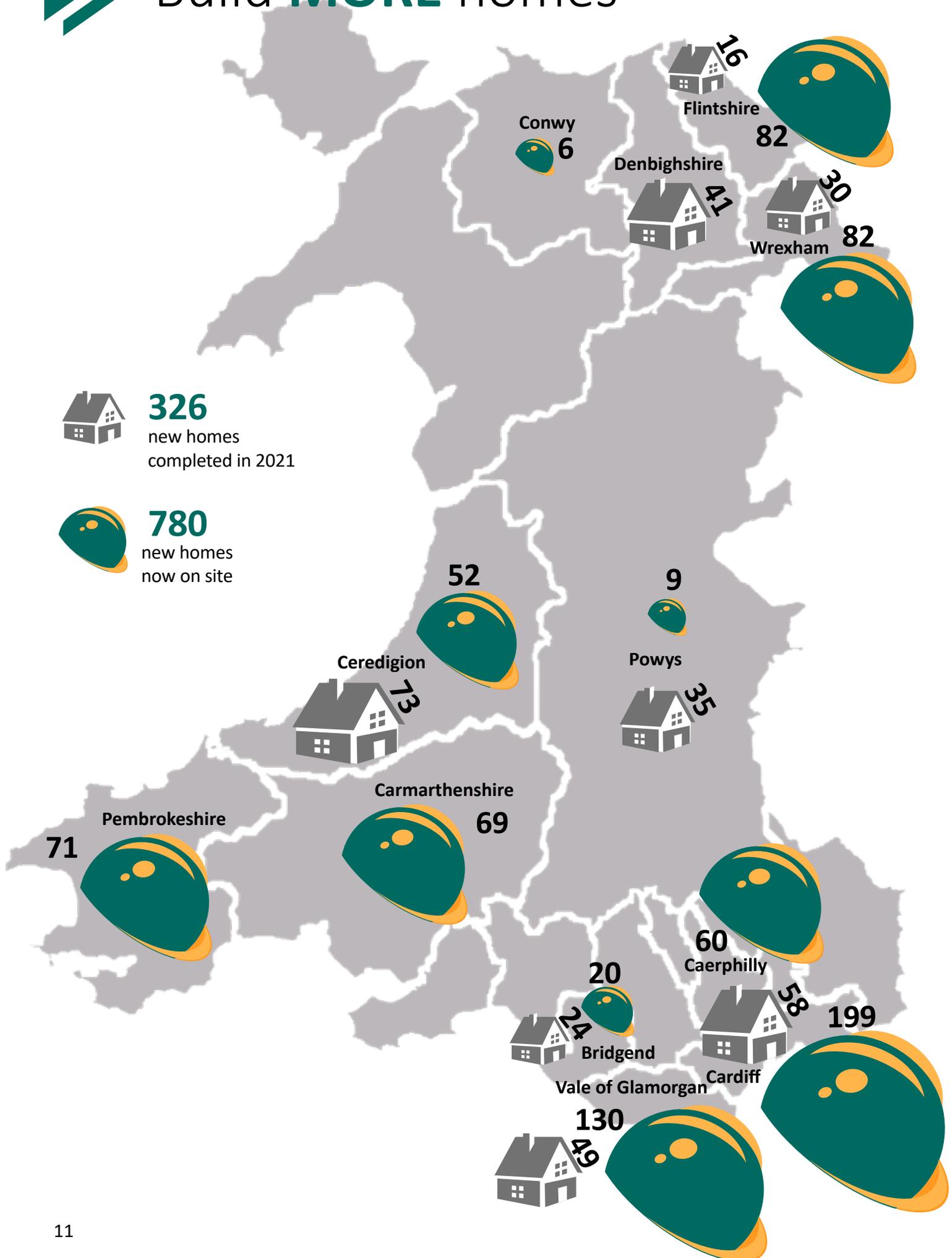
two thirds of residents using digital platforms in their daily lives, significantly up from when we last asked the question three years ago. We want digital to be one of the channels of communication with our residents, not the only one, in line with our approach to services which are tailored to resident needs. We will never want to feel like we have become the organisation that forces people to route their demand a certain way. We will work to improve our offering, not narrow it.

The final focus has been on the planning for the workforce of the future through our Grow Our Own project. We want to plan for the future and protect our culture so it doesn't change as our people change. We made a great start in 2021 and looking back we now have a cohort of 9 trainees that joined us at different points during the year and in our maintenance subsidiary, Cambria we had a further 16 new apprentices join us.





Build **MORE** homes



326
new homes
completed in 2021



780
new homes
now on site

2021 was one of the most challenging years on record for building new homes, with the construction industry hit by labour shortages, material price increases, planning delays, phosphates and revised flooding guidance. Despite this we were pleased to be able to deliver **326 NEW HOMES** during 2021, which included 309 homes for letting, 7 for market sale and 10 Low Cost Home Ownership (LCHO) homes. This was the highest number of new homes we had delivered in a single year for over two decades.

We are passionate about helping to solve the housing crisis in Wales. It is great that the Welsh Government are also passionate about this and they have committed over £1bn of social housing grant over the next three years to help build 20,000 new social rented homes. Our ambition to help with this is significant. We are currently **ON SITE BUILDING ANOTHER 780 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.

We will build in the right way. We want our homes to be as close to net zero as it makes sense for them to be. We want our homes to be easy for us to maintain, with great design which thinks about how our maintenance teams can look after these homes for many years. As well as that, we want our homes to be great places to live for our residents. That means they should be easy homes to live in and should come with really low energy bills because they have been built well, minimising air leakage, and being really warm. We have been monitoring our homes that we built in Rhiw Cefn Gwlad in Bridgend a couple of years ago that were built this way. Average electricity bills are very low and, for around a quarter of the homes at this development, they pay no electricity bill at all and actually receive a rebate for energy generated. This is what we aspire to moving forward.

Our priority will continue to be, as it always has been, providing social rented housing. We will also deliver other tenures where it helps with mobility in the housing marketplace and we will do all of this with our Welsh development partners, giving these SME businesses certainty of work and adding further value to Wales.



Sites where we are currently developing:

- 1. Our development of 45 new homes on the site of a former dairy in St Clears, Carmarthenshire*
- 2. Six new eco-homes on the former site of the United Reformed Church in Northop, near Mold, Flintshire*
- 3. Building work has begun on 34 energy efficient apartments for rent and office space for WWH and Cambria Maintenance Services at the former Cardigan Hospital*
- 4. Our development of 49 apartments for older people on the site of the former Blue Dragon Hotel in Cardiff*



INVEST in the right homes

Our stock rebalancing programme has continued to guide us on how we manage our assets. Where an asset is performing well, and is an area where we make a difference, then we will keep that asset and invest in it. This applies to the vast majority of our homes. Where an asset is performing well but is in an area where someone else is better placed to make a difference, then we will seek to dispose to another landlord. We have two small scale stock rationalisations in progress and these will come to an end in mid-2022. We expect there to be more of these in the future.

We also have homes which are unsuitable for those on lower incomes, which, because of their age or layout, are expensive to run. These were not purpose built social housing but homes that were purchased from the private sector in years gone by and we will continue to return these to the private sector, with a further 33 returned in 2021. To replace these assets we are seeking to buy back homes that we built, but which were then sold into the private sector under Right to Buy. We purchased 15 homes in 2021 and we will look to do many more in the coming years. The culmination of this programme will give us similar stock numbers but with much better and more suitable homes for our residents.

We continue to invest in our homes as, if nothing else, the pandemic has shown even more the importance of a home. Many people have spent more time in their home this year than ever before, so having a warm, safe, secure and pleasant place to call home has never been more important. Our investment means that our homes are safe for people to live in and they are safe for us to work in. Through 2021 we hit 99% safety compliance in all key areas, with particular progress being made in electrical testing compliance during the year. We invested £2.8m in electrical and fire safety related upgrades during 2021 as part of our ongoing commitment to do the right thing for residents. Our planned maintenance programmes, whilst not yet back to pre-pandemic levels, showed an increase in the volume of work undertaken in 2021, with a total spend of £9.7m as opposed to £6.4m in 2020. We were also able to get closer to normal levels of work on aids and adaptations. These are an important part of enabling residents to sustain their tenancies, making properties suitable for changing needs, and over 770 homes have benefitted from some form of adaptation in recent years.

The challenge for the housing sector over the coming years will be the decarbonisation of our properties. The scale of the problem is clear, with an average home using 3.2 tonnes of carbon every year in gas and electricity for all its energy use. The solutions are less clear, although pilot work continued to be carried out in the year trying various ways of retrofitting existing homes. We hope that the learning from these trials will inform the best route forward to decarbonisation, which will need supported by significant Welsh Government grant funding.





CARE for and improve WELLBEING

Our domiciliary care and support subsidiary Castell Ventures has continued to provide great services through the most challenging circumstances. Castell Ventures is a registered domiciliary support provider in North Wales, Powys and West Wales. The staff in Castell have carried on throughout the pandemic delivering care and support, meals and cleaning, 24 hours a day, every day of the week. During 2021, more than 300 people were supported to live independently. These support needs are broad, from those with learning disabilities and complex needs to older people, ex-offenders, and people who are homeless. What they have in common is that they are people that otherwise would or could not have lived independently and many would therefore have to stay in some form of institutional care. We helped people to cook, to shop, to plant vegetable gardens, to keep fit, to get a job and to start volunteering, amongst many other things. It is these small things that make such a difference to peoples' lives.

