



Annual Report & Financial Statements 2022



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Our vision is:

“

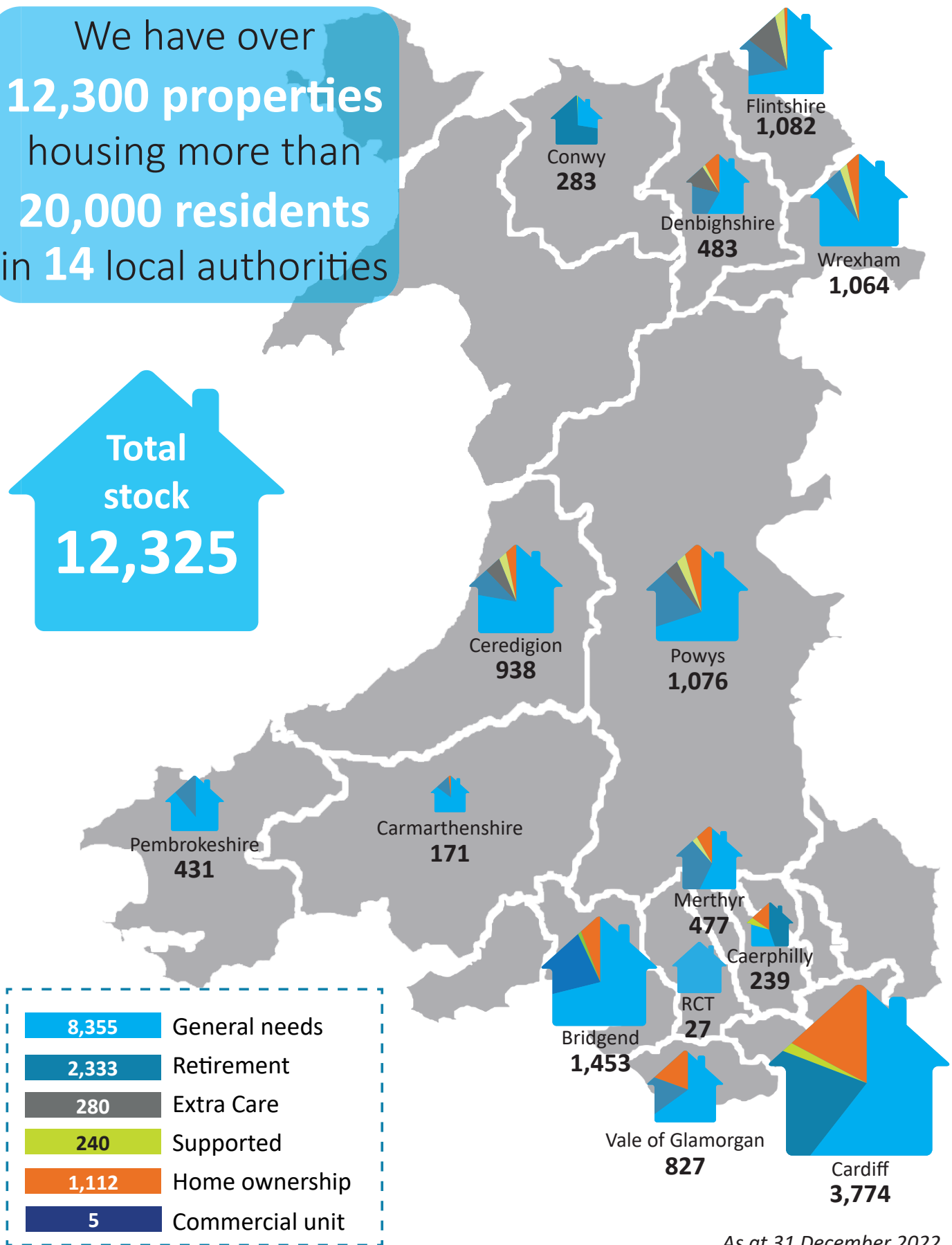
*strong sustainable growth to
make a difference to people's
lives, homes and communities*

”

Communities across Wales

We have over **12,300 properties** housing more than **20,000 residents** in **14** local authorities

Total stock
12,325



As at 31 December 2022

Chair's report



Alex Ashton
Chair of the Board

I was delighted to be asked by my fellow Board members to continue as Chair of the Wales & West Housing Group Board for a fourth year. Following the last couple of eventful years, I had thought that 2022 may be a quiet year but instead it has been another year of challenges, both for our organisation and those who rely on us.

The events of the previous couple of years were often described as unprecedented. After Brexit and the Covid pandemic, 2022 saw a cost of living crisis which had a profound impact on our residents and had us searching for new adjectives to describe the situation we all faced. Inflation grew to levels not seen in decades, and costs for basic items such as food and fuel have reached levels not experienced in our lifetimes. The collective response to the last crisis was nothing short of amazing, with people and businesses going the extra mile to keep people safe and well. The cost of living crisis has required no less of a response.

As Wales & West Housing, we provide housing for some of the poorest and most vulnerable people in society. Our residents are being affected by the current rising prices more than most, as spending on basics such as heating and food are a greater proportion of their income. We

have sought to help as much as we can and the Board approved increasing our tenancy support officer resource to help residents with budgeting and accessing financial support. We also agreed to top up the Wales fuel bank scheme for eligible residents and to provide a free 'Life and Progress' resident support line. This helpline provides residents with fully confidential support, guidance, professional advice, and counselling 24 hours a day, 365 days a year.

It is clear that the crisis is not over and we will continue to help and support our residents in the best ways that we can. The Board and I are immensely proud of these efforts we have made and of the efforts of Anne, the Group Chief Executive, and each and every member of staff in the Group for their hard work. Despite such difficult circumstances we continued to make a difference to lives, homes and communities.

Our staff have had to adapt to so much over the last few years. We continue to communicate whether in person or via Teams. We have created collaborative spaces in our offices, which use the latest technology in order to encourage collaborative working. We have invested in the right equipment that allows our staff to work efficiently, in the location that best suits their diaries.



These new ways of working have brought great well-being and work life benefits for staff, but have created challenges in maintaining connection, culture and aspects of communication. During the year, staff focused on the Wales & West Housing Group Way and on helping us to ensure we protect our culture and the special place

that the WWH Group is to work. The special place that we have created means that we remain a Best Companies three star, world class to work for, organisation, and that we have retained our Investors in People Platinum status.

As I reflect on the last few years, what has struck me is the role

that our organisation plays in society, and the reliance that our residents and stakeholders place on us. As I look forward, the world still looks like an uncertain place but 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.*

Alex Ashton, Chair of the WWH Board, opened the 'Cambrian' room at Ronald McDonald House in Cardiff.



WWH provided sponsorship for the room through its Making a Difference fund.

The Ronald McDonald House Charities UK give invaluable support to families when they need it most. By providing high quality, free accommodation, they give hundreds of families the chance to stay close to their poorly child in hospital and spend family time together away from the hospital wards.



Group Chief Executive's report



Anne Hinchey
Group Chief Executive

As the Chair said, I am also proud of the way we have worked throughout the year to continue to make a difference to lives, homes and communities and I want to extend my thanks to every staff member right across the Group for their hard work during this time.

It has been a challenging year and the rise in inflation has also impacted our finances as well as those of our residents. Our costs have grown by more than our income, which was capped at below inflation in 2022 by Welsh Government. This has meant that the Association's principal financial metric, free cash flow, reduced in the year to £2.3m from £6.9m in the previous year. We are, however, strong enough to ride the short term storm, focussing on liquidity and the effectiveness of our treasury strategy, where all of our loans are at fixed rate, sheltering us from the rapid rise in interest rates that has been seen in the year.

In difficult times, it is more important than ever to stick to the knitting and focus on core services, which means providing housing for those most in need. We therefore took the decision to cease to be a care provider and sold our Castell Ventures care subsidiary as a management buy out shortly after the year end. This was not an easy decision, but one that we felt was right

for all involved and we wish the management team success in continuing to run Castell Ventures as an independent company.

It is also important to continue to focus on what is right for the long-term as well as reacting to current events. We have clear standards for everything we own and are clear that anything we own needs to deliver a high quality home for our residents over the very long term. As we have reviewed what is right for us, we have taken the view that geographically there are some areas where there are other landlords better placed to make a difference to residents and their communities than us. Therefore, this year we have sold nearly 400 homes in Swansea, RCT and Machynlleth to other social landlords. The Association's standard surplus was £5.3m, added to by accounting movements of the gain from selling these homes to take the reported surplus to £22.7m.

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 divest ourselves of unsuitable properties and plough that money back into building high quality modern homes. Where they are suitable we continue to



invest in our existing homes, as it is important to keep our residents safe and secure.

We were able to increase our investment to a more normal level of £12.0m in 2022 after the pandemic restrictions of the last few years reduced our ability to invest.

Construction of new homes continued at a significant pace, despite the challenges faced in the sector. We completed 273 badly needed new rented homes in 2022 and will deliver many more over the coming few years. We also delivered 14 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 house builders. We have 426 homes currently on site and over 1,000 further plots in our development pipeline.

During the year, we have bought back 21 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. We have also been successful in buying 35 properties from Habinteg Housing Association in Wrexham, which they offered for sale as part of their review of where geographically there were other

landlords best placed to make a difference. We originally built these homes for Habinteg in the 1980s so it was nice for these homes to “come home”.

As at the year end, we now own or manage 12,325 homes across the whole of Wales.

Over the next few pages, we talk about how we operate. 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.



More than 340 people now call Ffordd Yr Haearn home. The final residents moved into the 100-home development in Grangetown, Cardiff, in summer 2022.

Mum Stephanie, pictured with WWH Group Chief Executive Anne Hinchey, was among the first residents to move in with her two children.

How we operate

Every organisation has its own language, its own phrases and words that it favours and uses often. We are no different and two of our phrases that we use commonly have been particularly relevant this year. The first is ‘stick to the knitting’, a phrase used since the mid-1800s to advocate staying focused on what you do well and know, and to not get distracted.

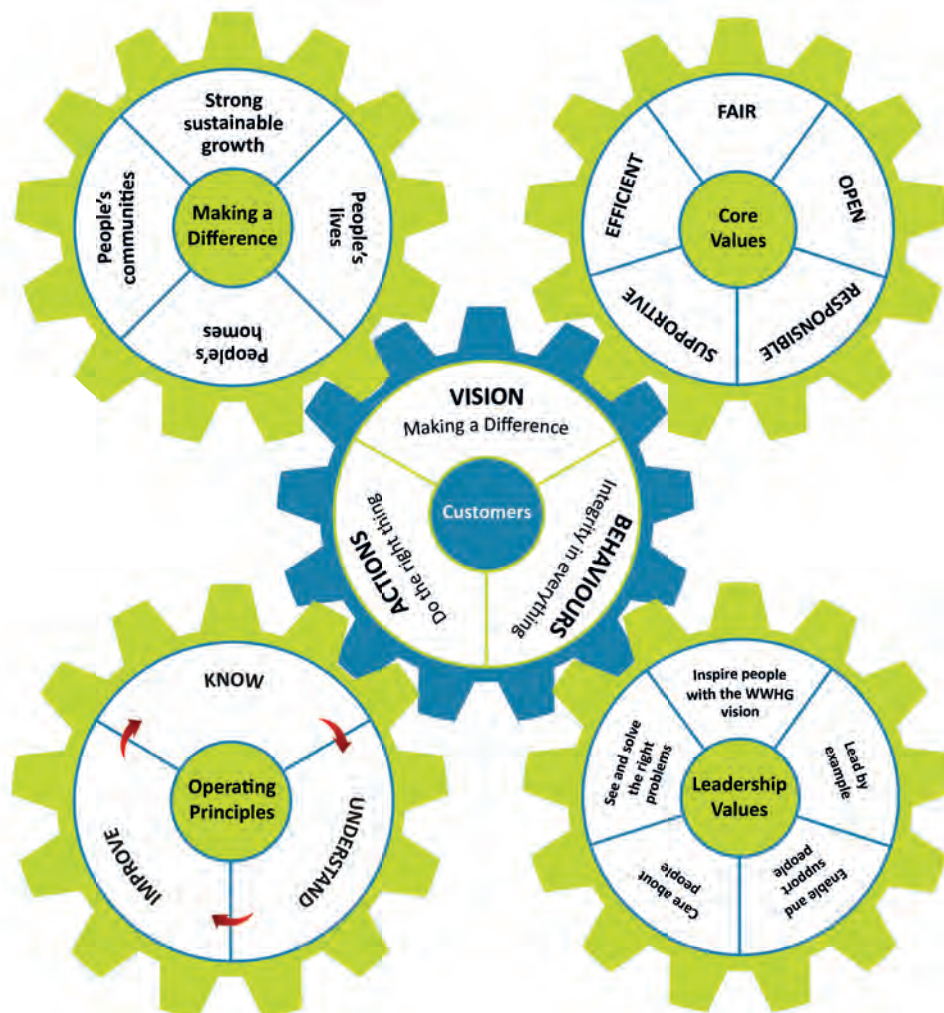
Over this year we have unapologetically concentrated

on our core business. We have built nearly 300 new homes, we have maintained our homes to a very good standard investing £12.0m in long term maintenance and we have looked after the people that have made them their homes. This has never been more appropriate and is what our customers have expected of us during the difficult times we have all lived through this year.

