



Tai Calon

Community Housing

Financial Statements

Year ending 31st March 2022



Contents

Board Members & Professional Advisors	3
Strategic Report	4
Corporate Plan	5
Our Performance 2021/22	6
KPI Performance Indicators (KPIs)	7
STAR survey 2021/22 - Customer Satisfaction	8
What we've been doing	9
Assets	9
Development.....	9
Planned Work Programmes	9
Decarbonisation - The Optimised Retrofit Programme	10
Fire Safety.....	10
Gas Safety	11
Landlord Health and Safety Audit	11
Risk	12
Governance & Internal Control	15
Internal Control.....	16
Financial Performance	18
Statement of Board Responsibilities.....	20
Independent auditor's report to the members of Tai Calon Community Housing	22
Financial Statements.....	26
Notes to the Financial Statements for the Year Ended 31st March 2022	31

Board Members & Professional Advisors

Tenant Board Members	Andrea Teague (Resigned September 2021) Gemma Badham Shannon Williams (Appointed September 2021) Jenny White (Appointed September 2021)	
Council Board Members	Malcolm Day Gareth Davies	
Independent Board Members	Prof Sir Adrian Webb - Chair Katherine Howells – Vice Chair Kelly Reynolds (Resigned 20th September 2021) Ian Hughes Mike Santon Neil Harries Abhishek Vyas (Appointed 20th September 2021)	
Co-opted Board Members	Chris Jofeh Ross Maude (Resigned 20th September 2021)	
Independent Committee Members	Brian Pickett (Appointed July 2021) Sian Nicholas (Appointed July 2021)	
Executive Officers	Howard Toplis – Chief Executive Martyn Price – Director of Resources and Company Secretary Andrew Myatt – Director of Communities & Housing Ian Atkinson – Director of Assets & Property	
Registered Office	Solis One, Griffin Lane, Rising Sun Industrial Estate, Blaina, Blaenau Gwent, NP13 3JW	
External Auditors	Bevan Buckland LLP, Chartered Accountants & Statutory Auditors, Cardigan House Castle Court, Swansea Enterprise Park, Swansea, SA7 9LA	
Internal Auditors	Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD	
Bankers	Barclays Bank, Windsor Court, 3 Windsor Place, Cardiff, CF10 3ZL	
Funders	The Royal Bank of Scotland Plc, Housing Finance, 7th Floor, 135 Bishopsgate, London, EC2M 3UR	Barclays Bank, Windsor Court, 3 Windsor Place, Cardiff, CF10 3ZL

Strategic Report

The Board is pleased to present its strategic report, board report and the audited financial statements for Tai Calon Community Housing for the year ended 31st March 2022.

Background and Socio-Economic Context

Tai Calon Community Housing was formed on 26th July 2010 as part of a large-scale voluntary transfer of the housing stock from Blaenau Gwent County Borough Council.

Tai Calon has 5,812 homes in management. These homes have been brought up to the Welsh Housing Quality Standard (WHQS). Most of these homes are three-bedroom houses, some of which have been adapted to make it easier for tenants to stay in their homes and improve their quality of life. There are 333 leasehold properties.

Blaenau Gwent is home to nearly 70,000 people. 8.3% are Tai Calon tenants, compared to roughly 4.3% of the population being social housing tenants across Wales. Unemployment in the area was 5.1% in 2021, slightly higher than the rest of Wales (4.3%) as a whole. Average monthly earnings were £523.30 and many of Blaenau Gwent's working residents work outside the borough, which can mean higher travel costs.



Corporate Plan

In 2021 Tai Calon published a new Corporate Plan (2021-2025), just over 10 years since Tai Calon was formed, it seemed like a great time to review where we want to go. The new Corporate Plan sets Tai Calon's Vision and Mission as follows:

Our Vision

Tai Calon exists to inspire its people so that they go beyond affordable housing and are driven to create vibrant communities across Blaenau Gwent.

Mission

By 2025, over 90% of our customers will be satisfied, or very satisfied, with the overall service that they receive.