That also means we helped keep over 300 people safe from Covid. We have been extremely fortunate that we have had only a few incidents among staff and residents. We have been cautious and would not have achieved such an outcome if it had not been for the diligence and consideration of our staff. The same is true for vaccinations where we have had a really high level which has also made the difference.

We delivered two new extra care schemes in 2021, one in Aberystwyth and one in Holywell. Together they provide over 100 apartments for people of all ages living in some of the best supported housing available. These add to our three existing 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 now provide the domiciliary



care services at two of our five Extra Care schemes, and the catering services at restaurants in all of the 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.

We continue to focus on isolation and loneliness. The most recent research in Wales shows that 17% of the Welsh population is lonely, with young people more represented than older people. We asked some questions in our most recent residents' satisfaction survey that we completed in 2021 about loneliness and isolation and 21% of our residents said they were lonely often or always. Unfortunately, of those people that said they were lonely, 75% were unaware of local groups, activities or support that was available. We continue to work on the two problems to be solved, firstly ensuring there are opportunities for people to connect and secondly in getting people to access those opportunities. We have worked with befriending services and organised groups run by charities, as well as directly contacting residents to understand their needs and to provide support.



Tackle HOMELESSNESS

The Welsh Government laid down a challenge to the housing sector back in 2019 which was for all social landlords to pledge to work towards no (or as few as possible) evictions into homelessness from social housing. We believe that the pledge came from the example set by us, showing that this could be done. When the pandemic started, it showed the homelessness crisis in a more visible way than it had ever been seen before. In rising to the challenge, and using our approach, we only evicted one person in 2021, having only evicted one person in 2020. There will be times when an eviction is the right thing to do, when a resident refuses to abide by the rules and does not pay their rent and continually annoys their neighbours. In those cases we will take back the home and evict, but we will not do it just on a whim. Eviction is the sanction of last resort.

Once we have let our homes, we want people to stay in their homes for as long as they wish. This is what distinguishes us from private rented housing in that we provide a place where people can make themselves a home. We don't just rent a house or a flat, we allow residents to make a home. Our focus is on helping people when they first move in and helping them when difficulties arise, such as struggling with the rent. This has meant our tenancy turnover has reduced in recent years from around 10% to around 8%. Not evicting large numbers of people helps, as well as supporting people in the many ways we do. We provided in the order of 50,000 hours of support to residents last year, which is what helps us get the levels of satisfaction we do, and which helps people maintain their tenancies and reduces evictions to the lowest level possible.

More broadly, we continue to work alongside Welsh Government and others on the rapid rehousing model. People were moved quickly off the streets at the start of the pandemic, but mainly into hotel rooms. This was never sustainable in the long term and the rapid rehousing model is 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. Progress is challenging as the work has highlighted the mismatch between the available social housing stock across Wales and the housing needs of many people who are homeless. 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.





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.

3.25%

Weighted average cost of capital
(2020: 3.34%)



£2,547,000
VAT savings since incorporation



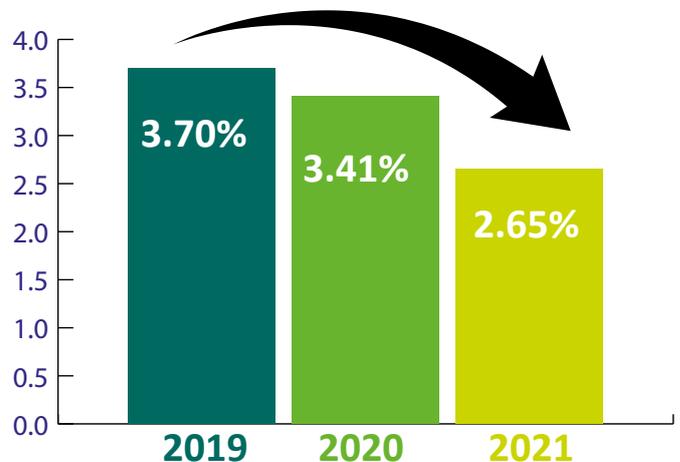
£1,546,000
Savings in 2021
(2020: £1,198,000)

We monitor our operating, management, and repair costs per unit over time, after adjusting for inflation based upon the Retail Price Index (RPI). In 2021, our cash operating costs per unit rose compared to 2020 due to an increase in the level of repairs carried out following the easing of restrictions imposed during 2020 in relation to the pandemic.

£2,911

Real operating costs per unit
before major repairs
(2020: £2,841)

RENT ARREARS



We implemented our new housing management system in 2019 with a focus on payment plans and getting to residents quickly when they do not pay their rent. We do this in the right way, not by threatening people or sending them nasty letters but by talking to them, listening to them and helping them. For a few people there are some stern words making clear the consequences, but in general we are there to help with a tailored service. No one wants to be in debt. The results of our approach are clear in the reduction in our arrears and this was all achieved without resorting to evictions.

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
(2020: 9.4)

9.3

Planned maintenance
(2020: 9.1)

9.3

Service during the lettings process
(2020: 9.3)

6.5

Handling of anti-social behaviour
(2020: 6.1)

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	55%	31%	5%	6%	4%
The overall quality of your home	56%	30%	3%	6%	5%
Dealing with repairs and maintenance	61%	22%	4%	7%	6%
Neighbourhoods as a place to live	57%	26%	4%	5%	9%
Rent providing value for money	58%	30%	5%	4%	3%
Listening to residents' views and acting on them	48%	29%	8%	8%	7%
Providing a home that is safe and secure	70%	22%	3%	3%	2%
Dealing with anti-social behaviour	45%	23%	11%	11%	10%
Your Association giving you a say in how services are managed	43%	30%	11%	8%	8%
Opportunities given to you to participate in your Association's decision making processes	37%	29%	19%	6%	9%
Residents' trust of the Association	56%	26%	10%	4%	3%
Service charge providing value for money	43%	28%	10%	9%	11%

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.

Every £1 spent on our development and maintenance contracts generated

£1.69

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



Helping our communities

In 2021 we donated £207k to our communities through sponsorship and grants to support over 50 projects and initiatives across Wales. Through our funding we have helped those in hardship, provided improved access to local facilities and helped people stay connected with family, friends and their local communities. We have helped make a difference to people's lives, homes, communities and wellbeing during a time when this became even more important than usual.



In Cardiff we provided funding to Fit and Fed, a multi-agency project to help 740 disadvantaged young people to engage in physical activity while reducing hunger, loneliness and isolation. Our contribution to cover the cost of food ensured participants were provided with a nutritious lunch at the sessions which ran during the 2021 school holidays.

Helping people furnish their home

After a successful partnership with the charity Boomerang in 2020 we pledged an annual £10,000 for each of 2021, 2022 and 2023 in our first strategic partnership of this kind. The funding allows the charity to focus on the needs of the community in providing free or low cost essential furniture to people moving into their first homes.



Boomerang collects furniture and clothes from individuals or house clearances and reuses them. They also work with businesses to recycle new and returned shop items through a new low-cost furniture outlet.

Working in partnership in our communities

We continue to work with our supply chain partners to support environmental and educational initiatives within our communities. Several projects throughout 2021 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 that have improved the environment and wellbeing of our residents and their local communities.



A new outdoor area is making a difference to pupils at Ysgol Bro Ingli in Newport, Pembrokeshire. We funded a fence installed by our contractors Jamson so that the school could create an outdoor 'classroom' closed off for safety. It provides a much-needed space to boost children's mental health and wellbeing allowing them to learn through play and gardening.

Extra Care, Extra Connections

Improving the health and wellbeing of our residents continued to be one of our key focus areas throughout 2021. One of the areas we found we could make a difference was helping people feel connected with both past and present. In our two new extra schemes, Plas yr Ywen in Holywell and Maes Y Môr in Aberystwyth, we purchased ipads for all residents which has allowed them to use them in a variety of ways to boost their wellbeing whether it be reading, playing games or making video calls to friends and family. We also installed Rempods in all our extra care schemes which recreate familiar environments and provide a stimulating surrounding for those living with degenerative illnesses such as dementia.



With Rempods, residents are able to immerse themselves in famous train journeys using a specially created environment complete with TV screens, railway carriages and railway platforms.

Financial performance

The financial statements are prepared in accordance with the Housing Statement of Recommended Practice (SORP 2018) & Financial Reporting Standard 102 (FRS 102). An analysis of our results, both surplus and free cash flow, is shown in the table below:

Analysis of Surplus	2021	2020	Free Cash Flow	2021	2020
	£m	Restated* £m		£m	Restated* £m
Turnover	71.7	68.4			
Less: Amortisation	(3.2)	(2.9)			
Net Turnover	68.5	65.5			
Cash operating costs	(38.4)	(34.6)			
EBITDA	30.1	30.9	EBITDA	30.1	30.8
EBITDA %age	44%	47%	Component replacements	(4.4)	(3.6)
Major repairs expenditure	(5.3)	(2.8)	Major repairs	(5.3)	(2.8)
Depreciation less amortisation	(9.4)	(8.7)	Property reinvestment	(9.7)	(6.4)
Surplus on sale of fixed assets	1.2	1.1	Loan interest	(9.7)	(8.8)
Impairment	-	(0.7)	Capital expenditure	(3.0)	(1.2)
Operating surplus	16.6	19.8	Pension costs	(0.9)	(1.2)
Loan interest	(9.6)	(8.9)	Working capital movements	0.1	0.7
Capitalised interest	1.0	1.2			
Accounting movements	(0.1)	0.0			
Surplus for the year	7.9	12.1	Free cash inflow	6.9	13.9

* See note 6 for detail of the restatement of the prior year balance.