The second phrase is ‘to do the right thing’. What is right reflects

our values and applies to how we act and behave to our colleagues and our customers. The right thing is not what is profitable, cheap, or what will be tolerated. Even when we are not sure what is right, we all instinctively know what is wrong and unfair. Our sense of social purpose, our moral compass is borne out of a strong set of values and guides us in our day-to-day decisions on what is right and this is reflected in the positive feedback from our customers who trust us.

The Wales & West Housing Group Way



The Wales & West Housing Group Way is our way of running the organisation so that it continues to achieve excellent performance and financial security. The approach works and ensures that our customers are involved in shaping and designing the services they receive. Tailoring service delivery to meet each customer's specific needs was so important during the pandemic and has been even more so during 2022 as people focus on making ends meet.

We see our business as a series of systems, most are customer-facing and the remainder are what are often called "back office". Continuously improving the performance of these systems is what we concentrate on. We use our operating principles to help us to focus on the continuous improvement of our

systems, in particular developing additional capability in frontline systems to efficiently deal with the rising demand we have seen in the challenging year we have all just had in 2022. People are understanding when things do not go to plan, or are less than they would expect, but are much less tolerant when mistakes are repeated, or the quality of services does not improve. Our residents expect us to be ever more efficient and demonstrate that they get value for the rent they pay.

Technology continues to underpin the improvement work we are doing as we enhance the current infrastructure and add capability to improve efficiency. During the year we have continued development of bespoke payment plans to manage rent accounts and we have streamlined the

lettings process which has improved efficiency and helped staff deliver better support for customers. A case study on the works we have done on our tenancy management system is shown on the next pages.

Despite the current cost of living crisis, we cannot lose sight of the fact that we need more homes. As a nation we cannot ignore the situation of the many thousands of people living in temporary accommodation, many in bed and breakfast hotels for months, as if this is just a part of life and the world we live in. The inequality created between those with a home and those without exacerbates the inequality found in education, health and employment. A home is fundamental. Our work on developing new homes in the year is shown on pages 12 and 13.



We have recently completed six new eco homes at Llys Capel in Northop, Flintshire, on the site of a former church

Improving how we manage our tenancies

As part of our ongoing project to build our own operating system using Microsoft Dynamics, 2022 saw the launch of our new Tenancy Management System (TMS). As with our other modules within the operating system, the scoping and design work for the TMS was undertaken with input from all staff members involved in the lettings process. The scope was based on the purpose and what matters of the lettings system, as understood from resident demand.

The system is user friendly and allows the user to follow the process of our lettings value steps, meaning that we can access accurate and timely reporting of empty property information. This information is now automatically sent to all staff members in the process so that the relevant staff can begin their part of the lettings process.

The system is very flexible and adaptable, and has been designed to cope with the implementation of the Renting Homes Act (Wales) in 2023. Together with the rents module, which we have already built, there is now a dashboard for each Housing Officer which shows them the current rent and

lettings status on their patch and helps guide their work to work with residents to help them pay their rent and their work to make

sure homes are let quickly. This has improved efficiency and helps staff deliver better support for our residents.

"The TMS system has streamlined the processes that we work in on a daily basis. It is at the core of everything we do. Everything can be found in one place and is now recorded electronically and is available to us more quickly than before. It is also where the Housing Manager can get up to date information on any patch. All departments get notified of updates and changes and we feel that the prompts and autofills are a great help to guide us through the process"

Meryl, Housing Officer

"The new TMS allows for greater planning, flexibility and communication as a Group"

Nicole, Operations Manager, Cambria

"The new system has made our day-to-day job more streamlined. Information and documents are more accessible to locate and any member of the team can access them. All personal details that we maintain on applications are kept securely."

Shona, Housing Options Assistant

"The new TMS system has benefited the heating team in a number of ways. There has been a reduction in follow up emails. Having all the information in one place has been a great help and saved time and freed up resource. No properties are missed and it has ensured our properties are 100% compliant."

Lucy, Repairs Manager

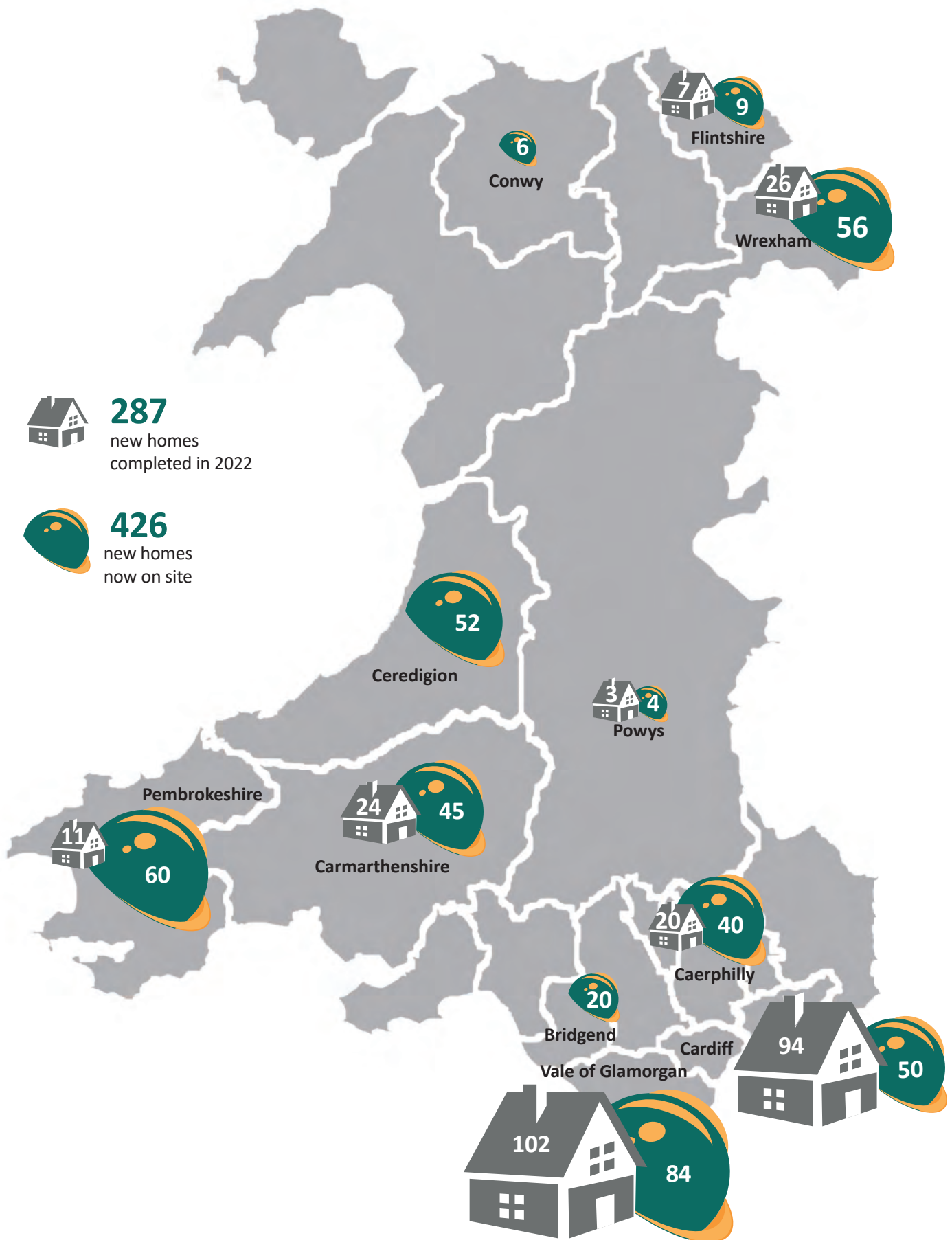
The system has:

- ✓ Streamlined process & system
- ✓ Enhanced performance
- ✓ Improved communication
- ✓ Faster response
- ✓ Reduced complications relating to energy supply at empty properties
- ✓ Reduced waste
- ✓ Simplified cover
- ✓ Allows for better planning and preparation
- ✓ Greater productivity, efficiency and flexibility
- ✓ Reduced Carbon Footprint
- ✓ Improved security of information
- ✓ Increased access to audit trail



*Cambria's Dominic Gale and
WWH's Lucinda Hyde,
working side by side*

Building new homes



The housing crisis in Wales continues to take up a considerable amount of our focus and, as an organisation, we are passionate about helping to solve this issue in Wales. We are pleased that Welsh Government have a clear vision to increase the supply of social housing and that their budget commits significant amounts to help achieve this.

The construction market has proved very challenging in 2022. The higher inflationary environment being experienced has challenged our construction costs. There are significant delays in planning and in SAB (Sustainable Drainage Authorising Body) approvals and there are areas of Wales that are currently undevelopable due to the phosphates restrictions imposed by Natural Resources Wales. We have seen several major contractors leave the market in Wales, either voluntarily or as they have gone out of business. Those that do remain are experiencing labour shortages, which in turn increases labour costs, and continual rises in the cost of materials.

Despite all of this we have been able to deliver **287 NEW HOMES** during 2022, which included 273 homes for letting and 14 Low Cost Home Ownership (LCHO) homes. In addition, we sold the final two homes at our new development in Aberystwyth, meaning all seven homes are now owner occupied. We are currently **ON SITE BUILDING ANOTHER 426 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 these new homes in the right way. The current cost of living crisis makes it even more important that the homes we build take a fabric first approach, meaning that they are inherently very warm and therefore have a low demand for heating. The heating that we do provide in these homes will not use fossil fuels, and we continue to look at combinations of solar PV, batteries and air source heat pumps to provide heating and hot water. We also 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.

A good example is the scheme we completed during the year of social rented homes in Llys Capel, Northop, Flintshire. These homes, built to Passivhaus standards, saw the latest house building technologies in practice. The construction of these homes provides valuable experience as we look to continually innovate our building and development practices to maximise efficiency for our residents and for the wider environment. We worked with Welsh Government, Swansea University and Flintshire Council to share learnings and access funding.

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 (Small and Medium Enterprise) businesses certainty of work and adding further value to Wales.



1. *Our development of 45 new homes on the site of a former dairy in St Clears, Carmarthenshire*
2. *Our development of 34 homes on land off Heol Berwyn in Cefn Mawr, Wrexham*
3. *Our development of 49 apartments for older people on the site of the former Blue Dragon Hotel in Cardiff*

Financial performance

Analysis of Association Total Comprehensive Income	2022 £m	2021 £m	Association Free Cash	2022 £m	2021 £m
Turnover	77.0	71.7			
Less: Amortisation	(3.4)	(3.2)			
Net Turnover	73.6	68.5			
Cash operating costs	(42.8)	(38.4)			
EBITDA	30.8	30.1	EBITDA	30.8	30.1
EBITDA %age	42%	44%			
Major repairs expenditure	(4.9)	(5.3)	Component replacements	(7.1)	(4.4)
Depreciation less amortisation	(10.3)	(9.4)	Major repairs expenditure	(4.9)	(5.3)
Operating surplus (pre profit on disposal)	15.6	15.4	Property reinvestment	(12.0)	(9.7)
Operating surplus (pre profit on disposal) %age	21%	22%			
Surplus on sale of fixed assets	16.9	1.2	Capital expenditure	(3.3)	(3.0)
Operating surplus	32.5	16.6			
Net interest cost	(9.8)	(9.6)	Net interest cost	(9.8)	(9.6)
Capitalised interest	0.9	1.0	Pension costs	(2.5)	(0.9)
Accounting movements	(0.9)	(0.1)	Working capital movements	(0.9)	0.0
Actuarial pension movements	11.5	1.2			
Total Comprehensive Income	34.2	9.1	Free cash inflow	2.3	6.9

Analysis of Association underlying Surplus	2022 £m	2021 £m	2020 £m	2019 £m
Total comprehensive income	34.2	9.1	11.1	4.0
Actuarial pension movements	(11.5)	(1.2)	1.0	3.7
Surplus on property asset sales	(17.4)	(1.2)	(1.1)	0.6
Underlying surplus	5.3	6.7	11.0	8.3

Association turnover

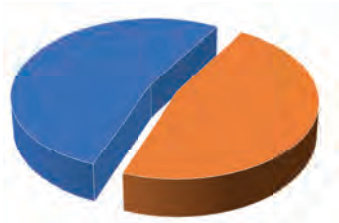
£77.0 million

 **7.4%**

The Association's turnover increased by £5.3 million from £71.7 million in 2021, due to annual regulated inflationary rent increases and rents from newly built homes. Despite the adverse conditions in the construction

industry, we delivered nearly 300 new homes in 2022. This contributed to our increase in rental income, which was otherwise held back by a below inflation rent rise imposed by Welsh Government.