Overall satisfaction in 2025 will also reflect tenant's opinions on:

- A. The quality of their home; the improvement in its environmental efficiency (subject to funding to achieve a SAP* rating of 85)
- B. The perception of their neighbourhood, which is informed by some of the 200 new homes to be developed across the county.

Culture & Values

Our CALON values help to shape our culture and they support our vision and mission. That is why every single business outcome, action and decision is aligned with our values.



Creativity - Think differently, challenge processes where they can see improvement, and take risks.



Authentic - To be yourself. To be open, honest and trustworthy, and act with integrity.



Learning - To understand the importance of learning and updating skills and knowledge to be confident in your role.



Ownership - To take ownership of tasks which in turn creates Accountability. That including learning from mistakes and trying new things.



"Not on your own" - We are one team, working together, with care, empathy and consideration. We can't do our jobs without each other!

Our Performance 2021/22



Rent

99.71% Collected

1.48% arrears



Repairs

95.09% Completed to Time

95.01% Appointments

Overall satisfaction with repairs 4.56 (CSAT)



Empty Homes

30 empty homes on 31st March 2022

32 days is the average time a home for relet is empty

0.97% income loss whilst homes are empty



Compliance

99.91% gas servicing was completed to time

100% of our homes have a valid electrical certificate

360 asbestos surveys renewed last year

100% fire risk inspections

100% Water (water management risk assessment) completed

100% Passenger Lift compliance (inspected by due date)



Customer Engagement

57,982 customer calls answered

95.49% customer calls answered on time

64 complaints received (22 more than last year)

1,361 compliments received

KPI Performance Indicators (KPIs)

Tai Calon has an agreed set of Key Performance Indicators (KPIs) that cover the operational activities in major areas such as repairs, empty homes and rent collection. We've detailed the highlights of the previous year's performance on the previous pages. The Welsh Government also requires all Registered Social Landlords to publish a set of Value for Money KPIs, as shown below.

Value for Money Indicators	Wales Sector Average 2020/21	Tai Calon 2020/21	Tai Calon 2021/22 (Draft)
Total operating costs per social housing unit	£3,420	£3,323	£3,743
Management costs per Social Housing unit	£1,314	£1,408	£1,616
Reactive repair costs per Social Housing unit	£1,138	£1,420	£1,394
Major repairs and component costs per social housing unit (Capital Expenditure)	£682	£1,085	£1,560
Major repairs and component costs per Social Housing unit (Capital & Revenue Expenditure)	£1963	£1,472	£2,192
Bad debts per Social Housing unit	£28	£10	£27
Weighted average cost of capital	5.38%	5.86%	5.92%
Free cash flow (before draw-down or repayment of loans) per Social Housing unit	£788	£622	£1,416
Gross Arrears/Social Housing turnover	4.9%	1.96%	1.3%
Total Turnover per Social Housing unit	£5,746	£4,663	£4,770
Rental void loss per Social Housing unit	£90	£50	£46

More information on performance is included in our Annual Review 2021 - 2022.

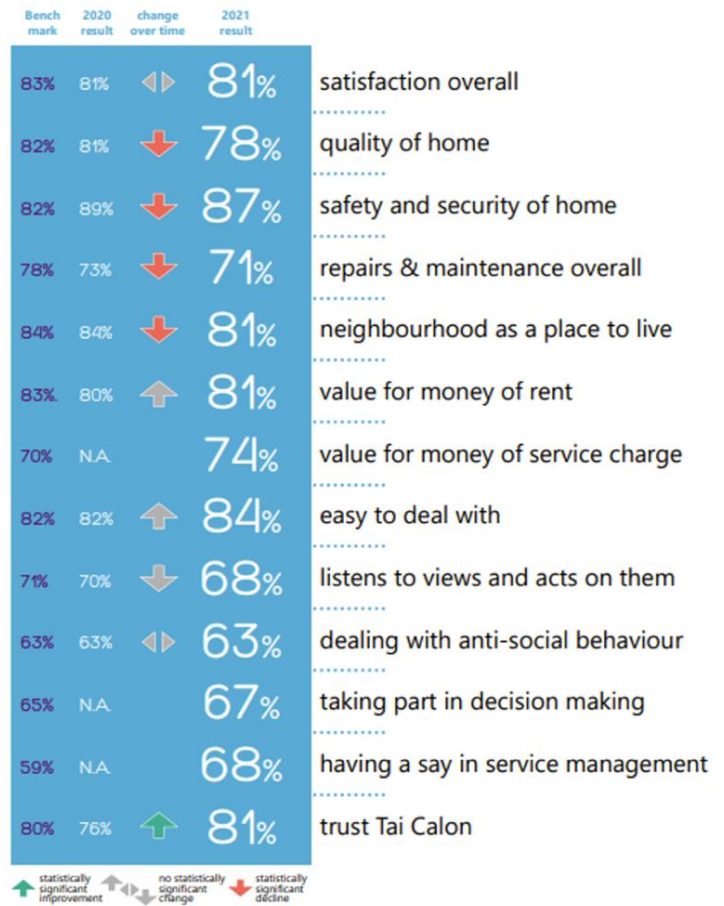
STAR survey 2021/22 - Customer Satisfaction