Association turnover **↑ 5%**

£71.7 million

EBITDA
44%
of turnover
(2020: 47%)



Our turnover increased by £3.3 million from £68.4 million in 2020, 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, we delivered over 300 new homes in 2021. This was our largest development programme for over two decades and contributed to our increase in rental income.

Our EBITDA percentage (which we call Cash Operating Surplus), fell from 47% to 44% in 2021 as a result of increased maintenance expenditure as pandemic restrictions eased. Our reported Operating Surplus fell £3.2m as our major repairs of £5.3m, which we treat as part of our property reinvestment spend, were significantly higher than the previous year, which was due to pandemic restrictions easing, increasing the amount of works conducted.

Our interest cost was £9.6 million compared to £8.9 million as we increased our borrowings. This continues our trend in recent years of taking advantage of low long-term interest rates available in the marketplace which provides greater certainty in our future business plans.

Average interest
3.25%
(2020: 3.34%)



Our average interest rate was 3.25% (2020: 3.34%) and our debt comprised 96% (2020: 96%) bearing interest at fixed rates, 3% (2020: 3%) with variable interest rates and 1% (2020:1%) with index-linked rates. We comfortably met our interest cover and gearing covenants for our bank loans in both 2021 and 2020. At 31 December 2021, the Association held £66.6 million (2020: £17.4 million) in cash and cash equivalents and had in place £70 million of confirmed bank facility to call upon. A further drawdown from our private placement is available in June 2022.

Our bottom line surplus decreased from £12.1m to £7.9m in the year and our reserves in the balance sheet increased from £89.3m to £98.3m, after considering accounting movements on the defined benefit pension scheme of £1.2m reported in the other comprehensive income statement.

Association free cash flow

Our principal financial metric is the free cash generated by the Association. In 2021, free cash inflow decreased to £6.9 million from the £13.9 million generated last year. This is disclosed in the statement of cash flows as required under the Welsh Government accounting determination. This reduction is due to the increase in the cash reinvested in our property portfolio, with £9.7 million spent in 2021 compared to £6.4m in 2020. This was made up of component replacements of £4.4 million (2020: £3.6 million) together with major repairs of £5.3 million (2020: £2.8 million). These increases were driven by the relaxation of Covid related lockdowns and social distancing measures experienced in 2020 which resulted in a lower level of investment than was expected. We also increased capital expenditure, rising from £1.2m in 2020 to £3.0m in 2021.

Development spending
£38 million
(2020: £42 million)



During 2021, £38 million (2020: £42 million) was spent on developing new homes. The impact of the Covid-19 pandemic was again felt during the year. We concluded the year with £746 million (2020: £707 million) in fixed assets and borrowings of £302.7 million (2020: £274.6 million).

Group structure

The Group comprises the parent Association and four 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 1,500 new homes over the next five years.

During the year Enfys achieved a turnover of £29.1m (2020 - £34.3m) and made a profit of £0.3m (2020 - £0.3m).



Castell Homes manages our development of homes for sale, with three homes having been completed for sale to date.

There are two homes sold subject to contract as at December 2021 (as at 31st December 2020: 3 homes on site for sale) and the number of homes for sale will be expanded in the future if suitable opportunities arise.

During the year Castell Homes generated turnover of £1.4m (2020 - £nil) and made a profit of £0.01m (2020 – loss of £0.04m).





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 £13.4m (2020 - £11.0m) and made a profit of £1.6m (2020 - £1.2m). Turnover has grown since the prior year as a number of trading activities were curtailed during 2020 due to the pandemic, with less of an impact seen in 2021.

Castell Ventures operates as Castell Care and Support and is a registered care provider, providing services at two of our Extra Care schemes and at a range of smaller schemes in North, Mid 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 five Extra Care schemes in north, west and mid Wales.

During the year Castell Ventures achieved a turnover of £4.4m (2020 - £2.4m) and made a small profit of £0.016m (2020 - £0.025m 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.

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 Welsh Government with Registration Number L032.



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 regulatory 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 Assurance and Performance and Corporate Plan updates which also embraces new challenges and opportunities. 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.

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.



Throughout 2021 all meetings of the Board took place virtually to ensure the safety of Members and Officers as the pandemic persisted.

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 to 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 BME and disabled.

Term of office

Members are elected at the Annual General Meeting for a three-year term

Board Members may serve for a maximum of three consecutive terms



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.

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;

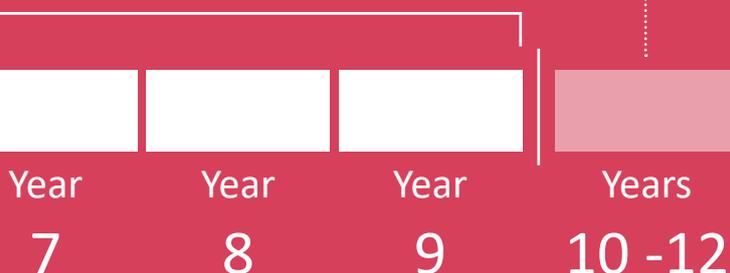


abide by the Association's rules and code of governance; and



handle the appointment and dismissal of the Chief Executive.

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 of management

Alex Ashton

Chair of the Board



Board attendance
✓✓✓✓✓✓✓✓

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.

Ivor Gittens



Board attendance
✓✓✓✓✓✓✓✓

Ivor was co-opted to the Board in 2019 and elected to the Board in 2021. 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.

John McPeake

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



Board attendance
✓✓✓✓✓✓✓✓

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.

Peter Harding



Board attendance
✓✓✓✓✓✓✓✓

Peter filled a casual vacancy on the Board in 2019 and was elected to the Board in 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.

Ian Anderson



Board attendance
✓✓✓✓✓✓✓✓

Ian was co-opted to the Board in 2020 and elected to the Board in 2021. 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.

Sarah Porter



Board attendance
✓✓✓✓✓✓✓✓

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, working as Partner and Head of Litigation at RDP Law. 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.

Jemma Bere



Board attendance
✓✓✓✓✓✓✓✓

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.

Christine Salter



Board attendance
✓✓✓✓□✓✓✓

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.

Ruth Eley



Board attendance
✓✓✓✓✓✓✓✓

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.

Kathy Smart

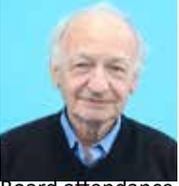


Board attendance
✓✓✓✓✓□✓✓

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 diversity

Kevin Taylor



Board attendance



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.

Joy Williams



Board attendance



Joy initially filled a casual vacancy on the Board in 2018 and was elected 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.

Key

- Attended
- Did not attend, but sent apologies

Resignations

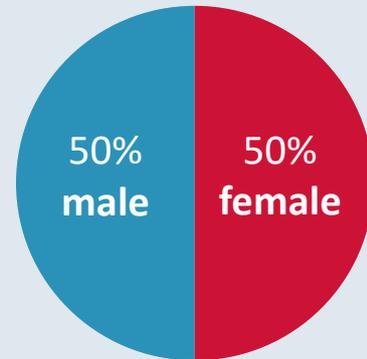
There were no resignations

Retirements

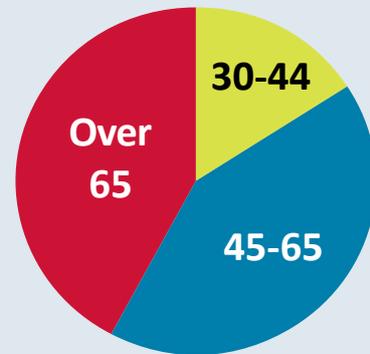
When a Board member has served for nine years, they retire from the Board

Mrs R Fleri (retired 17 June 2021)

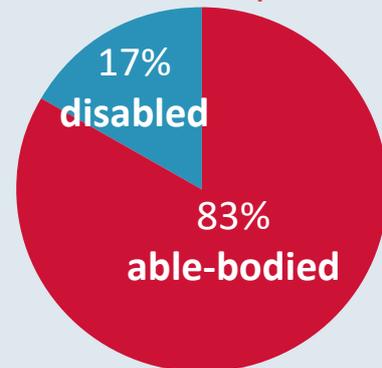
Gender



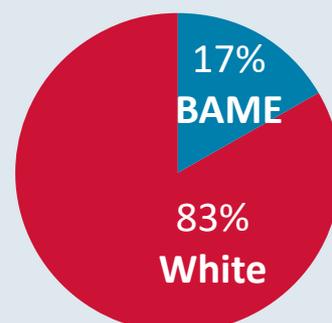
Age



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 Audit and Risk 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 sufficient 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 Association 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 West Wales staff volunteered their time to help complete improvements and keep areas clean and tidy at the King George V playing fields, a well-used park in Newcastle Emlyn.



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 of 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 and ways of working have allowed us to continue to collect more rent and reduce our arrears. The system tells us how much the resident is paying and how much comes from the benefits 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, and maximise our grant income.	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.	LOW 
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. We have clear disaster recovery and business continuity plans, which worked well during the pandemic. 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.	LOW 
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 the Group 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 in a variety of senior leadership roles in housing, construction and maintenance.



Stuart Epps

Executive Director (Finance and Development)

Stuart joined the Group in 2011 and became Executive Director (Finance and Development) 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 (Corporate Strategy & Services)

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 (Corporate Strategy & Services) at the beginning of 2020.