EBITDA



42%
of turnover
(2021: 44%)


Our EBITDA percentage (which we call Cash Operating Surplus), fell from 44% to 42% in 2022 as a result of the surge in inflation in 2022, which was not matched by the capped increase in our rents. This meant that our costs rose faster than our income.

Our Operating Surplus before accounting for property and fixed asset sales grew by £0.2m to £15.6m, but as a percentage of turnover fell to 21% compared to 22% last year, again reflecting that our costs increased faster than our income. We sold nearly 400 homes to other housing associations during the year as part of our stock rebalancing project. The effect of selling these homes at today's prices compared to writing off the book values of these homes, which were held in the balance sheet at a depreciated cost incurred many decades ago, meant that we recognised a significant accounting surplus on these sales. This increased our reported Operating Surplus to £32.5m as compared to £16.6m in 2021.

Our net interest cost was £9.8 million compared to £9.6 million. We drew the final part of our private placement in the year and we remain very liquid in these difficult economic times, with over £78.8m held in cash and a further £70m of revolving credit facility available to us. Along with the final private placement drawdown, which added interest cost, we also fixed our final drawn down variable rate loan in early 2022 and this also increased interest cost, although by nowhere near as much as if we had left the loan on a variable rate, given the very significant rise in the Bank of England base rate seen in 2022.

Our average interest rate was 3.38% (2021: 3.25%) and our debt comprised 99% (2021: 96%) bearing interest at fixed rates, 0% (2021: 3%) with variable interest rates and 1% (2021: 1%) with index-linked rates. We comfortably met our interest cover and gearing covenants for our bank loans in both 2022 and 2021.

Average interest

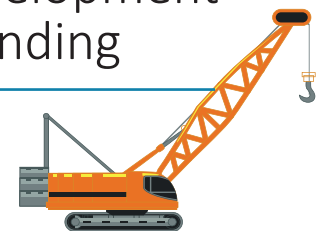
3.38 
(2021: 3.25%)

Association free cash flow

Our principal financial metric is the free cash generated by the Association. In 2022, free cash inflow decreased to £2.3 million from the £6.9 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 reduced EBITDA, caused by inflationary cost rises greater than capped rises in income, together with an increase in the cash reinvested in our property portfolio, with £12.0 million spent in 2022 compared to £9.7 million in 2021. This was made up of component replacements of £7.1 million (2021: £4.4 million) together with major repairs of £4.9 million (2021: £5.3 million). The year felt a more normal one for property reinvestment after two years of pandemic, albeit that some of the increased spend was due to higher material and labour costs driven by inflation. We also increased capital expenditure, rising from £3.0 million in 2021 to £3.3 million in 2022.

Development spending



£41 million
(2021: £38 million)

During 2022, £41 million (2021: £38 million) was spent on developing new homes. The adverse economic conditions have driven up construction costs, with a similar amount of activity costing £3m more in 2022 than 2021. We concluded the year with £776 million (2021: £746 million) in fixed assets and borrowings of £321.5 million (2021: £302.7 million).

Group structure

Following the sale of Castell Ventures, the Group comprises the parent Association and three wholly-owned subsidiaries:

- **Cambria**
(Cambria Maintenance Services 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 further subsidiary, Plas Morolwg Management Company, is currently dormant.

Enfys Developments



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 (2021 - £29.1m) and made a profit of £0.3m (2021 – profit of £0.3m).



£29.1 million

Enfys Turnover
(2021: £29.1 million)

Castell Homes



Castell Homes manages our development of homes for sale, with three homes having been completed for sale to date. There were two homes sold in the year to 31 December 2022 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 £0.4m (2021 - £1.4m) and made a profit of £0.06m (2021 – profit of £0.01m).



£0.4 million

Castell Homes Turnover
(2021: £1.4 million)

Cambria Maintenance Services



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 £15.2m (2021 - £13.4m) and made a profit of £1.7m (2021 – profit of £1.6m). Turnover has grown since the prior year as a number of trading activities had been curtailed during the pandemic, with less of an impact seen in 2022.



£15.2 million

Cambria Turnover
(2021: £13.4 million)

Castell Ventures

During the year, the Board took the decision to sell Castell Ventures as a Management Buy Out by the existing Managing Director and the transaction completed on 31st January 2023. Prior to the sale, both the Castell Catering and Castell Cleaning divisions, which provide meals and cleaning services for residents of our five Extra Care schemes in north, west and mid Wales, were transferred to Wales & West Housing. This left the Care and Support division within Castell Ventures as part of the sale and therefore the Group is no longer a provider of registered care services. Details of the transaction are shown in Note 9 to the accounts.

In 2022, the final year of Group ownership, Castell Ventures achieved a turnover of £5.4m (2021 - £4.4m) and made a small loss of £0.02m (2021 – profit of £0.02m).



£5.4 million

Castell Ventures Turnover
(2021: £4.4 million)

Value for money

We have an approach to Value for Money (VFM) which focuses on efficiency, resident satisfaction and social value. The approach to efficiency is to improve both operational and financial efficiency, focussing on service delivery, procurement, treasury management and tax efficiency. The emphasis is on achieving value, rather than just saving money.


In seeking efficiency on service delivery, we do not set targets or seek to make arbitrary cost reductions of 2% or the like. Instead we concentrate on only doing what matters to customers by understanding common demands, designing services to meet those demands and removing waste within those systems. This is assessed by using leading measures in the work within each system. For example, the fix my home system concentrates on first visit fix and appointments. If a job can be done first time, it reduces waste by the operative not having to go to a property a second time. Similarly, if an appointment is made and kept, then the operative does not have to travel to the same property twice. Actions taken in the work to remove barriers in the systems help to reduce waste. This will then ultimately feed through to lower costs and greater efficiency.

In our rents system, we do not bombard residents with nasty letters and we do not

issue lots of notices of seeking possession. Instead we work with our residents to help them budget and to set up a payment plan for them to pay their rent. We monitor these every day and we get to residents quickly when something we expected to happen does not happen. This allows us to provide our residents with support and to get them back on track with their payments. The vast majority of our residents engage with this process and this means that we evict very few people for rent arrears (only 5 in 2022), our rent arrears continue to fall, and our bad debt charged was only £6k in 2022.

Our procurement approach has focused firstly on in-sourcing, secondly on “buy right” and thirdly on making good procurement decisions. In-sourcing eliminates irrecoverable VAT on labour and profit previously paid to third party contractors. Where work is predictable and recurring, we

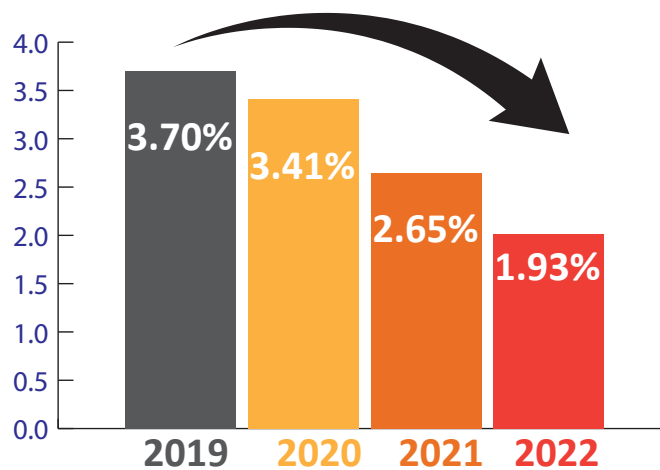
have sought to in-source, with Cambria being the main example.



£1,743,000
Savings in 2022
(2021: £1,546,000)

Buy right has focused on the long-term value of the materials purchased, making sure the right materials are purchased which are standardised across our

Rent Arrears



stock and which minimise future maintenance. Staff are regularly trained in making good purchasing decisions based on both the need to incur the expenditure and achieving good value in relation to alternatives.

The finance approach to VFM focuses on tax efficiency and treasury management. Where irrecoverable VAT can be made recoverable, a structure will be put in place to mitigate this with Enfys being a good example.

Treasury efficiency is obtained by taking advantage of long-term



£3,108,000
VAT savings
since incorporation

bond facilities to give long term fixed rates at a competitive cost balanced by short term revolving facilities that ensure that unnecessary carry costs of money are not incurred.

3.38%
Weighted average
cost of capital
(2021: 3.25%)

Social value is embedded in what we do and is reflected in the mission statement of making a difference to people’s lives, homes and communities. The 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 the mission statement. The section on social value later in this report highlights some of the many areas in which we add social value.

We constantly review purpose and what matters by listening to the demands of residents and in addition regular resident satisfaction surveys are carried out across the systems.

Understanding that residents are satisfied is a good check to ensure that efficiency is being achieved without adversely affecting services. 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.

Taking everything into account, how satisfied or dissatisfied are your residents with the following:

WG Bench mark	2022 result	
82%	85%	Satisfaction overall
81%	86%	Quality of home
86%	90%	Safety and security of home
82%	87%	Value for money of rent
67%	76%	Value for money of service charge
75%	83%	Repairs and maintenance overall
69%	75%	Listens to views and acts on them
62%	67%	Taking part in decision making
64%	70%	Having a say in service management
79%	84%	Trust Wales & West Housing
82%	83%	Neighbourhood as a place to live
66%	67%	Dealing with ASB

Environmental, Social and Governance

With good governance, we run the business to have an increasingly positive impact on the environment and to generate social value.

Environmental

The seriousness of the climate emergency cannot be overstated and it is the moral responsibility of everyone to do more. We believe now is the time for us to take more action about the climate emergency. We have some of the warmest social housing in Wales, low carbon offices, Green Dragon accreditation, low waste and an environmentally aware approach to purchasing. During the year we have started work on a new Corporate Project dedicated to our environmental strategy which will outline our future plans for sustainability and which will ensure that our impact on the environment forms an integral part of our strategic business decision making moving forward. As part of this strategic planning, we have engaged with the Carbon Trust to conduct a large scale piece of work in order to support us in detailing our current position regarding our carbon footprint across our offices, our fleet of vehicles and our residential properties, along with areas for improvement across our business.

Building in the right way

Our current build programme only includes homes being built without the need for fossil fuels.

One such example is our new development of eco-homes in Northop, Flintshire. Six new properties have been built on the site of a former church and the homes contain innovative energy-saving features including timber frames, triple glazed

timber windows and sustainable drainage. On average, these homes reduce energy bills by at least half.

Place for Nature in our Communities

We have continued our work throughout the year on encouraging nature in our communities and in residents' gardens. We have worked with Keep Wales Tidy at Pentland



Close, Cardiff to install a package of raised beds, wild flowers, fruit trees and bird, bat, and hedgehog boxes to encourage wildlife to the communal gardens as part of the Local Places for Nature programme. We supported the Scouts at St Clears with developing their community garden, providing space to grow fruit and vegetables. The space is also used by Fronhaul care home. Both Oak Court Penarth, and Hanover Court Barry received various plants, wild flowers, hedge plants, bat boxes and bug hotels from The Vale Local Nature Partnership. The aim is to maintain and enhance biodiversity and promote the resilience of ecosystems.

An environmentally aware approach to purchasing

We have developed a new online supplier qualification process during the year which includes a section on protection of the environment, which highlights the principles of our Environmental Policy and requires all businesses that we work with to apply the principles within their businesses. In addition, we seek information and evidence on whether businesses operate in accordance with an Environmental Management System.

Improving the energy efficiency of our existing homes

The biggest impact that we can make is to improve the energy efficiency of our homes. The best



way to do this is not yet clear and so we have been experimenting with new technologies, and with more tried and tested ones, to learn what products work best in our homes and how best to fit them. These measures have included a combination of building fabric improvements to reduce the space heating demand in homes, replacement of heating systems, with a move away from gas and the increased installation of renewable

solutions for the production and storage of electricity. Together, the appropriate combination of solutions will reduce energy bills for our residents and reduce carbon consumption related to powering homes. We have set out some of the projects we have worked on in 2022 in the coming pages and we were delighted that the scheme at Glannant, Ceredigion won the award for Sustainability in Housing at the 2022 Welsh Housing Awards.



Our scheme to retrofit six homes at Glannant in Ceredigion won the award for Sustainability at the Welsh Housing Awards 2022

Making homes warm and affordable to live in

Many residents who move into our new homes say they like the feeling of security that their new home gives them.

Building homes in the right place and in the right way is an important factor we consider. Having a home that is easy to live in is another main factor when we build.

We also look at ways we can incorporate low carbon, energy saving technologies into our older homes. Two years ago, Welsh Government launched the Optimised RetroFit Project, working with social landlords and local authorities to invest in ways to

lower the amount of carbon Welsh homes put into the climate and also make them more affordable to heat, so tackling fuel poverty.

As part of this we have worked on a number of research projects to fit some of our older homes with energy-efficient new technologies such as air source heat pumps, mechanical heat/ventilation systems, PV (solar) panels and batteries. Some of these projects have been carried out with partners the Welsh School of Architecture and Sero Group.