We aim to achieve 90% overall customer satisfaction by 2025

Tai Calon uses many methods to gauge customer satisfaction. A key one is our annual survey (called the STAR survey). In the autumn of 2021, this survey was sent to approximately 33% of our customers.

The result showed that overall satisfaction with Tai Calon’s services has not changed from the previous year. So, whilst we had hoped for an improvement for our customers, it was interesting to note that our competitors recorded drops in satisfaction. The 81% can be compared with the housing sector average of 83%. On the opposite end of the scale, only 11% were unhappy, slightly fewer than the 13% last year. In detail, the annual survey showed the following:

There is still more for us to do. Our Corporate Plan 2025 has the target of achieving 90% by 2025, and we are working very hard to achieve that with a range of changes and improvements being made through the year ended 31st March 2023. Further, we also work with the Institute of Customer Satisfaction so we can compare ourselves with all great customer-facing organisations across the UK.



What we've been doing

Assets

Effective Asset Management and a reduction in the number of empty homes remain a corporate priority. In addition to this, building new homes to meet the needs of current and future generations is an added priority.

Development

Works have been delayed at the Glanffrwd development in Ebbw Vale due to the original contractor going into liquidation. Procurement for a new contractor is underway, with works due to commence on site in late 2022. This development is for 23 units for social rent made up of a mix of houses, flats, and bungalows.

The refurbishment at Cosy Place has been completed in 2021/22 to provide nine flats as part of a Housing First scheme in partnership with Blaenau Gwent County Borough Council.

The planning application for the development of the Glan-yr-Afon scheme is also underway, with a decision due in late 2022.

A further four development schemes are currently being considered throughout the borough, with the potential to provide an additional 71 units for social rent.

Active Asset Management continues to be used when assessing the future of homes as they become empty, informing Executive and Board decisions of investment or disposal. Over the last year, the Active Asset Management Group has reviewed a total of 22 voids.

Recommending two properties for conversion to reduce the number of bedrooms, 2 for demolition, 5 for disposal, 10 for investment, 2 for remodelling and be referred to the Development Team to carry out a feasibility

Planned Work Programmes

Investment in the housing stock has continued to maintain WHQS, with improvements to windows, external renders, roofing, fire safety works, gardens, and the environment around homes. Tai Calon invested just over £12 million in homes and communities between April 2021 and March 2022.

Over the next four years, Tai Calon aims to deliver investment in homes and communities via four major works programmes:

- Works to Estates and the Environment, e.g. open spaces, roads, car parks and drains
- Works to Gardens and Boundaries, e.g. garden paths, walls, fences and gates
- External works to homes, e.g. windows, doors, fire safety, render and roofing
- Internal works to homes, e.g. boilers, electrical wiring, kitchens and bathrooms.

These works will maintain compliance with Tai Calon's Welsh Housing Quality Standard Compliance Policy, a copy of which can be found on our website.

Decarbonisation - The Optimised Retrofit Programme

Tai Calon has received a total of £3.2 million in grant funding since 2020 as part of the Welsh Governments Optimised Retrofit Programme (ORP). A total of 166 homes received external wall insulation (EWI) improvements under Phase 1 (2020-2021), with a further 256 homes included under Phase 2(2022-2023). Within the next 12 months, a total of 25 homes from Phase 2 will also receive an air-source heat pump, combined with PV and battery storage, in addition to EWI.