Audit & Risk Committee

Board Members



John McPeake
Chair of Audit & Risk Committee

Attendance



Peter Harding

Attendance



Christine Salter

Attendance



Kevin Taylor

Attendance



Ruth Eley

Attendance

Independent Members



Julie Wilson-Thomas

Attendance



Lisa Lake

Attendance

Key

- Attended
- Did not attend, but sent apologies

Resignations

Mr D. Pritchard resigned as an Independent Member in March 2022.

Formerly known as the Probity & Audit Committee, 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 enable it to effectively undertake its role and responsibilities.

Responsibilities

The Audit & Risk Committee is a sub-committee of the WWH Group Board, set up to help the Board fulfil its responsibilities. The Committee is responsible for providing the Board with assurance by bringing independent scrutiny and challenge to any matter within its remit, as determined by the WWH Group Board. This includes oversight of:

- internal controls and risk management processes; and
- internal and external audit functions.

Internal audit

The Internal Audit service is provided by a small in-house team, led by an Internal Audit Manager who is a qualified member of the Institute of Chartered Accountants in England and Wales and who has many years of audit experience, both internal and external. In October 2021, the Internal Audit service was strengthened by the appointment of an experienced Internal Auditor who is a member of the Chartered Institute of Internal Auditors.

Internal audit has unrestricted rights to access all documents, records and information, and no limitations are placed on the scope of work.

During 2021 as in previous years, Internal Audit work has been undertaken in accordance with a forward programme of work approved by the Audit & Risk Committee. An exercise was completed to update the audit universe from which audit activities are drawn to enable it to be more closely linked to the Board Assurance Framework. This work will assist the Committee in assessing the level of internal audit assurance provided across defined risk areas and activities.

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 were agreed with management and presented to the Committee for approval, after which the Committee received 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.

Other

Following a Special meeting held in March 2021, the Committee's terms of reference were updated to expand its role to cover the subsidiary companies and to better reflect its current role in relation to Governance and Assurance. The Committee was also re-named to Audit & Risk Committee (previously Probity & Audit Committee).

The Committee receives regular reports from the Governance Manager on relevant matters as

outlined in the table. The Committee held a virtual away day in September at which time members received feedback on the results of their team effectiveness appraisals.

The Committee produces an annual report to the Board summarising its activities and the internal audit opinion.

May 2021

October 2021

January 2022

Review of thematic internal audit reports:

- Charging the right rent
- Development hand-over processes and controls
- Overview of activities carried out by Castell Ventures
- Cambria payroll
- Lift servicing
- Playgrounds

Update on progress with implementing internal audit actions

Forward programme of internal audit work

Private meeting with internal auditor

Review of Group External audit management letter for the year ended 31 December 2020

Private meeting with external auditor

Pre-Board review of 2020 annual report and financial statements

Review of annual statement of compliance

Governance review – action plan implementation update

Review of thematic internal audit reports:

- Treasury Management
- Rent- payment plans
- WHQS

Update on progress with implementing internal audit actions

Forward programme of internal audit work

Approval of external audit plan

Governance review – action plan implementation update

Review of thematic internal audit reports:

- GDPR update
- Major works
- Health & Safety update
- Board Assurance Framework - Controls and Assurances
- Annual internal control self-certification

Update on progress with implementing internal audit actions

Forward programme of internal audit work

Private meeting with internal auditor

Review of the 2021 interim external audit letter

Governance review - action plan implementation update

Annual report on compliance with regulatory requirements

Presentation from Director of Safety and Compliance on Health and Safety control framework

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 2021 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

In 2021 Engage Cymru received a donation from the WWH Board. The organisation supports gallery education in Wales and plays an important role in supporting gallery and museum educators, teachers, local authority officers and artists throughout the country.



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 lesser impact on the activities of the Group in 2021 than it did in 2020. The Group developed ways of working and safe working protocols that enabled the majority of normal activities to continue. The only significant impact was on property reinvestment works, which would have involved significant time in residents' homes, and which understandably some residents were reluctant to allow to happen. The Board has continued to provide leadership and oversight, and has been regularly updated on service delivery, operational performance and financial risk. 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 26 May 2022 and signed on its behalf by:



Mr Alex Ashton
Chair of the Board

Auditor's report

for the year ended 31 December 2021

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 2021 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 2021 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 Direction for Private Registered Providers of Social Housing 2019.

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 page 39, 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 website 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 Direction for Private Registered Providers of Social Housing 2019, 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

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

26 May 2022

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	GROUP		ASSOCIATION	
		2021 £'000	Restated* 2020 £'000	2021 £'000	Restated* 2020 £'000
Turnover	2	73,560	69,258	71,704	68,381
Operating expenditure	2	(58,106)	(49,887)	(56,318)	(49,072)
Surplus on sale of fixed assets	5	1,221	1,147	1,221	1,147
Impairment	1b	-	(738)	-	(738)
Operating surplus	4	16,675	19,780	16,607	19,718
Interest receivable	7	70	94	184	211
Interest payable	8	(8,828)	(7,926)	(8,828)	(7,926)
Financing – pension deficit	29	74	(20)	74	(20)
Movement in fair value of investments	15	(143)	127	(143)	127
Surplus before tax		7,848	12,055	7,894	12,110
Taxation	9	(32)	(19)	(31)	(18)
Surplus for the year		7,816	12,036	7,863	12,092
Other comprehensive income					
Actuarial gain/(loss) in respect of defined benefit pension scheme	28, 29	1,151	(991)	1,151	(991)
Total comprehensive income for the year		8,967	11,045	9,014	11,101

All of the above results are derived from continuing operations.

*See note 6 for detail of the restatement of the prior period balance.

Consolidated Statement of Changes in Reserves

for the year ended 31 December 2021

	GROUP		ASSOCIATION	
	2021 Total reserves £'000	Restated* 2020 Total reserves £'000	2021 Total reserves £'000	Restated* 2020 Total reserves £'000
At 1 January, as previously stated	89,097	71,183	89,262	71,292
Prior year adjustment (see note 6)	-	6,869	-	6,869
At 1 January, restated	89,097	78,052	89,262	78,161
Surplus from statement of comprehensive income	8,967	11,045	9,014	11,101
At 31 December	98,064	89,097	98,276	89,262

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

*See note 6 for detail of the restatement of the prior period balance.

Consolidated Statement of Financial Position

at 31 December 2021

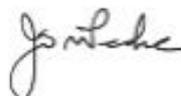
		GROUP		ASSOCIATION	
	Notes	2021	Restated* 2020	2021	Restated* 2020
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing land and buildings – gross cost	12	850,574	804,950	848,638	803,476
– depreciation	12	(141,004)	(132,339)	(141,004)	(132,339)
		709,570	672,611	707,634	671,137
Other tangible fixed assets	13	17,968	16,387	17,875	16,315
Fixed asset investments					
HomeBuy and LCHO loans receivable	14	12,286	12,123	12,286	12,123
Other investments	15	7,716	7,800	7,716	7,800
Total fixed assets		747,540	708,921	745,511	707,375
Current assets					
Stock	16	1,886	3,409	1,549	1,790
Trade and other debtors: amounts falling due within one year	17(a)	5,951	6,112	9,146	10,620
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	27,082	27,856	27,207	27,916
Cash and cash equivalents		71,384	22,530	66,606	17,360
		106,303	88,032	104,508	85,811
Current liabilities					
Creditors: amounts falling due within one year	19	(23,193)	(21,805)	(19,169)	(17,884)
Social housing and other government grants: amounts falling due within one year	21	(2,987)	(2,749)	(2,987)	(2,749)
Net current assets		80,123	63,478	82,352	65,178
Total assets less current liabilities		827,663	772,399	827,863	772,553
Non-current liabilities					
Creditors: amounts falling due after more than one year	20	(361,398)	(326,446)	(361,398)	(326,446)
Social housing and other government grants: amounts falling due after more than one year	21	(354,741)	(341,613)	(354,741)	(341,613)
Defined Benefit Pension liability	28, 29	(13,343)	(15,162)	(13,343)	(15,162)
Provisions for liabilities	24	(117)	(81)	(105)	(70)
Total net assets		98,064	89,097	98,276	89,262
Capital and reserves					
Called-up share capital	25	-	-	-	-
Total reserves		98,064	89,097	98,276	89,262
Total capital and reserves		98,064	89,097	98,276	89,262

* See note 6 for detail of the restatement of the prior year balance.

The financial statements on pages 45 to 80 were approved by the Board on 26 May 2022 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 2021

	GROUP		ASSOCIATION	
	Restated*		Restated*	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Operating surplus	16,675	19,780	16,607	19,718
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	12,609	11,629	12,594	11,618
Government grants utilised in the year	(3,199)	(2,924)	(3,199)	(2,924)
Surplus on sale of fixed assets	(1,221)	(1,147)	(1,221)	(1,147)
Impairment	-	738	-	738
Working capital movements:				
Decrease/(increase) in stock	1,523	(815)	241	(189)
(Increase)/decrease in trade and other debtors	(376)	1,513	(244)	2,046
(Decrease)/increase in trade and other creditors	(703)	(357)	193	(1,116)
Pension deficit cash contributions paid	(1,751)	(1,716)	(1,751)	(1,716)
Net cash generated from operating activities	23,557	26,701	23,220	27,028
Interest received	166	179	163	177
Interest and mortgage fees paid	(10,008)	(9,056)	(9,894)	(8,949)
Difference between pension costs charged in operating surplus and pension cashflows	830	539	830	539
Taxation paid	(13)	(13)	(13)	(13)
Purchase of other replacement fixed assets	(3,001)	(1,233)	(3,001)	(1,205)
Adjustments for reinvestment in existing properties:				
Component replacements	(4,408)	(3,634)	(4,408)	(3,634)
Free cash generated before and after loan repayments	7,123	13,483	6,897	13,943
Cash flow from investing activities				
Purchase and development of properties	(38,546)	(43,434)	(37,927)	(41,810)
Exceptional pension charge	-	(141)	-	(141)
Proceeds of sale of LCHO properties (note 5)	1,669	2,645	1,669	2,645
Proceeds of sale of land and other housing properties (note 5)	3,085	2,958	3,085	2,958
Proceeds of sale of other fixed assets	1	2	-	-
Decrease/ (increase) in amounts invested in subsidiaries	1,498	(1,460)	1,498	(1,460)
Grants received	17,903	19,221	17,903	19,221
Cash flow from financing activities				
New secured loans and use of revolving credit facilities	56,121	(2,910)	56,121	(2,910)
Net increase in cash and cash equivalents	48,854	(9,636)	49,246	(7,554)
Cash and cash equivalents at the beginning of the year	22,530	32,166	17,360	24,914
Cash and cash equivalents at the end of the year	71,384	22,530	66,606	17,360

* See Note 6 for detail of the restatement of the prior year balance.