An example of this work is at Glannant, Llechryd in Ceredigion where we worked with the Welsh

School of Architecture to carry out a trial on six homes. The homes have been fitted with:

- new windows and doors to improve insulation.
- increased loft insulation.
- external wall insulation (EWI), designed to retain heat in the home and improve the external appearance.
- solar (PV) panels on the roof.
- batteries to store any electricity that is generated during the day which can be used in the evening.
- ventilation units in the loft to reduce condensation by replacing humid air with fresh filtered air.



Before...



... and after the retrofit works



Monitoring is now being carried out to find out what difference the improvements are making. By generating and storing their own electricity, the new systems are saving the residents an average of 3000 kWh of electricity per year, reducing the amount of energy they need to buy from the National Grid by more than 60 per cent. Carbon emissions are greatly reduced too.

Residents have commented that the “external wall insulation, new windows and doors have been amazing. It has definitely made a difference in keeping the house warm.”

“We have also seen significant savings in our electricity bills

with the PV panels and battery. Another advantage has been that, when we have had power cuts, the battery kicks in and the supply is back on. It’s brilliant!”

At Rhiw Cae Mawr, Bridgend we have again worked in partnership with the Welsh School of Architecture to fit an empty house with a number of low-carbon improvements including EWI, windows and doors, PV panels and battery and a ventilation system, to show what could be done to improve homes in the future.

As part of the Optimised Retrofit project we have also fitted new technologies in the following areas:

- solar (PV) panels and batteries at six of our schemes.
- at Parc Meiros, Drefach Felindre we have fitted hybrid heating systems to combine their existing oil boilers with air source heat pumps along with PV panels and batteries.
- external wall insulation, new windows and doors and ventilation systems at Bro Castell, Pencader.
- at Odet Court in Cardiff we have fitted a solar PV roof panel and battery system to find out how the technology will work for residents who live in flats.
- At Creigle, Newquay, seven homes have been fitted with a trial of heat store batteries and air source heat pumps.



Social

Social value is embedded in what we do and is reflected in the mission statement of making a difference to people's lives, homes and communities.

We provide a significant amount of community benefits using the Making A Difference fund, where we collaborate with suppliers and contractors to give back to the local communities through supporting sports and community groups.

We provided Dinas Play Association in Pembrokeshire with funding to purchase a zip wire for the community play park. This has helped enhance the outdoor space and provided more play opportunities for the children.

We held two Giving Something Back Days in March for the Cradoc Close Community Garden, where WWH staff members, Keep Wales Tidy, the local council and the local residents built a garden from scratch. The residents had hand cleared the site which was overgrown and a target for fly tippers. We also paid for the site to be rotavated between the hand-clearing and the build.

We renovated the pond at Oak Court Penarth and laid down a new patio around the pond. We then held a Giving Something



Children in our communities across West Wales enjoyed a summer of fun thanks to a new Playbox project.



Back day to plant a new hedge for the scheme that will provide more shelter and attract wildlife.

We ran a project throughout the summer called Summer Play Box where we visited nine of our housing estates across West Wales, encouraging families to spend time outdoor through creative, imaginative play. They proved to be successful, with seven communities keeping the play boxes to continue with the play session themselves.

At Cae'r Odyn, Bow Street, we installed a wooden shed and basket swing for use by the community to encourage children and adults to spend more time

outdoors. The residents are using the shed to store communal stuff that is used throughout school holidays and on special occasions during the year.

We continue to invest as much of our spend in Wales as we can and for every £ we spend, an average of £1.69 is re-invested in the Welsh economy, creating employment and adding even more in social value.

We have detailed two case studies showing some of the support we provide to our residents and many other examples are shown in our Making a Difference Impact Report, available on our website.

24-hour help for residents in need

We are working in partnership with an organisation to provide round-the-clock expert, confidential support and guidance for all our residents wherever and whenever they might need it.

The Tenant Support and Wellbeing Service, run by Life & Progress, is a dedicated telephone and online support service which is free and confidential to use any time of day or night.

The service includes access to in-the-moment support, legal, financial and general information specialists, an online portal and a live chat function for those who may not feel comfortable picking up the phone to call.

Available no matter when or where, anytime, any day, support



is just a telephone call away. Residents can even find support online and there is no cost to our residents to use this service. Some of the issues covered by the support include emotional support, financial guidance,

legal guidance, state benefits, redundancy, childcare/dependant care information, cost of living support, bereavement, anxiety and depression, and savings guidance.

Pantries helping food poverty

In Bridgend, some of our residents are helping to make a difference to families struggling to make ends meet in their area by volunteering at the Brackla Community Pantry.

The Pantry is one of a network of food pantries run by Baobab Bach throughout the county of Bridgend, which are helping people in food poverty.

Resident Nes Brown is one of the volunteers who helps to distribute bags of fresh food and store cupboard staples to Pantry members in need.

People can join the Pantry and pay £5 for a bag of food, which can help to make several meals throughout the week.

Nes said: "Volunteering at the Pantry makes me feel on top of the world. I am doing something good for my community."

To enable them to reach more people, and provide a wider range of fresh and refrigerated foods, Baobab Bach wanted to buy display fridges. We were able to step in to fund two fridges for a well-established pantry at Maesteg and a new one in Barry.



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.



During 2022, some Board meetings took place virtually while others were able to be held in person across Wales.

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.

Any Board member must be a shareholder of the Association. Shareholders are required to pay a one pound fee. 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 33 or via our website.

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 – business skills; governance; housing management; property and development; customer and communities;



reflect the communities wherein the Association operates; and



reflect the diversity of society in terms of a balance of protected characteristics under the Equality Act 2010.

Individually they must also:



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



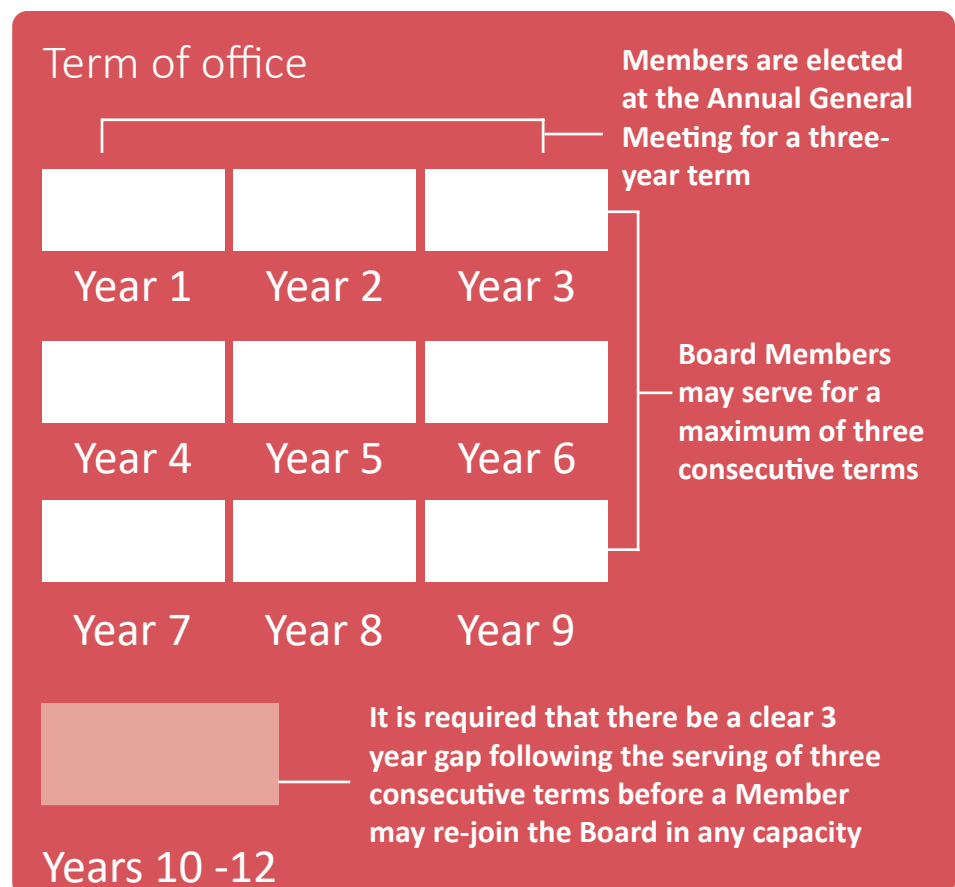
be able to work within a team and put personal considerations aside; and



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 annually.



Board Member obligations

The collective and personal obligations of Board Members are to:



understand and uphold the values and objectives of the Association;



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



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



use independent judgement on strategy, performance and accountability;



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



act as ambassadors of the Association at all times;



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



abide by the Association's Rules and Code of Governance; and



handle the appointment and dismissal of the Group Chief Executive.

A £30,000 donation to Carers Wales will help to care for the hundreds of thousands of carers in Wales. The charity will receive £10,000 per year for three consecutive years from Wales & West Housing Group.



Board of Management



Alex Ashton
Chair of the Board

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

Board attendance



John McPeake
Vice Chair of the Board
and Chair of Audit & Risk

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

Board attendance



Ian Anderson

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

Board attendance



Peter Harding

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.

Board attendance



Sarah Porter

Sarah joined the Probity & Audit Committee in 2014 and was elected to the Board in 2015. She is an experienced litigation solicitor, specialising in property litigation and tenancy disputes, 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.

Board attendance



Christine Salter

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

Board attendance

Key

Attended

Did not attend, but sent apologies



Jemma Bere

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

Board attendance



Ruth Eley

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

Board attendance



Ivor Gittens

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.

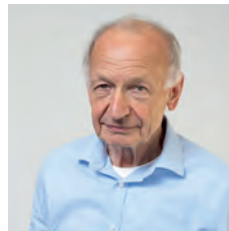
Board attendance



Kathy Smart

Kathy was elected to the Board in June 2017. Kathy has been a member in the past and has previously been Chair. She is very much involved in charity work and has an MSc in Entrepreneurship and Business. She has extensive experience in business and lives in the Vale of Glamorgan.

Board attendance



Kevin Taylor

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

Board attendance



Joy Williams

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.

Board attendance

Resignations

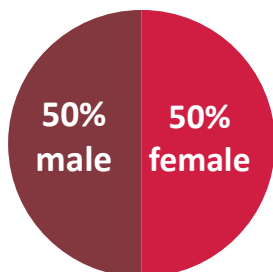
There were no resignations in 2022.

Retirements

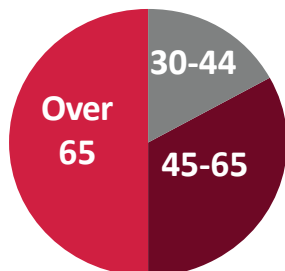
When a Board member has served for nine years, they retire from the Board
There were no retirements in 2022.

Board diversity

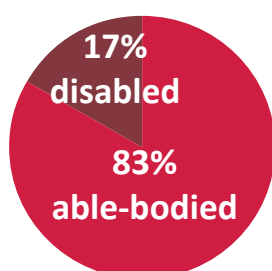
Gender



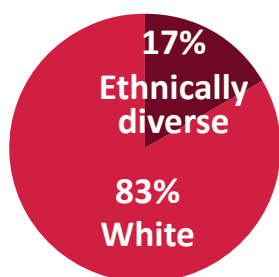
Age



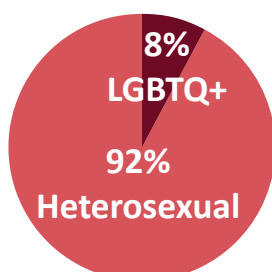
Disability



Ethnicity



Sexual Orientation



CASE STUDY

Reaching out to support

The Board approved a £30,000 donation to Age Cymru to help fund a phone-befriending and advice service for the next three years, helping to tackle loneliness and isolation in Wales.

Age Cymru is the national charity for older people in Wales and will receive £10,000 per year for three consecutive years.

Age Cymru's 'Friend in Need' service provides free telephone friendship calls for people in Wales who are 70 or over. Initially launched during the Covid-19 pandemic, it has supported over 2,000 older people to date.

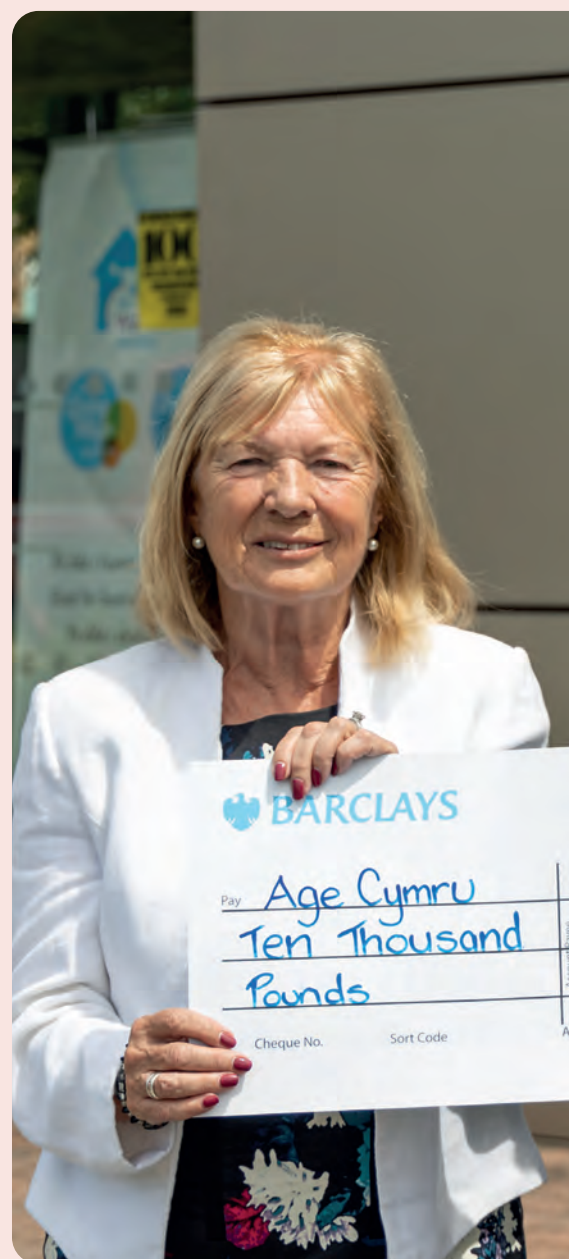
This funding will enable this work to continue along with their information and advice service.