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 (Welsh Government 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.

Notes to the financial statements

for the year ended 31 December 2021

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 Group 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 Group considers whether indicators of impairment exist in relation to 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.

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 most recently updated business plan. The Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the

current economic environment. Based on these assessments, given the measures that could be undertaken to mitigate the current economic 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 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 property 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.

1 Principal accounting policies (continued)

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 capitalised 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	10-25
Site equipment – door entry systems	10-15
Site equipment – other	3-10
Commercial and other buildings	up to 60

Assets relating to software are stated at cost less accumulated amortisation. The cost includes the purchase price of software together with the direct cost of individuals' time spent developing and integrating the software.

ICT Staff time is analysed as projects are ongoing to ensure the accuracy and completeness of time capitalised. Capitalised time is assigned the same useful economic life as the underlying software.

If any indicators of impairment are identified, impairment is assessed based on the gross cost of each item of software, inclusive of staff costs incurred in development and integration.

Capitalised interest

Interest on loans financing developments is capitalised up to the date of completion of the scheme. This represents a change in accounting policy, the effects of which are set out in note 6.

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

Where 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 "Running the Business" system for running the core operations of the organisation. Tenancy management services represents the costs of the Association's "Letting homes" 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 systems are "Fix my home" and "Property compliance" for administering repairs to properties and keeping them safe, the costs of which are split between routine maintenance, major repairs expenditure and management of component replacement in the detailed 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, as well as the cost of running the "Health and safety" and "Information systems and data security" systems. Central overheads are allocated based upon the utilisation of key personnel within each area.

Notes to the financial statements

for the year ended 31 December 2021

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			GROUP		
				Restated*		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	67,917	(52,333)	15,584	65,106	(45,591)	19,515
Other furlough income	-	-	-	685	(685)	-
Other social housing activities						
Surplus on sale of fixed assets	-	-	1,221	-	-	1,147
Impairment	-	-	-	-	-	(738)
Non-social housing activities						
Lettings	52	(52)	-	94	(95)	(1)
Other	2,228	(2,361)	(133)	1,709	(1,837)	(128)
Care and support	3,363	(3,360)	3	1,664	(1,679)	(15)
Total	73,560	(58,106)	16,675	69,258	(49,887)	19,780

	ASSOCIATION			ASSOCIATION		
				Restated*		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	67,917	(54,167)	13,750	65,106	(47,117)	17,989
Other social housing activities						
Gift Aid	1,834	-	1,834	1,526	-	1,526
Surplus on sale of fixed assets	-	-	1,221	-	-	1,147
Impairment	-	-	-	-	-	(738)
Non-social housing activities						
Lettings	52	(52)	-	94	(95)	(1)
Other	1,901	(2,099)	(198)	1,655	(1,860)	(205)
Total	71,704	(56,318)	16,607	68,381	(49,072)	19,718

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

*See note 6 for detail of the restatement of the prior period balance.

2 Analysis of turnover and costs (continued)

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

	GROUP & ASSOCIATION			Restated* 2020 total £'000
	General needs and sheltered housing £'000	Supported housing £'000	2021 total £'000	
Income				
Rent receivable	57,902	1,419	59,321	56,807
Service charge income	5,381	-	5,381	5,168
Grant income for support services	-	16	16	113
Furlough income	-	-	-	95
Amortisation of social housing and other government grants	3,199	-	3,199	2,923
Turnover from social housing lettings	66,482	1,435	67,917	65,106
Operating costs				
Management of operations	(6,104)	(100)	(6,204)	(5,897)
Tenancy management services	(6,326)	(104)	(6,430)	(5,858)
Service charges	(6,583)	-	(6,583)	(6,141)
Routine maintenance	(14,032)	(230)	(14,262)	(11,198)
Major repairs expenditure	(6,403)	(105)	(6,508)	(3,972)
Management of component replacement	(1,262)	(21)	(1,283)	(1,620)
Bad debts	(32)	(1)	(33)	(309)
Depreciation of housing properties	(10,936)	(179)	(11,115)	(10,306)
Costs of scheme closure	-	-	-	-
Development and other costs	(1,721)	(28)	(1,749)	(1,816)
Operating costs on social housing lettings	(53,399)	(768)	(54,167)	(47,117)
Operating surplus on social housing lettings				
- Association	13,083	667	13,750	17,989
Gift Aid Adjustment (Note 2a)	1,834	-	1,834	1,526
Operating surplus on social housing lettings				
- Group	14,917	667	15,584	19,515
Memorandum information:				
Rent foregone due to properties being vacant	833	19	852	850

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

*See note 6 for detail of the restatement of the prior period balance.

Notes to the financial statements

for the year ended 31 December 2021

2 Analysis of turnover and costs (continued)

(c) Analysis of income and expenditure

		ASSOCIATION				
	2020	2021	Subsidiary	Analysis of non-	Allocation	2021
	management	management	donations	social housing	of central	total
	accounts	accounts	to parent	activities	costs	
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable	56,685	59,178	-	143	-	59,321
Service charge income	6,114	6,497	-	(1,116)	-	5,381
Furlough income	95	-	-	-	-	-
Supporting people income	113	16	-	-	-	16
Sundry income	671	635	-	(635)	-	-
Amortisation	-	-	-	-	3,199	3,199
Gift Aid	-	-	1,834	-	-	1,834
Non-social housing lettings	-	-	-	52	-	52
Non-social housing other activities	-	-	-	1,901	-	1,901
Turnover	63,678	66,326	1,834	345	3,199	71,704
Operating costs						
Management of operations services	-	-	-	-	(6,204)	(6,204)
Service charge cash costs	(5,033)	(5,390)	-	862	(1,604)	(6,132)
Service charge depreciation	(433)	(465)	-	14	-	(451)
Routine maintenance	(9,448)	(11,682)	(1,290)	-	(1,290)	(14,262)
Major repairs and cyclical maintenance	(2,822)	(5,313)	(256)	-	(939)	(6,508)
Management of component replacement	-	-	-	-	(1,283)	(1,283)
Bad debts	(309)	(33)	-	-	-	(33)
Depreciation of housing properties	(10,231)	(11,114)	-	-	-	(11,114)
Development and other costs	-	-	(288)	-	(1,461)	(1,749)
Staff costs (excl. site staff)	(13,448)	(14,787)	-	-	14,787	-
Overheads	(4,615)	(4,341)	-	-	4,341	-
Other depreciation	(878)	(1,014)	-	-	1,014	-
Amortisation	2,923	3,199	-	-	(3,199)	-
Non-social housing lettings	-	-	-	-	(52)	(52)
Non-social housing other activities	-	-	-	(1,221)	(879)	(2,100)
Operating costs	(44,294)	(50,940)	(1,834)	(345)	(3,199)	(56,318)
Surplus on sale of fixed assets	1,147	1,221	-	-	-	1,221
Impairment	(738)	-	-	-	-	-
Operating surplus	19,793	16,607	-	-	-	16,607

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	
	2021 £'000	2020 £'000
Aggregate emoluments of executive officers, excluding pension contributions	681	668
Aggregate emoluments of Board Members	58	67
Emoluments of highest paid director (Group Chief Executive), excluding pension contributions	168	165
Pension contributions in respect of executive officers	48	47

Retirement benefits are accruing under defined benefit schemes (note 28). The Group Chief Executive received payment in lieu of pension contributions of £35,996 (2020: £37,354). 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	
	2021	2020
£0 – £9,999	12	13
£110,000 – £119,999	-	2
£120,000 – £129,999	3	1
£140,000 – £149,999	1	1
£160,000 – £169,999	1	1

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Expenses reimbursed to directors not chargeable to UK taxation	2	4

3 Directors and employees (continued)

(b) Employee information

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

	GROUP		ASSOCIATION	
	2021 Staff	2020 Staff	2021 Staff	2020 Staff
Actual	790	687	433	413
Full time equivalent	713	619	391	369
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Staff costs				
Wages and salaries	20,885	17,899	12,426	11,401
Social security costs	1,978	1,704	1,292	1,146
Pension costs	3,522	2,998	3,215	2,765
Total staff costs	26,385	22,601	16,933	15,312

The 2021 pension costs are split as follows:

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Defined benefit scheme contributions	1,855	1,786	1,855	1,786
Actuarial movement	830	537	830	537
Current Service cost	2,685	2,323	2,685	2,323
Expenses paid	44	44	44	44
Defined contribution scheme contribution	793	631	486	398
Pension costs	3,522	2,998	3,215	2,765

4 Operating surplus

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus for the year from continuing activities is stated after charging/(crediting):				
Depreciation of housing properties	11,114	10,306	11,114	10,306
Depreciation of other fixed assets	1,495	1,323	1,480	1,312
Amortisation	(3,199)	(2,924)	(3,199)	(2,924)
Bad debts	33	309	33	309
Auditors' remuneration (including VAT):				
– In their capacity as auditors	56	55	36	35
– In respect of other services	5	4	5	4
Operating lease rentals:				
– Land and buildings	35	26	-	-
– Other assets	499	292	79	61

5 Surplus on sale of housing fixed assets

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Sales proceeds:		
– LCHO properties	1,669	2,645
– Other land and housing	3,085	2,958
Cost of sales:		
– LCHO property cost (note 14)	(1,370)	(2,102)
– LCHO property grant (note 22)	128	77
– Housing property cost (note 12)	(190)	(1,131)
– Housing property depreciation (note 12)	74	22
– Housing property grant amortisation (note 21)	(53)	(18)
– HomeBuy cost (note 14)	(356)	(328)
– Recycled capital grant additions (note 20)	(1,700)	(676)
– Cost of sales from Current Assets (Note 16)	(1,564)	(873)
– Grant written back - fixed assets (note 21)	117	55
– Grant written back - current assets (note 19)	1,115	249
– Grant written back - HomeBuy (note 22)	356	328
Sundry (costs)/income	(90)	(59)
Surplus on sale of fixed assets	1,221	1,147

6 Prior year adjustment

The Group has changed accounting policy to attribute interest to developments from the point that building starts to the date of handover and to capitalise this interest as part of the build cost of the new home. Previously no interest was capitalised and all interest charges were recognised in the statement of comprehensive income.

The Group has used the average cost of capital in any given year as the interest rate. It has only been practical to back date this change in accounting policy to 2010, which was when component accounting was introduced and from which point the Association has clear records of each development and the breakdown of the cost of a new home into its relevant components, as required by SORP 2010 and its successors.

Depreciation has been calculated on the enhancement to fixed assets that has resulted. The interest has been attributed to each home in proportion to the original component split and then calculated in line with accounting policy of depreciation for each of those components.

6 Prior year adjustment (continued)

The adjustments required to the opening balance sheet on 1 January 2020 were as follows:

	GROUP & ASSOCIATION
	2020
	£'000
Net increase in the cost of Land and buildings	8,462
Net increase in cumulative depreciation	(448)
Net increase to reserves	8,014

The impact of the adjustments arising from the change in accounting policy on the results for the year ended 31 December 2020 was as follows:

	GROUP	ASSOCIATION
	2020	2020
	£'000	£'000
Surplus under previous accounting policy	9,900	9,956
Interest capitalised	1,220	1,220
Increase in depreciation charge for the year	(75)	(75)
Movement	1,145	1,145
Adjusted surplus for year to 31 December	11,045	11,101

Movement in reserves

Total movement	8,014	8,014
Reserves as previous stated	81,083	81,248
Prior year adjustment	8,014	8,014
Reserves as restated	89,097	89,262

7 Interest receivable

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable from investments	70	94	70	91
Intra-group interest receivable	-	-	114	120
Total interest receivable	70	94	184	211

8 Interest payable

	GROUP & ASSOCIATION	
	2021	Restated* 2020
	£'000	£'000
On bank loans and overdrafts and other loans:		
Repayable wholly or partly in more than five years	9,605	8,844
Development interest capitalised	(993)	(1,220)
Finance charge in respect of the pension deficit (note 28)	216	302
Total interest payable	8,828	7,926

*See note 6 for detail of the restatement of the prior period balance.

9 Corporation Tax

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Tax charged for the period				
Current tax				
Under-provision in respect of prior years	32	19	31	18
Current taxation charge	32	19	31	18
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on ordinary activities	32	19	31	18

The tax on profit before tax for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Profit before tax	7,848	12,055	7,894	12,110
Corporation tax at standard rate	1,491	2,290	1,500	2,301
Effects of:				
Charitable surpluses not taxed	(1,433)	(2,254)	(1,420)	(2,243)
Income not chargeable for tax purposes	(26)	(17)	(49)	(40)
Tax charge for the year	32	19	31	18

The Association adopted charitable rules with effect from 20 January 2005. The effects of activities relating directly to the charitable objectives of the Association have been split out above, leaving the effects of income generated through feed-in tariffs in respect of solar panels installed on a number of the Association's properties and income generated through the renewable heat initiative as taxable income.

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.

Notes to the financial statements

for the year ended 31 December 2021

10 Properties in management

	GROUP & ASSOCIATION						Closing properties at 31 Dec 2021
	Opening properties at 1 Jan 2021	New build	Purchase of homes	Homes sold or held for sale	Transfers	Other	
General needs and retirement	10,454	238	14	(31)	(6)	9	10,678
Extra Care	224	56	-	-	-	-	280
Scheme managers	2	-	-	(1)	(1)	-	-
Intermediate rented	195	-	-	-	(1)	-	194
Supported housing	163	10	1	(1)	8	2	183
Social housing homes	11,038	304	15	(33)	-	11	11,335
Shared ownership	24	-	-	-	-	-	24
Managed for private owners	1,159	5	(13)	3	-	(1)	1,153
Commercial properties	4	-	-	-	-	2	6
Non social-housing properties	1,187	5	(13)	3	-	1	1,183
Total properties owned and managed	12,225	309	2	(30)	-	12	12,518

11 Movement in net debt

	GROUP				At 31 December 2021 £'000
	At 31 December 2020 £'000	Cashflow £'000	Funds held in Escrow £'000	Non cash movement £'000	
Cash	22,530	48,854	-	-	71,384
Loans due in less than one year	(114)	-	-	(14)	(128)
Loans due in greater than one year	(274,491)	(28,122)	-	14	(302,599)
Land for housing loans	(6,400)	415	-	-	(5,985)
Total	(258,475)	21,147	-	-	(237,328)

	ASSOCIATION				At 31 December 2021 £'000
	At 31 December 2020 £'000	Cashflow £'000	Funds held in Escrow £'000	Non cash movement £'000	
Cash	17,360	49,246	-	-	66,606
Loans due in less than one year	(114)	-	-	(14)	(128)
Loans due in greater than one year	(274,491)	(28,122)	-	14	(302,599)
Land for housing loans	(6,400)	415	-	-	(5,985)
Total	(263,645)	21,539	-	-	(242,106)

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 2021 (as originally reported)	714,706	584	81,198	796,488
Adjustment (per note 6)	8,225	-	237	8,462
At 1 January 2021 (restated)	722,931	584	81,435	804,950
Property acquisitions	2,583	-	37,212	39,795
Social housing properties completed	48,835	-	(48,835)	-
LCHO units completed (note 14)	-	-	(1,242)	(1,242)
Imputed costs	5,922	-	-	5,922
Component additions to existing properties	4,736	-	-	4,736
Component disposals	(2,006)	-	-	(2,006)
Housing property disposals (note 5)	(190)	-	-	(190)
Impairment	-	-	-	-
Transfer to current assets (note 16)	(1,391)	-	-	(1,391)
Reclassification of properties	-	-	-	-
At 31 December 2021	781,420	584	68,570	850,574
Depreciation				
At 1 January 2021 (as originally reported)	131,762	129	-	131,891
Adjustment (per note 6)	448	-	-	448
At 1 January 2021 (restated)	132,210	129	-	132,339
Charge for the year	11,110	4	-	11,114
Component disposals	(2,006)	-	-	(2,006)
Housing property disposals (note 5)	(74)	-	-	(74)
Transfer to current assets (note 16)	(369)	-	-	(369)
Reclassification of properties	-	-	-	-
At 31 December 2021	140,871	133	-	141,004
Net book value				
At 31 December 2021	640,549	451	68,570	709,570
At 1 January 2021	590,721	455	81,435	672,611
			2021	2020
			£'000	£'000
Housing properties comprise:				
Freehold land and buildings			827,078	781,388
Long leasehold land and buildings			23,427	23,493
Short leasehold land and buildings			69	69
Total housing land and buildings			850,574	804,950

Notes to the financial statements

for the year ended 31 December 2021

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 2021 (as originally reported)	714,706	584	79,724	795,014
Adjustment (per note 6)	8,225	-	237	8,462
At 1 January 2021 (restated)	722,931	584	79,961	803,476
Property acquisitions	2,583	-	36,750	39,333
Social housing properties completed	48,835	-	(48,835)	-
LCHO units completed (note 14)	-	-	(1,242)	(1,242)
Imputed costs	5,922	-	-	5,922
Component additions to existing properties	4,736	-	-	4,736
Component disposals	(2,006)	-	-	(2,006)
Housing property disposals (note 5)	(190)	-	-	(190)
Impairment	-	-	-	-
Transfer to current assets (note 16)	(1,391)	-	-	(1,391)
Reclassification of properties	-	-	-	-
At 31 December 2021	781,420	584	66,634	848,638
Depreciation				
At 1 January 2021 (as originally reported)	131,762	129	-	131,891
Adjustment (per note 6)	448	-	-	448
At 1 January 2021 (restated)	132,210	129	-	132,339
Charge for the year	11,110	4	-	11,114
Component disposals	(2,006)	-	-	(2,006)
Housing property disposals (note 5)	(74)	-	-	(74)
Transfer to current assets (note 16)	(369)	-	-	(369)
Reclassification of properties	-	-	-	-
At 31 December 2021	140,871	133	-	141,004
Net book value				
At 31 December 2021	640,549	451	66,634	707,634
At 1 January 2021	590,721	455	79,961	671,137

	2021 £'000	2020 £'000
Housing properties comprise:		
Freehold land and buildings	825,142	779,914
Long leasehold land and buildings	23,427	23,493
Short leasehold land and buildings	69	69
Total housing land and buildings	848,638	803,476

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 2021 amounted to £5,314,000 (2020: £2,822,000) – see note 2c.