Age Cymru's chief executive, Victoria Lloyd says: "This donation is a significant contribution to some of the charity's key frontline services. Our friendship calls provide a vital connection to older people who live alone. For some individuals, it is the only conversation they will have with another person that week."

"And with the cost-of-living crisis a key concern, Age Cymru Advice is needed more than ever to make sure people have the right information and advice regarding their own circumstances. Older people across Wales will benefit

from these funds, and we thank Wales & West Housing for reaching out to support older people at such a challenging time."

Alex Ashton, Chair of the Board, said: "Loneliness and isolation is



older people in challenging times

becoming more and more visible across our communities and the services which Age Cymru provide make a huge difference to a range of people.”

“We hope that our contribution will enable the charity to grow

the service and help those who need support.”

To find out more about Age Cymru’s Friend in Need service visit: agecymru.org.uk/friend



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 & 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 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. Each risk area is backed up by a Board Assurance Framework.

WWH Board members, staff and local councillors visited our new development of 100 homes at Ffordd Yr Haearn in Grangetown, Cardiff.



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 around quickly, managing empty property loss, and maximise our grant income.	<p>MEDIUM</p> 
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.	<p>MEDIUM</p> 
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.	<p>LOW</p> 
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.	<p>LOW</p> 
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.	<p>MEDIUM</p> 
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.	<p>MEDIUM</p> 
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.	<p>LOW</p> 
We have a clear health and safety policy and the necessary risk assessments, backed up by a Board Assurance framework.	<p>LOW</p> 
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.	<p>LOW</p> 
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.	<p>LOW</p> 

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.



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.



Stuart Epps
Executive Director
(Finance & 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 and is also the Company Secretary.



Steve Porter
Executive Director
(Organisational Development)

Steve joined the Group in 2008 as Head of Property Services before becoming Operations Director in 2012, Executive Director (Assets) in 2019 and Executive Director (Organisational Development) in 2022. He is professionally qualified and has over 30 years of experience in a variety of senior leadership roles in housing, construction and maintenance.



Joanna Davoile
Executive Director
(Assets)

Joanna has been working in the social housing sector in England and Wales for over 20 years, having spent most of that time working in the development of new-build social housing. Jo has a post-graduate leadership diploma, a Masters of Business Administration and is accredited as a Professional Coach. Jo joined the Group as Director of Development in 2019 before becoming Executive Director (Assets) in 2022.

Audit & Risk Committee

Composition



The Audit & Risk Committee is made up of at least 8 members, and up to 3 will be **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 at least 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.

Board Members



John McPeake
Chair of Audit & Risk Committee

Attendance



Christine Salter

Attendance



Peter Harding

Attendance



Ruth Eley

Attendance



Kevin Taylor

Attendance



Ian Anderson

Attendance

Independent Members



Julie Wilson-Thomas

Attendance



Lisa Lake

Attendance

Key

- Attended
- Did not attend, but sent apologies

Resignations

There were no resignations during the year.

Internal Audit

The Internal Audit service is provided by a small inhouse 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. The Internal Audit Manager is supported by 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 2022 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 receives regular reports from the Governance Manager on relevant matters as outlined in the table. The Committee held an in-person away day in October.

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

May 2022

Review of thematic internal audit reports:

- Governance overview
- Statutory registers
- Staff expenses
- Privacy impact assessments
- CCTV
- Leavers

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 2021

Private meeting with external auditor

Pre-Board review of 2021 annual report and financial statements

Review of Welsh Government Sector risks report

Governance review – progress report

Detailed Board Assurance Framework progress update

Presentation on the income collection control framework from the Financial Controller (Reporting)

October 2022

Review of thematic internal audit reports:

- Financial forecasting
- Development – pre contract
- Enfys
- Payroll
- Other Property Compliance
- Staff attendance management
- Learning and Development

Update on progress with implementing internal audit actions

Forward programme of internal audit work

Approval of external audit plan for the year ended 31 December 2022

Governance review – agreement of scope

Board Assurance Framework progress update

2021 CHC Code of Governance - annual review of compliance

Presentation on the Expenditure control framework from the Financial Controller (Treasury, Forecasting and Business Partner)

January 2023

Review of thematic internal audit reports:

- Loan security
- Reactive maintenance
- Management accounts
- Annual internal control self-certification

Update on progress with implementing internal audit actions

Forward programme of internal audit work

Review of the 2022 interim external audit management letter

Governance review - update

Annual report on compliance with regulatory requirements

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

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 2022 and considers that it is compliant with both its terms

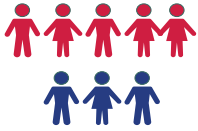
of reference and the relevant provisions of the CHC Code of Governance.

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.

Pensions Committee

Composition



The Pensions Committee is comprised of up to eight members, including at least five Board members.

The Committee is advised by an independent actuary appointed by the Association who attends every meeting.

The Board also has the option to appoint independent members with pensions experience to the committee, but this option is not required at present.

The Committee **meets at least three times per year**, or more often as may be required.

Board Members



John McPeake
Chair

Attendance



Christine Salter

Attendance



Peter Harding

Attendance



Ruth Eley

Attendance



Kevin Taylor

Attendance



Ian Anderson

Attendance

Key

Attended

Did not attend, but sent apologies

Responsibilities

The Pensions Committee is a subcommittee 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.

The Committee has oversight of the Wales & West Housing Group Pension Plan (WWHGPP) and any other pension arrangements with a view to making recommendations to Board and to the independent trustee of the WWHGPP.

The Committee reviews the investment performance of the

defined benefit section of the WWHGPP. In doing so it receives reports from the Trustee of the scheme and advice from an independent actuarial adviser appointed by WWH. The Committee may propose changes to the Trustee of the WWHGPP.

The Committee reviews the tri-annual valuation of the defined benefit section of the WWHGPP. In doing so it receives

June 2022

- Presentation on the pension transfer
- Forward plan for the next year, including pensions advice and valuation

October 2022

- Update on pension scheme
- Presentation on the upcoming first tri-annual valuation

January 2023

- Presentation on the draft tri-annual valuation results and investment performance
- Update on TPT court case
- Defined contribution scheme performance update

Pension transfer

On 31 March 2022 the Group left the multi-employer Social Housing Pension Scheme (SHPS) and transferred to a new stand-alone scheme administered by The Pensions Trust (TPT), who also administer SHPS. This scheme is called the Wales & West Housing Group Pension Plan (WWHGPP) and has a defined benefit section open to staff members in the Association and a defined contribution section open to all staff members in the Group.

The ability to run an open to accrual stand-alone defined benefit scheme was the main driver for the move, allowing greater control over investment strategy, deficit recovery, future service rates and the way that

future valuations are carried out.

To exit the scheme, the Group made a one off deficit reduction payment of £10m, and this, along with the significant upward movement in gilt rates seen in 2022 has seen the scheme move from a deficit position to a surplus position.

This improved funding position allows for the investment strategy in the WWHGPP to be more focused on investment growth, with a higher allocation to growth assets. This in turn allows for future service rates to remain at affordable levels for both staff and the Group.

Summary of key accounting movements

WWHGPP Pension Scheme	£m
Accounting pension deficit at 31 December 2021	(13,343)
Normal deficit contributions	2,151
Normal future service contributions	2,314
One-off contribution	10,000
Current service cost and expenses	(2,022)
Changes in assumptions (mainly increased gilt rate)	11,504
Accounting pension surplus at 31 December 2022	10,604

advice from an independent actuarial adviser appointed by WWH on the reasonableness of assumptions used and the accuracy of the data used by the Trustee to prepare the valuation. The Committee may propose changes to the valuation to the Trustee of the WWHGPP.

The Committee recommends the split of any changes to contributions required to the

defined benefit section of the WWHGPP to the Board.

The Committee considers the overall performance of the Trustee of the WWHGPP and may propose to the Board a change of Trustee if appropriate.

The Committee monitors the performance of the defined contribution section of the WWHGPP. In doing so it receives

reports from the Trustee of the scheme and advice from an independent actuarial adviser appointed by WWH. The Committee may propose a different provider of defined contribution pensions to the Board if appropriate.

Statement of Board Responsibility

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.

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 Societies 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 is responsible for the maintenance and integrity of the Group Association's website.

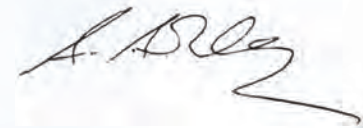
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

prepared in accordance with the principles set out in the 2022 SORP for Registered Social Housing Providers.

The Strategic Report was approved on 30 March 2023 and signed on its behalf by:

Statement of Compliance

The Board confirms that this Strategic Report has been



Mr Alex Ashton
Chair of the Board



Auditor's report to the members of Wales

for the year ended 31 December 2022

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 2022 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 2022 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the

& West Housing Association Limited

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 prescribe 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 44, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing

SORP 2022, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of

the Group's activities and the regulated nature of the Group's activities.

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

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit,

there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the members of the Association as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers,
Statutory Auditor
The Colmore Building
20 Colmore Circus Queensway
Birmingham B4 6AT

Date: 26 April 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	GROUP			ASSOCIATION		
		Continuing Operations £'000	Discontinued Operations £'000	2022 Total £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	2	74,080	5,394	79,474	73,560	77,051	71,704
Operating expenditure	2	(58,422)	(5,393)	(63,815)	(58,106)	(61,482)	(56,318)
Surplus on sale of property fixed assets	5	17,401	-	17,401	1,221	17,401	1,221
Deficit on sale of other fixed assets	4	(495)	-	(495)	-	(499)	-
Operating surplus	4	32,564	1	32,565	16,675	32,471	16,607
Interest receivable	6	821	-	821	70	955	184
Interest payable	7	(9,812)	-	(9,812)	(8,828)	(9,812)	(8,828)
Financing – pension deficit	30	37	-	37	74	37	74
Movement in fair value of investments	14	(745)	-	(745)	(143)	(745)	(143)
Write off of intercompany loan	9	(218)	-	(218)	-	(218)	-
Surplus before tax		22,647	1	22,648	7,848	22,688	7,894
Taxation	8	(19)	-	(19)	(32)	(20)	(31)
Surplus for the year		22,628	1	22,629	7,816	22,668	7,863
Other comprehensive income							
Actuarial gain in respect of defined benefit pension scheme	29,30	11,504	-	11,504	1,151	11,504	1,151
Total comprehensive income for the year		34,132	1	34,133	8,967	34,172	9,014

Consolidated Statement of Changes in Reserves

for the year ended 31 December 2022

	GROUP		ASSOCIATION	
	2022 Total reserves £'000	2021 Total reserves £'000	2022 Total reserves £'000	2021 Total reserves £'000
At 1 January	98,064	89,097	98,276	89,262
Surplus from statement of comprehensive income	34,133	8,967	34,172	9,014
At 31 December	132,197	98,064	132,448	98,276

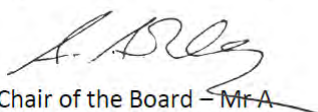
Total reserves are solely comprised of the comprehensive income reserve for both the Association and the Group.