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 2021	190	6,504	8,485	1,010	11,735	27,924
Additions	32	1,363	1,390	9	291	3,085
Disposals	-	(51)	(66)	-	-	(117)
At 31 December 2021	222	7,816	9,809	1,019	12,026	30,892
Depreciation						
At 1 January 2021	173	4,293	5,425	195	1,451	11,537
Charge for year	4	696	475	22	298	1,495
Eliminated on disposals	-	(49)	(59)	-	-	(108)
At 31 December 2021	177	4,940	5,841	217	1,749	12,924
Net book value						
At 31 December 2021	45	2,876	3,968	802	10,277	17,968
At 1 January 2021	17	2,211	3,060	815	10,284	16,387

						ASSOCIATION
	Motor vehicles £'000	Office equipment £'000	Site equipment £'000	Freehold commercial property £'000	Freehold office property £'000	Total £'000
Cost						
At 1 January 2021	61	6,418	8,368	1,010	11,735	27,592
Additions	-	1,363	1,386	9	291	3,049
Disposals	-	(51)	(66)	-	-	(117)
At 31 December 2021	61	7,730	9,688	1,019	12,026	30,524
Depreciation						
At 1 January 2021	61	4,217	5,353	195	1,451	11,277
Charge for year	-	694	466	22	298	1,480
Eliminated on disposals	-	(49)	(59)	-	-	(108)
At 31 December 2021	61	4,862	5,760	217	1,749	12,649
Net book value						
At 31 December 2021	-	2,868	3,928	802	10,277	17,875
At 1 January 2021	-	2,201	3,015	815	10,284	16,315

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14 Fixed asset investments – HomeBuy and LCHO loans receivable

	GROUP & ASSOCIATION					
	2021			2020		
	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000
At 1 January	8,552	3,571	12,123	8,880	2,554	11,434
Imputed costs	-	647	647	-	1,095	1,095
Reclassification from social housing (note 12)	-	1,242	1,242	-	2,024	2,024
Disposals (note 5)	(356)	(1,370)	(1,726)	(328)	(2,102)	(2,430)
At 31 December	8,196	4,090	12,286	8,552	3,571	12,123

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	
	2021 £'000	2020 £'000
At 1 January	7,800	7,652
Additions	68	21
Withdrawals	(9)	-
Change in fair value	(143)	127
At 31 December	7,716	7,800

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

16 Stock

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Completed properties	1,549	1,790	1,549	1,790
Work in progress	337	1,619	-	-
Total stock	1,886	3,409	1,549	1,790

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 2021	1,794	(548)	474	70	1,790
Disposals (note 5)	(1,557)	482	(425)	(64)	(1,564)
Transfer from property assets (note 12, 21)	1,391	(369)	289	12	1,323
At 31 December 2021	1,628	(435)	338	18	1,549

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

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Rent and service charge debtors	4,434	4,645	4,434	4,645
Bad debt provision for rent and service charges	(2,642)	(2,853)	(2,642)	(2,853)
Capital debtors	853	806	853	806
Housing Finance Grant debtor	774	747	774	747
Intra-group balances – loans (note 30)	-	-	1,944	3,507
Intra-group balances – Gift Aid (note 30)	-	-	1,834	1,526
Intra-group balances – trading (note 30)	-	-	-	223
Loans to employees	45	35	45	35
Other debtors and prepayments	2,487	2,732	1,904	1,984
Total debtors due within one year	5,951	6,112	9,146	10,620

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17(b) Debtors: loan proceeds held in escrow

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Private placement	-	28,125	-	28,125
Total loan proceeds held in escrow	-	28,125	-	28,125

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

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Housing Finance Grant debtor	27,082	27,856	27,082	27,856
Intra-group balances – loans (note 30)	-	-	125	60
Total debtors due after more than one year	27,082	27,856	27,207	27,916

19 Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Housing loans (note 20)	128	114	128	114
Land for Housing loans	5,985	6,400	5,985	6,400
Rent and service charges received in advance	1,562	1,633	1,562	1,633
Grants received and receivable in advance	-	-	-	-
Imputed grants (note 23)	212	175	212	175
Corporation Tax	32	13	31	13
Taxation and social security	647	577	430	405
Pension provision (note 29)	28	37	28	37
Sinking fund deferred income	1,055	817	1,055	817
Accrued mortgage interest	2,972	2,962	2,972	2,962
Bond market issuance premium	445	445	445	445
Intra-group balances – trading (note 30)	-	-	728	-
Deferred heat initiative income	19	19	19	19
Grant on properties held for sale	1,051	1,287	1,051	1,287
Accruals and other deferred income	9,057	7,326	4,523	3,577
Total creditors due within one year	23,193	21,805	19,169	17,884

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 January	(1,287)	(851)	(1,287)	(851)
Disposals	1,115	249	1,115	249
Transfer from property assets (note 21)	(879)	(685)	(879)	(685)
At 31 December	(1,051)	(1,287)	(1,051)	(1,287)

20 Creditors: amounts falling due after more than one year

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Recycled capital grant fund	3,944	2,324
Housing loans (note 20)	302,599	274,491
Investment grants (note 22)	12,080	11,917
Imputed grants (note 23)	31,323	25,651
Bond market issuance premium	9,813	10,258
Other creditors	1,088	1,088
Deferred heat initiative income	501	565
Pension provision (note 29)	50	152
Total creditors due after more than one year	361,398	326,446

Housing loans are shown net of capitalised loan fees of £3,363,000 (2020: £3,474,000).

Housing loans are secured by specific charges on the Association's housing properties. Rates of interest during the year ranged from 0.52% to 12.05% (2020: 0.51% to 12.05%). The weighted average rate of interest for 2021 was 3.25% (2020: 3.34%). At 31 December 2021, 96% (2020: 96%) of loans bore interest at fixed rates, 3% (2020: 3%) at variable rates and 1% (2020: 1%) at index-linked rates.

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

The loans are repayable as follows:

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Amounts falling due:		
Within one year or less	128	114
Between one and two years	144	128
Between two and five years	2,643	1,564
In five years or more	299,812	272,799
In more than one year	302,599	274,491
Total housing loans	302,727	274,605

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Repayable otherwise than by instalments in more than five years	286,250	258,125
Repayable by instalments wholly or partly in more than five years	13,562	14,674
Total repayable in more than five years	299,812	272,799

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

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
At 1 January	(2,324)	(3,086)
Additions during the year (note 5)	(1,700)	(676)
Deductions during the year	80	1,438
At 31 December	(3,944)	(2,324)

21 Social housing and other government grants

	GROUP & ASSOCIATION			Total £'000
	Social housing properties £'000	Shared ownership £'000	Properties in the course of construction £'000	
Gross grant creditor				
At 1 January 2021	356,188	362	57,057	413,607
Property acquisitions	36	-	16,971	17,007
Schemes completed	25,399	-	(25,399)	-
Transfer to current assets (note 19)	(879)	-	-	(879)
Reclassification of properties	-	-	-	-
Housing property disposals (note 5)	(117)	-	-	(117)
At 31 December 2021	380,627	362	48,629	429,618
Amortisation				
At 1 January 2021	69,145	100	-	69,245
Credit for the year	2,985	2	-	2,987
Transfer to current assets (note 16)	(289)	-	-	(289)
Housing property disposals (note 5)	(53)	-	-	(53)
Reclassification of properties	-	-	-	-
At 31 December 2021	71,788	102	-	71,890
Net grant creditor				
At 31 December 2021	308,839	260	48,629	357,728
At 1 January 2021	287,043	262	57,057	344,362

Included within social housing properties grants are £1,257,000 (2020: £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	
	2021 £'000	2020 £'000
Within one year or less	2,987	2,749
Between one and two years	2,987	2,749
Between two and five years	8,961	8,247
In five years or more	342,793	330,617
In more than one year	354,741	341,613
Total grant creditor	357,728	344,362

22 Investment grants

	GROUP & ASSOCIATION					
	2021			2020		
	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000
At 1 January	8,410	3,507	11,917	8,738	2,490	11,228
Imputed costs	-	647	647	-	1,094	1,094
Transfer (to)/from Social Housing (note 21)	-	-	-	-	-	-
Disposals (note 5)	(356)	(128)	(484)	(328)	(77)	(405)
At 31 December	8,054	4,026	12,080	8,410	3,507	11,917

The investment grant is funding received from the Welsh Government to 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	
	2021 £'000	2020 £'000
Gross grant creditor		
At 1 January	26,464	22,060
Property acquisitions	5,922	4,404
At 31 December	32,386	26,464
Amortisation		
At 1 January	639	464
Credit for the year	212	175
At 31 December	851	639
Net grant creditor		
At 31 December	31,535	25,825
At 1 January	25,825	21,596

23 Imputed grants (continued)

The grants are amortised as follows:

	GROUP & ASSOCIATION	
	2021 £'000	2020 £'000
Within one year or less	212	175
Between one and two years	212	175
Between two and five years	636	524
In five years or more	30,475	24,952
In more than one year	31,323	25,651
Total grant creditor	31,535	25,826

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.