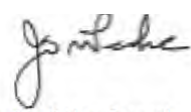
Consolidated Statement of Financial Position


for the year ended 31 December 2022

	Notes	GROUP		ASSOCIATION	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Tangible fixed assets					
Housing land and buildings – gross cost	11	882,316	850,574	879,185	848,638
– depreciation	11	(143,235)	(141,004)	(143,235)	(141,004)
		739,081	709,570	735,950	707,634
Other tangible fixed assets	12	19,179	17,968	19,094	17,875
Fixed asset investments					
HomeBuy and LCHO loans receivable	13	12,283	12,286	12,283	12,286
Other investments	14	8,778	7,716	8,778	7,716
Total fixed assets		779,321	747,540	776,105	745,511
Current assets					
Stock	15	2,131	1,886	2,131	1,549
Trade and other debtors: amounts falling due within one year	16	7,061	5,951	10,034	9,146
Trade and other debtors: amounts falling due after more than one year	17	26,281	27,082	26,281	27,207
Cash and cash equivalents	18	81,278	71,384	78,833	66,606
		116,751	106,303	117,279	104,508
Current liabilities					
Creditors: amounts falling due within one year	20	(27,159)	(23,193)	(24,231)	(19,169)
Social housing and other government grants: amounts falling due within one year	22	(3,160)	(2,987)	(3,160)	(2,987)
Net current assets		86,432	80,123	89,888	82,352
Total assets less current liabilities		865,753	827,663	865,993	827,863
Non-current liabilities					
Creditors: amounts falling due after more than one year	21	(385,667)	(361,398)	(385,667)	(361,398)
Social housing and other government grants: amounts falling due after more than one year	22	(358,376)	(354,741)	(358,376)	(354,741)
Defined Benefit Pension asset/(liability)	29	10,604	(13,343)	10,604	(13,343)
Provisions for liabilities	25	(117)	(117)	(106)	(105)
Total net assets		132,197	98,064	132,448	98,276
Capital and reserves					
Called-up share capital	26	-	-	-	-
Total reserves		132,197	98,064	132,448	98,276
Total capital and reserves		132,197	98,064	132,448	98,276

The financial statements on pages 50 to 86 were approved by the Board on 30 March 2023 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 2022

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Operating surplus	32,565	16,675	32,471	16,607
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	13,746	12,609	13,729	12,594
Government grants utilised in the year	(3,404)	(3,199)	(3,404)	(3,199)
Surplus on sale of property fixed assets	(17,401)	(1,221)	(17,401)	(1,221)
Deficit on sale of other fixed assets	495	-	499	-
Working capital movements:				
(Increase)/decrease in stock	(338)	1,523	(582)	241
(Increase)/decrease in trade and other debtors	(661)	(376)	(660)	(244)
Increase/(decrease) in trade and other creditors	891	(703)	815	193
Pension costs contributions payable	(2,151)	(1,751)	(2,151)	(1,751)
Proceeds of sale of other fixed assets	338	1	329	-
Net cash generated from operating activities	24,080	23,558	23,645	23,220
Interest received	263	166	377	163
Interest and mortgage fees paid	(10,877)	(10,008)	(10,877)	(9,894)
Difference between pension costs charged in operating surplus and pension cashflows	(376)	830	(376)	830
Taxation paid	(20)	(13)	(20)	(13)
Purchase of other replacement fixed assets	(3,364)	(3,001)	(3,364)	(3,001)
Adjustments for reinvestment in existing properties:				
Component replacements	(7,076)	(4,408)	(7,076)	(4,408)
Free cash generated before and after loan repayments	2,630	7,124	2,309	6,897
Cash flow from investing activities				
Purchase and development of properties	(43,648)	(38,456)	(41,047)	(37,837)
One off pension contribution	(10,000)	-	(10,000)	-
Proceeds of sale of LCHO properties (note 5)	1,115	1,669	1,115	1,669
Proceeds of sale of land and other housing properties (note 5)	22,771	2,995	22,771	2,995
Decrease/(increase) in amounts invested in subsidiaries	86	1,498	86	1,498
Grants received	15,209	17,903	15,209	17,903
Cash flow from financing activities				
New secured loans and use of revolving credit facilities	17,079	56,121	17,079	56,121
Land for housing loans received/(repaid)	4,705	-	4,705	-
Increase in cash and cash equivalents from continuing operations	9,947	48,854	12,227	49,246
Cash flows from discontinued operations	(53)	-	-	-
Net increase in cash and cash equivalents	9,894	48,854	12,227	49,246
Cash and cash equivalents at the beginning of the year	71,384	22,530	66,606	17,360
Cash and cash equivalents at the end of the year	81,278	71,384	78,833	66,606

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 31.

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 Homes Limited ("Castell Homes") and Castell Ventures Limited ("Castell Ventures"). As noted in Note 9, Castell Ventures has been disposed of and as such the Association no longer holds any interest in this entity, however this disposal took place after the period-end, hence the results of Castell Ventures are included within the 2022 financial statements of the Group. 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 2022 ("SORP 2022"). Where any conflict arises between the SORP 2022 and applicable financial reporting standards, then the SORP prevails. The financial statements comply with the Accounting Requirements for Social Landlords Registered in Wales – General Determination 2015.

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

Critical accounting judgements and key sources of estimation uncertainty

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

a. Development expenditure. The 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.

1 Principal accounting policies (continued)

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.

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

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. 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 defined benefit pension scheme is accounted for under FRS102 to show the Group's 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 the defined contribution scheme. Further details are given in notes 29 and 30.

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.

1 Principal accounting policies (continued)

Housing properties – fixed asset capitalisation and depreciation (note 11)

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.

Surplus or deficit on disposals of properties are recognised as at the date a sale becomes certain. The surplus or deficit 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		Years
Houses	150	Flats	100

1 Principal accounting policies (continued)

Other components	Years	Other components	Years
Back doors	40	Kitchen: general needs	17
Bathrooms	30	Kitchen: retirement housing	20
Heating systems	15	Roofs	80
Electrics	60	Windows: installed pre-2000	20
Front doors	30	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 12)

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	Asset class	Years
Motor vehicles	2 to 4	Site equipment – door entry systems	10 to 25
Office equipment – Solar PV panels	25	Site equipment – other	3 to 10
Office equipment – other	3 to 10	Commercial and other buildings	Up to 60
Site equipment – lifts	10 to 25		

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.

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.

Loans and bonds (notes 20 and 21)

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.

1 Principal accounting policies (continued)

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 22)

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 and Cambria form a single VAT Group which is partially exempt for VAT purposes. Castell Ventures was a member of this Group until the point of disposal on 31 January 2023. 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.

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.

2 Analysis of turnover and costs

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

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

	GROUP					
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	72,883	(57,231)	15,652	67,917	(52,333)	15,584
Other social housing activities						
Surplus on sale of property fixed assets	-	-	17,401	-	-	1,221
Deficit on sale of other fixed assets	-	-	(495)	-	-	-
Non-social housing activities						
Lettings	48	(53)	(5)	52	(52)	-
Other	2,584	(2,536)	48	2,228	(2,361)	(133)
Care and support	3,959	(3,995)	(36)	3,363	(3,360)	3
Total	79,474	(63,815)	32,565	73,560	(58,106)	16,675

	ASSOCIATION					
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	72,883	(59,274)	13,609	67,917	(54,167)	13,750
Other social housing activities						
Gift Aid	2,043	-	2,043	1,834	-	1,834
Surplus on sale of property fixed assets	-	-	17,401	-	-	1,221
Deficit on sale of other fixed assets	-	-	(499)	-	-	-
Non-social housing activities						
Lettings	48	(53)	(5)	52	(52)	-
Other	2,077	(2,155)	(78)	1,901	(2,099)	(198)
Total	77,051	(61,482)	32,471	71,704	(56,318)	16,607

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

2 Analysis of turnover and costs (continued)

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

	GROUP & ASSOCIATION			
	General needs and sheltered housing £'000	Supported housing £'000	2022 total £'000	2021 total £'000
Income				
Rent receivable	60,742	1,541	62,283	59,321
Service charge income	7,188	-	7,188	5,381
Grant income for support services	-	8	8	16
Amortisation of social housing and other government grants	3,404	-	3,404	3,199
Turnover from social housing lettings	71,334	1,549	72,883	67,917
Operating costs				
Management of operations	(6,305)	(138)	(6,443)	(6,204)
Tenancy management services	(6,384)	(140)	(6,524)	(6,430)
Service charges	(9,112)	-	(9,112)	(6,583)
Routine maintenance	(15,273)	(334)	(15,607)	(14,262)
Major repairs expenditure	(6,298)	(138)	(6,436)	(6,508)
Management of component replacement	(1,280)	(28)	(1,308)	(1,283)
Bad debts	(6)	-	(6)	(33)
Depreciation of housing properties	(11,600)	(254)	(11,854)	(11,115)
Costs of scheme closure	-	-	-	-
Development and other costs	(1,942)	(42)	(1,984)	(1,749)
Operating costs on social housing lettings	(58,200)	(1,074)	(59,274)	(54,167)
Operating surplus on social housing lettings - Association	13,134	475	13,609	13,750
Gift Aid Adjustment (Note 2a)	2,043	-	2,043	1,834
Operating surplus on social housing lettings - Group	15,177	475	15,652	15,584
Memorandum information:				
Rent foregone due to properties being vacant	765	(2)	763	852

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

2 Analysis of turnover and costs (continued)

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

	ASSOCIATION					
	2021 management accounts £'000	2022 management accounts £'000	Subsidiary donations to parent £'000	Analysis of non- social housing activities £'000	Allocation of central costs £'000	2022 total £'000
Income						
Rent receivable	59,178	62,156	-	127	-	62,283
Service charge income	6,497	8,388	-	(1,200)	-	7,188
Sundry resident income	-	127	-	(127)	-	-
Supporting people income	16	8	-	-	-	8
Sundry income	635	569	-	(569)	-	-
Amortisation	-	-	-	-	3,404	3,404
Gift Aid	-	-	2,043	-	-	2,043
Non-social housing lettings	-	-	-	48	-	48
Non-social housing other activities	-	-	-	2,077	-	2,077
Turnover	66,326	71,248	2,043	356	3,404	77,051
Operating costs						
Management of operations	-	-	-	-	(6,443)	(6,443)
Tenancy management services	-	-	-	-	(6,524)	(6,524)
Service charge cash costs	(5,390)	(7,777)	-	976	(1,811)	(8,612)
Service charge depreciation	(465)	(515)	-	15	-	(500)
Routine maintenance	(11,682)	(12,914)	(1,315)	-	(1,378)	(15,607)
Major repairs and cyclical maintenance	(5,313)	(4,899)	(442)	-	(1,095)	(6,436)
Management of component replacement	-	-	-	-	(1,308)	(1,308)
Bad debts	(33)	(6)	-	-	-	(6)
Depreciation of housing properties	(11,114)	(11,854)	-	-	-	(11,854)
Development and other costs	-	-	(286)	-	(1,698)	(1,984)
Staff costs (excl. site staff)	(14,787)	(14,109)	-	-	14,954	845
Overheads	(4,341)	(5,649)	-	-	4,805	(844)
Other depreciation	(1,014)	(1,360)	-	-	1,360	-
Amortisation	3,199	3,404	-	-	(3,404)	-
Non-social housing lettings	-	-	-	-	(53)	(53)
Non-social housing other activities	-	-	-	(1,347)	(809)	(2,156)
Operating costs	(50,940)	(55,679)	(2,043)	(356)	(3,404)	(61,482)
Surplus on sale of property fixed assets	1,221	17,401	-	-	-	17,401
Deficit on sale of other fixed assets	-	(499)	-	-	-	(499)
Operating surplus	16,607	32,471	-	-	-	32,471

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	
	2022	2021
	£'000	£'000
Aggregate emoluments of executive officers, excluding pension contributions	762	681
Aggregate emoluments of Board Members	54	58
Emoluments of highest paid director (Group Chief Executive), excluding pension contributions	173	168
Pension contributions in respect of executive officers	55	48

Retirement benefits are accruing under defined benefit schemes (note 29). The Group Chief Executive received payment in lieu of pension contributions of £37,080 (2021: £35,996). 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	
	2022	2021
£0 – £9,999	12	12
£100,000 – £109,999	1	-
£120,000 – £129,999	2	3
£130,000 – £139,999	1	-
£140,000 – £149,999	-	1
£150,000 – £159,999	1	-
£160,000 – £169,999	-	1
£170,000 – £179,999	1	-

	GROUP & ASSOCIATION	
	2022	2021
	£'000	£'000
Expenses reimbursed to directors not chargeable to UK taxation	9	2

3 Directors and employees (continued)

(b) Employee information

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

	GROUP		ASSOCIATION	
	2022 Staff	2021 Staff	2022 Staff	2021 Staff
Actual	811	790	443	433
Full time equivalent	737	713	406	391
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Staff costs				
Wages and salaries	23,853	20,885	14,186	12,426
Social security costs	2,378	1,978	1,511	1,292
Pension costs	2,857	3,522	2,505	3,215
Total staff costs	29,088	26,385	18,202	16,933

The 2022 pension costs are split as follows:

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Defined benefit scheme contributions	2,332	1,855	2,332	1,855
Actuarial movement	(470)	830	(470)	830
Current Service cost	1,862	2,685	1,862	2,685
Expenses paid	93	44	93	44
Defined contribution scheme contribution	902	793	550	486
Pension costs	2,857	3,522	2,505	3,215

4 Operating Surplus

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Surplus for the year from continuing activities is stated after charging/(crediting):				
Depreciation of housing properties	11,854	11,114	11,854	11,114
Depreciation of other fixed assets	1,892	1,495	1,875	1,480
Amortisation	(3,404)	(3,199)	(3,404)	(3,199)
Deficit on sale of other fixed assets	495	-	499	-
Bad debts	6	33	6	33
Auditors' remuneration (including VAT):				
– In their capacity as auditors	57	56	37	36
– In respect of other services	5	5	5	5
Operating lease rentals:				
– Land and buildings	35	35	-	-
– Other assets	601	499	114	79

5 Surplus on sale of housing fixed assets

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
Sales proceeds:		
– Other land and housing	23,003	3,085
– Selling costs	(232)	(90)
	22,771	2,995
– LCHO properties	1,115	1,669
Cost of sales:		
– LCHO property cost (note 13)	(932)	(1,370)
– LCHO property grant (note 23)	148	128
– Housing property cost (note 11)	(17,836)	(190)
– Housing property depreciation (note 11)	6,213	74
– Housing property grant amortisation (note 22)	(3,852)	(53)
– HomeBuy cost (note 13)	(243)	(356)
– Recycled capital grant additions (note 21)	(1,130)	(1,700)
– Cost of sales from current assets (note 15)	(614)	(1,564)
– Grant written back - fixed assets (note 22)	11,075	117
– Grant written back - current assets (note 20)	443	1,115
– Grant written back - HomeBuy (note 23)	243	356
Surplus on sale of fixed assets	17,401	1,221

6 Interest receivable

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable from investments	821	70	837	70
Intra-group interest receivable	-	-	118	114
Total interest receivable	821	70	955	184

7 Interest payable

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
On bank loans and overdrafts and other loans:		
Repayable wholly or partly in more than five years	10,646	9,605
Development interest capitalised	(901)	(993)
Finance charge in respect of the pension deficit (note 29)	67	216
Total interest payable	9,812	8,828

8 Corporation tax

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Tax charged for the period				
Current tax				
UK Corporation Tax at 19% (2021: 19%)	39	-	39	-
Adjustment in respect of prior years	(19)	32	(19)	31
Current taxation charge	20	32	20	31
Deferred tax				
Origination and reversal of temporary differences	(1)	-	-	-
Tax on ordinary activities	19	32	20	31

The tax on profit before tax for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Profit before tax	22,648	7,848	22,688	7,894
Corporation tax at standard rate	4,303	1,491	4,311	1,500
Effects of:				
Charitable surpluses not taxed	(4,103)	(1,433)	(4,084)	(1,420)
Income not chargeable for tax purposes	(162)	(26)	(188)	(49)
Adjustment in respect of prior years	(19)	-	(19)	-
Tax charge for the year	19	32	20	31

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.

9 Discontinued operations - Intercompany loan write-off

On 31 January 2023 Wales & West Housing sold 100% of the share capital of its subsidiary company Castell Ventures to Mr L Reeves as a management buyout. Accordingly, the trading of Castell Ventures is shown as discontinued operation in the Consolidated Statement of Comprehensive Income. In order to facilitate the transaction, the intercompany loan balance due from Castell Ventures to Wales & West Housing was written off. This is disclosed in the Consolidated Statement of Comprehensive Income as a write off of intercompany loan as shown below:

	Opening Balance 31/12/2021 £'000	Movements in the year £'000	Balance before sale £'000	Write-Off £'000	Closing Balance 31/12/2022 £'000
Intercompany loan	125	20	145	(145)	-
Intercompany trading	(16)	89	73	(73)	-
Total	109	109	218	(218)	-

10 Properties in management

	Opening properties at 1 Jan 2022	New build	GROUP & ASSOCIATION				Closing properties at 31 Dec 2022
			Purchase of homes	Homes sold or held for sale	Transfers	Other	
General needs and retirement	10,678	222	56	(453)	(5)	(1)	10,497
Extra Care	280	-	-	-	-	-	280
Intermediate rented	194	-	-	(3)	-	-	191
Supported housing	183	51	-	-	5	1	240
Social housing homes	11,335	273	56	(456)	-	-	11,208
Shared ownership	24	-	-	-	-	-	24
Managed for private owners	1,153	2	(20)	(48)	-	1	1,088
Commercial properties	6	-	-	(1)	-	-	5
Non social-housing properties	1,183	2	(20)	(49)	-	1	1,117
Total properties owned and managed	12,518	275	36	(505)	-	1	12,325

11 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 2022	781,420	584	68,570	850,574
Property acquisitions	7,689	-	35,318	43,007
Social housing properties completed	41,675	-	(41,675)	-
LCHO units completed (note 13)	-	-	(784)	(784)
Imputed costs	4,631	-	-	4,631
Component additions to existing properties	7,030	-	-	7,030
Component disposals	(2,975)	-	-	(2,975)
Housing property disposals (note 5)	(17,836)	-	-	(17,836)
Transfer to current assets (note 15)	(1,331)	-	-	(1,331)
At 31 December 2022	820,303	584	61,429	882,316
Depreciation				
At 1 January 2022	140,871	133	-	141,004
Charge for the year	11,850	4	-	11,854
Component disposals	(2,975)	-	-	(2,975)
Housing property disposals (note 5)	(6,213)	-	-	(6,213)
Transfer to current assets (note 15)	(435)	-	-	(435)
At 31 December 2022	143,098	137	-	143,235
Net book value				
At 31 December 2022	677,205	447	61,429	739,081
At 1 January 2022	640,549	451	68,570	709,570
			2022	2021
			£'000	£'000
Housing properties comprise:				
Freehold land and buildings			858,280	827,078
Long leasehold land and buildings			23,967	23,427
Short leasehold land and buildings			69	69
Total housing land and buildings			882,316	850,574

11 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 2022	781,420	584	66,634	848,638
Property acquisitions	7,689	-	34,123	41,812
Social housing properties completed	41,675	-	(41,675)	-
LCHO units completed (note 13)	-	-	(784)	(784)
Imputed costs	4,631	-	-	4,631
Component additions to existing properties	7,030	-	-	7,030
Component disposals	(2,975)	-	-	(2,975)
Housing property disposals (note 5)	(17,836)	-	-	(17,836)
Transfer to current assets (note 15)	(1,331)	-	-	(1,331)
At 31 December 2022	820,303	584	58,298	879,185
Depreciation				
At 1 January 2022	140,871	133	-	141,004
Charge for the year	11,850	4	-	11,854
Component disposals	(2,975)	-	-	(2,975)
Housing property disposals (note 5)	(6,213)	-	-	(6,213)
Transfer to current assets (note 15)	(435)	-	-	(435)
At 31 December 2022	143,098	137	-	143,235
Net book value				
At 31 December 2022	677,205	447	58,298	735,950
At 1 January 2022	640,549	451	66,634	707,634
			2022	2021
			£'000	£'000
Housing properties comprise:				
Freehold land and buildings			855,149	825,142
Long leasehold land and buildings			23,967	23,427
Short leasehold land and buildings			69	69
Total housing land and buildings			879,185	848,638

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 2022 amounted to £4,899,000 (2021: £5,314,000) – see note 2c.

12 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 2022	214	7,817	9,809	1,019	12,026	30,885
Additions	-	2,233	1,105	20	577	3,935
Disposals	(40)	(2,431)	(757)	-	-	(3,228)
At 31 December 2022	174	7,619	10,157	1,039	12,603	31,592
Depreciation						
At 1 January 2022	170	4,940	5,841	217	1,749	12,917
Charge for year	7	1,038	523	24	300	1,892
Eliminated on disposals	(35)	(1,786)	(575)	-	-	(2,396)
At 31 December 2022	142	4,192	5,789	241	2,049	12,413
Net book value						
At 31 December 2022	32	3,427	4,368	798	10,554	19,179
At 1 January 2022	44	2,877	3,968	802	10,277	17,968

						ASSOCIATION
	Motor vehicles £'000	Office equipment £'000	Site equipment £'000	Freehold commercial property £'000	Freehold office property £'000	Total £'000
Cost						
At 1 January 2022	61	7,730	9,688	1,019	12,026	30,524
Additions	-	2,233	1,091	20	577	3,921
Disposals	-	(2,431)	(757)	-	-	(3,188)
At 31 December 2022	61	7,532	10,022	1,039	12,603	31,257
Depreciation						
At 1 January 2022	61	4,862	5,760	217	1,749	12,649
Charge for year	-	1,036	515	24	300	1,875
Eliminated on disposals	-	(1,786)	(575)	-	-	(2,361)
At 31 December 2022	61	4,112	5,700	241	2,049	12,163
Net book value						
At 31 December 2022	-	3,420	4,322	798	10,554	19,094
At 1 January 2022	-	2,868	3,928	802	10,277	17,875

13 Fixed asset investments – HomeBuy and LCHO loans receivable

	GROUP & ASSOCIATION					
	2022			2021		
	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000
At 1 January	8,196	4,090	12,286	8,552	3,571	12,123
Imputed costs	-	388	388	-	647	647
Reclassification from social housing (note 11)	-	784	784	-	1,242	1,242
Disposals (note 5)	(243)	(932)	(1,175)	(356)	(1,370)	(1,726)
At 31 December	7,953	4,330	12,283	8,196	4,090	12,286

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 23) represent the funding received from the Welsh Government for the above loans. These loans are stated at cost in accordance with Housing SORP 2022.

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.

14 Fixed asset investments – other investments

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
At 1 January	7,716	7,800
Additions	1,807	68
Withdrawals	-	(9)
Change in fair value	(745)	(143)
At 31 December	8,778	7,716

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

15 Stock

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Completed properties	2,131	1,549	2,131	1,549
Work in progress	-	337	-	-
Total stock	2,131	1,886	2,131	1,549

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	GROUP & ASSOCIATION	
				Associated expenses £'000	Properties held for sale £'000
At 1 January 2022	1,628	(435)	338	18	1,549
Disposals (note 5)	(683)	190	(133)	12	(614)
Transfer from property assets (note 11, 22)	1,331	(435)	300	-	1,196
At 31 December 2022	2,276	(680)	505	30	2,131

16 Trade and other debtors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Rent and service charge debtors	3,820	4,434	3,820	4,434
Bad debt provision for rent and service charges	(2,286)	(2,642)	(2,286)	(2,642)
Capital debtors	519	853	519	853
Housing Finance Grant debtor	802	774	802	774
Intra-group balances – loans (note 31)	-	-	1,840	1,944
Intra-group balances – Gift Aid (note 31)	-	-	2,043	1,834
Intra-group balances – trading (note 31)	-	-	-	-
Loans to employees	31	45	31	45
Other debtors and prepayments	4,175	2,487	3,265	1,904
Total debtors due within one year	7,061	5,951	10,034	9,146

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

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Housing Finance Grant debtor	26,281	27,082	26,281	27,082
Intra-group balances – loans (note 31)	-	-	-	125
Total debtors due after more than one year	26,281	27,082	26,281	27,207

18 Cash and cash equivalents

Within the cash and cash equivalents balance is cash at bank and in hand, which represents funds which are readily available for the Group's day to day activities. Also included within the cash balance are Land for Housing Loans, held in Wales & West Housing Association bank accounts, that are ring-fenced for the sole purpose of purchasing land in order to develop and is therefore not readily available for use by the Group. This ring-fenced cash can also be seen within our Creditors: amounts falling due within one year, representing the associated liability.

Similarly, the Group holds sinking fund cash. This cash is also readily accessible, however solely for the purpose of property repair on behalf of leasehold home residents, hence why it is presented separately to the cash readily available for the Group's day to day trading.

The cash and cash equivalents balance can be split out as follows:

	GROUP		ASSOCIATION	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	77,934	64,036	75,489	59,258
Land for housing loan cash	1,890	6,135	1,890	6,135
Sinking funds	1,454	1,213	1,454	1,213
At 31 December	81,278	71,384	78,833	66,606

19 Movement in net debt

				GROUP
	At 31	Cashflow	Non cash	At 31
	December			December
2021	£'000	£'000	£'000	2022
Cash	71,384	9,894	-	81,278
Loans due in less than one year	(128)	-	(16)	(144)
Loans due in greater than one year	(302,599)	(18,795)	16	(321,378)
Land for housing loans	(5,985)	(2,705)	-	(8,690)
Total	(237,328)	(11,606)	-	(248,934)

				ASSOCIATION
	At 31	Cashflow	Non cash	At 31
	December			December
2021	£'000	£'000	£'000	2022
Cash	66,606	12,227	-	78,833
Loans due in less than one year	(128)	-	(16)	(144)
Loans due in greater than one year	(302,599)	(18,795)	16	(321,378)
Land for housing loans	(5,985)	(2,705)	-	(8,690)
Total	(242,106)	(9,273)	-	(251,379)

20 Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing loans (note 21)	144	128	144	128
Land for housing loans	8,690	5,985	8,690	5,985
Rent and service charges received in advance	1,445	1,562	1,445	1,562
Grants received and receivable in advance	-	-	-	-
Imputed grants (note 24)	244	212	244	212
Corporation Tax	39	32	39	31
Taxation and social security	768	647	529	430
Pension provision (note 30)	12	28	12	28
Sinking fund deferred income	1,146	1,055	1,146	1,055
Accrued mortgage interest	3,018	2,972	3,018	2,972
Bond market issuance premium	445	445	445	445
Intra-group balances – trading (note 31)	-	-	508	728
Deferred heat initiative income	19	19	19	19
Grant on properties held for sale	1,356	1,051	1,356	1,051
Accruals and other deferred income	9,833	9,057	6,636	4,523
Total creditors due within one year	27,159	23,193	24,231	19,169

20 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 January	(1,051)	(1,287)	(1,051)	(1,287)
Disposals	443	1,115	443	1,115
Transfer from property assets (note 22)	(749)	(879)	(749)	(879)
At 31 December	(1,357)	(1,051)	(1,357)	(1,051)

21 Creditors: amounts falling due after more than one year

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
Recycled capital grant fund	5,632	3,944
Housing loans (note 21)	321,378	302,599
Investment grants (note 23)	12,077	12,080
Imputed grants (note 24)	35,678	31,323
Bond market issuance premium	9,368	9,813
Other creditors	1,088	1,088
Deferred heat initiative income	435	501
Pension provision (note 30)	11	50
Total creditors due after more than one year	385,667	361,398

Housing loans are shown net of capitalised loan fees of £3,189,000 (2021: £3,363,000).