	GROUP		
	Insurance £'000	Deferred taxation £'000	Total £'000
At 1 January 2021	70	11	81
Utilised during the year	-	-	-
Released during the year	(5)	-	(5)
Additions during the year	40	1	41
At 31 December 2021	105	12	117

	ASSOCIATION	
	Insurance £'000	Total £'000
At 1 January 2021	70	70
Utilised during the year	-	-
Released during the year	(5)	(5)
Additions during the year	40	40
At 31 December 2021	105	105

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.

Notes to the financial statements

for the year ended 31 December 2021

25 Called-up share capital

	GROUP & ASSOCIATION	
	2021 £	2020 £
Allotted, issued and fully paid		
At 1 January	82	90
Issued during the year	-	1
Shares cancelled during the year	(33)	(9)
At 31 December	49	82

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	
	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	45,288	46,281
Capital expenditure that has been authorised by the Board but has not yet been contracted for	56,372	25,884

The Association intends to fund this expenditure from a combination of free cash generation, social housing grants, current cash balances and loan drawdown from existing loan facilities.

27 Operating leases

At 31 December, total commitments under operating leases were as follows:

	2021			GROUP 2020		
	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	-	13	230	2	19	9
Between six and ten years	140	-	197	-	-	334
Total operating lease commitments	140	13	427	2	19	343

27 Operating leases (continued)

	2021			ASSOCIATION 2020		
	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	-	13	230	-	19	9
Between six and ten years	-	-	197	-	-	334
Total operating lease commitments	-	13	427	-	19	343

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 accrual rate 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 are recognised within Other Comprehensive Income and have an impact on the Group's financial reserves.

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 shown in 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 £63.8 Million based on the latest actuarial valuation dated 30 September 2020.

28 Pension schemes (continued)

The Association made a bulk transfer from SHPS to the Wales & West Housing Group Pension Plan on 1 April 2022. Both schemes are administered by the Pensions Trust and all benefit structures remain unchanged.

The Group also participates in the Social Housing Defined Contribution Scheme, making employee contributions up to a maximum of 9.85% of salary, contributions to the scheme in the year are shown in note 3b.

SOCIAL HOUSING PENSION SCHEME

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

	31 December 2021	31 December 2020
	£'000	£'000
Fair value of plan assets	77,273	67,515
Present value of defined benefit obligation	90,616	82,677
Net defined benefit asset/(liability) to be recognised	(13,343)	(15,162)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 December 2021	Period ended 31 December 2020
	£'000	£'000
Defined benefit obligation at start of year	82,677	70,918
Current service cost	2,685	2,323
Expenses	44	44
Interest expense	1,225	1,494
Member contributions	12	11
Actuarial losses/(gains) due to scheme experience	572	(167)
Actuarial losses/(gains) due to changes in demographic assumptions	315	(797)
Actuarial losses/(gains) due to changes in financial assumptions	4,373	10,322
Benefits paid and expenses	(1,287)	(1,471)
Defined benefit obligation at end of year	90,616	82,677

28 Pension schemes (continued)

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

		Period ended 31 December 2021 £'000	Period ended 31 December 2020 £'000
Fair value of plan assets at start of year		67,515	55,908
Interest income		1,009	1,192
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)		6,411	8,367
Employer contributions made (note 29)	1,855		1,786
Past deficit contributions (note 29)	1,714		1,678
Expenses (note 29)	44		44
Total contributions by the employer		3,613	3,508
Member contributions		12	11
Benefits paid and expenses		(1,287)	(1,471)
Fair value of plan assets at end of year		77,273	67,515

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 December 2021 was £7,420,000 (2020: 9,559,000).

Defined benefit costs recognised in Statement of Comprehensive Income

		Period from 1 January 2021 to 31 December 2021 £'000	Period from 1 January 2020 31 December 2020 £'000
Employer contributions made (note 3b)	1,855		1,786
Actuarial movements (note 3b)	830		537
Current service cost		2,685	2,323
Expenses (note 3b)		44	44
Net interest expense (note 8)		216	302
Defined benefit costs recognised in statement of comprehensive income		2,945	2,669

28 Pension schemes (continued)

Defined benefit costs recognised in Other Comprehensive Income

	Period ended 31 December 2021	Period ended 31 December 2020
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	6,411	8,367
Experience gains and losses arising on the plan liabilities - (loss)/gain	(572)	167
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	(315)	797
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	(4,373)	(10,322)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	1,151	(991)
Total amount recognised in other comprehensive income - gain/(loss)	1,151	(991)

Assets

	31 December 2021	31 December 2020
	£'000	£'000
Global Equity	14,436	10,784
Absolute Return	3,643	3,203
Distressed Opportunities	2,456	1,618
Credit Relative Value	2,324	1,762
Alternative Risk Premia	2,884	2,324
Fund of Hedge Funds	2	9
Emerging Markets Debt	3,136	2,815
Risk Sharing	2,281	2,400
Insurance-Linked Securities	1,652	1,654
Property	1,799	1,321
Infrastructure	4,785	4,120
Private Debt	1,730	1,535
Opportunistic Illiquid Credit	2,264	1,578
High Yield	3	2,083
Opportunistic Credit	506	1,593
Cash	352	674
Corporate Bond Fund	5,115	3,897
Liquid Credit	524	764
Long Lease Property	1,705	1,041
Secured Income	2,644	2,246
Currency hedging	(122)	-
Liability Driven Investment	22,966	19,944
Net Current Assets	188	150
Total assets	77,273	67,515

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.

28 Pension schemes (continued)

Key Assumptions

	31 December 2021	31 December 2020
	% per annum	% per annum
Discount Rate	1.81%	1.47%
Inflation (RPI)	3.27%	2.93%
Inflation (CPI)	2.89%	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

The mortality assumptions adopted at 31 December 2021 imply the following life expectancies:

2021	
	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2040	22.9
Female retiring in 2040	25.1

2020	
	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

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29 Pensions movements

2021	GROUP & ASSOCIATION			
	Cardiff &			Total
	SHPS	SHPS	Vale	
	DB	AVC	LPGS	
£'000	£'000	£'000	£'000	
At 1 January 2021	15,162	189	-	15,351
Other comprehensive income movement	(1,151)	-	-	(1,151)
Comprehensive income	2,945	-	-	2,945
Financing costs pension deficit	-	(74)	-	(74)
Past deficit (note 28)	(1,714)	(37)	-	(1,751)
Expenses (note 28)	(44)	-	-	(44)
Employer contributions (note 28)	(1,855)	-	-	(1,855)
At 31 December 2021	13,343	78	-	13,421
Due less than 1 year (note 19)	-	28	-	28
Due greater than 1 year (note 20)	-	50	-	50
Defined benefit	13,343	-	-	13,343
	13,343	78	-	13,421

2020	GROUP & ASSOCIATION			
	Cardiff &			Total
	SHPS	SHPS	Vale	
	DB	AVC	LPGS	
£'000	£'000	£'000	£'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. All subsidiaries have the same registered office as the Association, see note 32:

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

Transactions between group companies throughout the financial period and amounts outstanding at year-end were as follows:

2021	Turnover £'000	Billed to Group companies £'000	Intercompany trading balance £'000	Loan Balance owed to Association £'000	Gift Aid owed to Association £'000
Cambria	13,374	13,297	(273)	94	1,546
Enfys	29,131	29,131	(463)	1,500	288
Castell Ventures	4,352	989	(16)	125	-
Castell Homes	1,390	1,140	24	350	-
			(728)	2,069	1,834

2020	Turnover £'000	Billed to Group companies £'000	Intercompany trading balance £'000	Loan Balance owed to Association £'000	Gift Aid owed to Association £'000
Cambria	11,001	10,262	(1)	72	1,186
Enfys	34,295	34,295	299	1,500	340
Castell Ventures	2,444	780	(75)	370	-
Castell Homes	-	-	-	1,625	-
			223	3,567	1,526

Plas Morolwg Management Company was incorporated 12 June 2020 and is currently dormant. There were no balances outstanding between Plas Morolwg and any other group company as at 31 December 2021 or 2020.

31 Related party transactions

The following member of the Board who served during the year was also a resident of the Association during the year:

Ms J Bere	Elected 19 April 2014
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The above member was on standard Association resident agreement terms and was 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 £23,197 (2020: £22,539).

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:

Wales & West Housing Association Limited
Archway House
77 Parc Tŷ Glas
Llanishen
Cardiff
CF14 5DU

the 1990s, the number of people with a mental health problem has increased in the UK (Mental Health Act 1983, 1990).

There is a growing awareness of the need to improve the lives of people with mental health problems. The Department of Health (1999) has set out a vision of a new mental health system, which will be based on the following principles:

- People with mental health problems should be treated as individuals, with their own needs and wishes.
- People with mental health problems should be given the opportunity to participate in decisions about their care and treatment.
- People with mental health problems should be given the opportunity to live in their own homes and communities.

These principles are reflected in the new Mental Health Act 2003, which came into force in 2005.

The new Act is based on the following principles:

- People with mental health problems should be given the opportunity to live in their own homes and communities.
- People with mental health problems should be given the opportunity to participate in decisions about their care and treatment.
- People with mental health problems should be given the opportunity to live a normal life.

The new Act is a landmark in the history of mental health care in the UK.

It is based on the following principles:

- People with mental health problems should be given the opportunity to live in their own homes and communities.
- People with mental health problems should be given the opportunity to participate in decisions about their care and treatment.
- People with mental health problems should be given the opportunity to live a normal life.

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