Housing loans are secured by specific charges on the Association's housing properties. Rates of interest during the year ranged from 1.60% to 12.01% (2021: 0.52% to 12.05%). The weighted average rate of interest for 2022 was 3.38% (2021: 3.25%). At 31 December 2022, 99% (2021: 96%) of loans bore interest at fixed rates, 0% (2021: 3%) at variable rates and 1% (2021: 1%) at index-linked rates.

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

The loans are repayable as follows:

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
Amounts falling due:		
Within one year or less	144	128
Between one and two years	161	144
Between two and five years	3,358	2,643
In five years or more	317,859	299,812
In more than one year	321,378	302,599
Total housing loans	321,522	302,727

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
Repayable otherwise than by instalments in more than five years	305,000	286,250
Repayable by instalments wholly or partly in more than five years	12,859	13,562
Total repayable in more than five years	317,859	299,812

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

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
At 1 January	(3,944)	(2,324)
Additions during the year (note 5)	(1,130)	(1,700)
(Returns)/deductions during the year	(557)	80
At 31 December	(5,632)	(3,944)

22 Social housing and other government grants

	Social housing properties £'000	Shared ownership £'000	GROUP & ASSOCIATION	
			Properties in the course of construction £'000	Total £'000
Gross grant creditor				
At 1 January 2022	380,627	362	48,629	429,618
Property acquisitions	986	-	13,653	14,639
Schemes completed	21,394	-	(21,394)	-
Transfer to current assets (note 20)	(749)	-	-	(749)
Housing property disposals (note 5)	(11,075)	-	-	(11,075)
At 31 December 2022	391,183	362	40,888	432,433
Amortisation				
At 1 January 2022	71,788	102	-	71,890
Credit for the year	3,158	2	-	3,160
Transfer to current assets (note 15)	(301)	-	-	(301)
Housing property disposals (note 5)	(3,852)	-	-	(3,852)
At 31 December 2022	70,793	104	-	70,897
Net grant creditor				
At 31 December 2022	320,390	258	40,888	361,536
At 1 January 2022	308,839	260	48,629	357,728

Included within social housing properties grants are £1,257,000 (2021: £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	
	2022 £'000	2021 £'000
Within one year or less	3,160	2,987
Between one and two years	3,160	2,987
Between two and five years	9,480	8,961
In five years or more	345,736	342,793
In more than one year	358,376	354,741
Total grant creditor	361,536	357,728

23 Investment grants

	2022			GROUP & ASSOCIATION 2021		
	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000	HomeBuy £'000	Low Cost Home Ownership £'000	Total £'000
At 1 January	8,054	4,026	12,080	8,410	3,507	11,917
Imputed costs	-	388	388	-	647	647
Disposals (note 5)	(243)	(148)	(391)	(356)	(128)	(484)
At 31 December	7,811	4,266	12,077	8,054	4,026	12,080

The investment grant is funding received from Welsh Government to fund the HomeBuy scheme, the assets of which are shown as a fixed asset investment (note 13). All amounts are due in more than one year.

24 Imputed grants

	GROUP & ASSOCIATION Social housing properties	
	2022 £'000	2021 £'000
Gross grant creditor		
At 1 January	32,386	26,464
Property acquisitions	4,631	5,922
At 31 December	37,017	32,386
Amortisation		
At 1 January	851	639
Credit for the year	244	212
At 31 December	1,095	851
Net grant creditor		
At 31 December	35,922	31,535
At 1 January	31,535	25,825

24 Imputed grants (continued)

The grants are amortised as follows:

	GROUP & ASSOCIATION	
	2022 £'000	2021 £'000
Within one year or less	244	212
Between one and two years	244	212
Between two and five years	732	636
In five years or more	34,702	30,475
In more than one year	35,678	31,323
Total grant creditor	35,922	31,535

25 Provision 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 Statement of Comprehensive Income and credited to the Statement of Financial Position based upon the Group's best estimate of potential liabilities.

	GROUP		
	Insurance £'000	Deferred taxation £'000	Total £'000
At 1 January 2022	105	12	117
Utilised during the year	-	-	-
Released during the year	(12)	(1)	(13)
Additions during the year	13	-	13
At 31 December 2022	106	11	117

	ASSOCIATION	
	Insurance £'000	Total £'000
At 1 January 2022	105	105
Utilised during the year	-	-
Released during the year	(12)	(12)
Additions during the year	13	13
At 31 December 2022	106	106

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.

26 Called-up share capital

	GROUP & ASSOCIATION	
	2022	2021
	£	£
Allotted, issued and fully paid		
At 1 January	49	82
Issued during the year	-	-
Shares cancelled during the year	(7)	(33)
At 31 December	42	49

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.

27 Capital commitments

	GROUP & ASSOCIATION	
	2022	2021
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	35,311	45,288
Capital expenditure that has been authorised by the Board but has not yet been contracted for	48,671	56,372

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.

28 Operating leases

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

	2022			GROUP		
	Land and buildings	Office equipment	Site equipment	Land and buildings	Office equipment	Site equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Leases expiring:						
Within one year	-	6	-	-	-	-
Between two and five years	106	-	217	-	13	230
Between six and ten years	-	-	200	140	-	197
Total operating lease commitments	106	6	417	140	13	427

28 Operating leases (continued)

	2022			ASSOCIATION 2021		
	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	-	6	-	-	-	-
Between two and five years	-	-	217	-	13	230
Between six and ten years	-	-	200	-	-	197
Total operating lease commitments	-	6	417	-	13	427

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

29 Pension schemes

On 1 April 2022, the Association transferred its share of the assets and liabilities in the Social Housing Pension Scheme (SHPS) multi-employer scheme to our own name pension scheme, The Wales & West Housing Group Pension Plan. The scheme is administered by the Pensions Trust and all benefit structures remain unchanged. There are no participating employers outside of the Wales & West Housing Group. The scheme assets and liabilities are recorded in the Statement of Financial Position at their FRS 102 valuation as at 31 December 2022. The Group has agreed to continue to pay the deficit contributions into the scheme, as was the case prior to the transfer. The Group also made a one off £10m deficit contribution as part of the transfer.

The Association participates in two defined benefit pension schemes, the Wales & West Housing Group Pension Plan (WWHGPP) and The Growth Plan. The Growth Plan is a multi-employer scheme and is closed to new members. Within WWHGPP, 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 WWHGPP schemes.

The Associations share of assets and liabilities in respect of the Wales & West Housing Group 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 30.

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 Group also makes contributions up to a maximum of 9.85% of salary into the defined contribution section of the WWHGPP. Contributions to the scheme in the year are shown in note 3b.

29 Pension schemes (continued)

WALES & WEST HOUSING GROUP PENSION SCHEME

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

	31 December 2022	31 December 2021
	£'000	£'000
Fair value of plan assets	62,626	77,273
Present value of defined benefit obligation	52,022	90,616
Net defined benefit asset/(liability) to be recognised	10,604	(13,343)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended	Period ended
	31 December 2022	31 December 2021
	£'000	£'000
Defined benefit obligation at start of year	90,616	82,677
Current service cost	1,862	2,685
Expenses	-	44
Interest expense	2,048	1,225
Member contributions	11	12
Actuarial losses/(gains) due to scheme experience	6,306	572
Actuarial losses/(gains) due to changes in demographic assumptions	(4,645)	315
Actuarial losses/(gains) due to changes in financial assumptions	(43,201)	4,373
Benefits paid and expenses	(975)	(1,287)
Defined benefit obligation at end of year	52,022	90,616

29 Pension schemes (continued)

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

	Period ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Fair value of plan assets at start of year	77,273	67,515
Interest income	1,981	1,009
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(30,036)	6,411
Employer contributions made (note 30)	2,332	1,855
One off contribution	10,000	-
Past deficit contributions (note 30)	2,133	1,714
Expenses (note 30)	(93)	44
Total contributions by the employer	14,372	3,613
Member contributions	11	12
Benefits paid and expenses	(975)	(1,287)
Fair value of plan assets at end of year	62,626	77,273

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 December 2022 was £22,152,000 (2021: £7,420,000).

Defined benefit costs recognised in Statement of Comprehensive Income

	Period from 1 January 2022 to 31 December 2022 £'000	Period from 1 January 2021 to 31 December 2021 £'000
Employer contributions made (note 3b)	2,332	1,855
Actuarial movements (note 3b)	(470)	830
Current service cost	1,862	2,685
Expenses (note 3b)	93	44
Net interest expense (note 7)	67	216
Defined benefit costs recognised in Statement of Comprehensive Income	2,022	2,945

29 Pension schemes (continued)

Defined benefit costs recognised in Other Comprehensive Income

	Period ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)/gain	(30,036)	6,411
Experience gains and losses arising on the plan liabilities - (loss)/gain	(6,306)	(572)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	4,645	(315)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	43,201	(4,373)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	11,504	1,151
Total amount recognised in other comprehensive income - gain/(loss)	11,504	1,151

Assets

	31 December 2022 £'000	31 December 2021 £'000
Equity	7,660	14,436
Bonds	706	10,652
Property	4,554	3,504
Cash	4,202	540
Other	25,506	25,176
Liability Driven Investment	19,998	22,965
Total assets	62,626	77,273

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.

29 Pension schemes (continued)

Key assumptions

	31 December 2022	31 December 2021
	% per annum	% per annum
Discount Rate	4.90%	1.81%
Inflation (RPI)	3.05%	3.27%
Inflation (CPI)	2.75%	2.89%
Salary Growth	2.75%	2.00%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	2022
	Life expectancy at age 65 (Years)
Male retiring in 2022	20.7
Female retiring in 2022	23.1
Male retiring in 2042	21.9
Female retiring in 2042	24.6

	2021
	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

30 Pensions movements

2022	GROUP & ASSOCIATION		
	SHPS DB	SHPS AVC	Total
	£'000	£'000	£'000
At 1 January 2022	13,343	78	13,421
Other comprehensive income movement	(11,504)	-	(11,504)
Comprehensive income	2,022	-	2,022
Financing costs pension deficit	-	(37)	(37)
Past deficit (note 29)	(2,133)	(18)	(2,151)
One off contribution	(10,000)	-	(10,000)
Employer contributions (note 29)	(2,332)	-	(2,332)
At 31 December 2022	(10,604)	23	(10,581)
Due less than 1 year (note 20)	-	12	12
Due greater than 1 year (note 21)	-	11	11
Defined benefit	(10,604)	-	(10,604)
	(10,604)	23	(10,581)

2021	GROUP & ASSOCIATION		
	SHPS DB	SHPS AVC	Total
	£'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 29)	(1,714)	(37)	(1,751)
Expenses (note 29)	(44)	-	(44)
Employer contributions (note 29)	(1,855)	-	(1,855)
At 31 December 2021	13,343	78	13,421
Due less than 1 year (note 20)	-	28	28
Due greater than 1 year (note 21)	-	50	50
Defined benefit	13,343	-	13,343
	13,343	78	13,421

31 Subsidiary undertakings

The Association has four directly-owned subsidiary undertakings following the disposal of Castell Ventures Limited on 31 January 2023. All subsidiaries have the same registered office as the Association, see note 33:

Undertaking	Percentage Owned	Registration Number
Cambria Maintenance Services Limited	100	7389484
Enfys Developments Limited	100	8292315
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:

2022	Turnover £'000	Billed to Group companies £'000	Intercompany trading balance £'000	Loan Balance owed to Association £'000	Gift Aid owed to Association £'000
Cambria	15,185	15,121	(244)	85	1,754
Enfys	29,114	29,114	(192)	1,900	286
Castell Homes	442	-	1	-	3
Castell Ventures*	5,394	1,435	(73)	(145)	-
			(508)	1,840	2,043

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 Homes	1,390	1,140	24	350	-
Castell Ventures	4,352	989	(16)	125	-
			(728)	2,069	1,834

*Castell Ventures has been disposed of post year-end. As the company was a subsidiary of the Association as at the year-end, the results have been included in this note. See note 9 for further details of the discontinued operation.

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 2022 or 2021.