The purpose of the ORP Funding is to enable social landlords to retrofit homes with energy efficiency and decarbonisation measures. To ensure that the retrofit measure chosen for individual homes is suitable, each home will require a ‘Whole Home Survey’ to be undertaken, which will identify which measures are best (will not adversely affect the functionality of the building or adversely affect the wellbeing of our customers). The Whole Home Survey will also identify a home’s ‘Pathway to Zero’, which is a road map showing how identified measures will improve a home’s energy efficiency over time.

Finally, the performance of measures will be monitored via an in-home Intelligent Energy Systems (IES) to measure, record, and report results.

Fire Safety

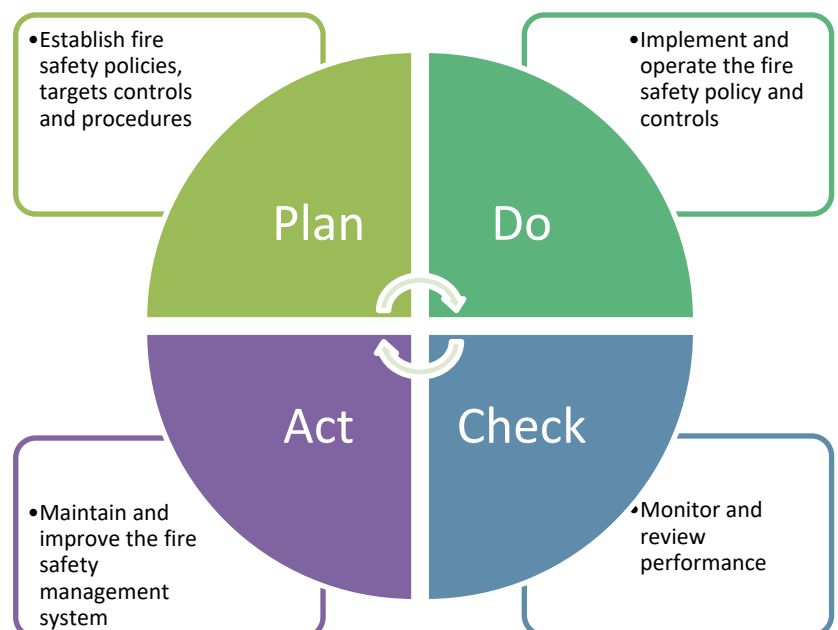
Preventing fires and reducing risk as low as possible is one of Tai Calon’s most important responsibilities as a landlord. We do this by making sure that all relevant staff are regularly trained in fire safety procedures and that all applicable areas are regularly inspected.

Tai Calon provides fire and general safety advice to our residents to help them keep themselves, their families, and visitors safe in their homes.

We manage fire safety through the **“Plan, Do, Check, Act”** cycle. This is recommended in **BS 9997:2019 Fire Risk Management Systems** and is an established method of control and continuous improvement used in many industries.

Performance reports for both the completion of assessments and the management of any fire risks identified are also presented to the Executive Team monthly and quarterly to the Health & Safety and Homes & Committee, as well as being reported to the Board every six months.

Tai Calon utilises the Fire Safety Consultant and its fire risk assessor to provide guidance and verification for matters associated with Fire Safety, including ongoing fire certification.



Gas Safety

Corgi Technical Services Ltd completed a Gas Audit in March 2021. The Gas Audit report includes the CORGI National Benchmark of similar organisations to help assess our performance against the industry standard. There are two benchmarking KPIs:

1. The correct **completion of work** ensures compliance with the manufacturers' instructions and Gas Safety (installation and use) Regulations (GSR) 26(9)
2. The correct **completion documentation** of the Landlords Gas Safety Records (LGSR) ensuring compliance with GSR 36(3c).
3. Completion of work and Documentation

On average, over the 12 months, the Gas Safety Team for Records and Documentation scored 84%, compared with the National Benchmark average of 88.5%.

Landlord Health and Safety Audit

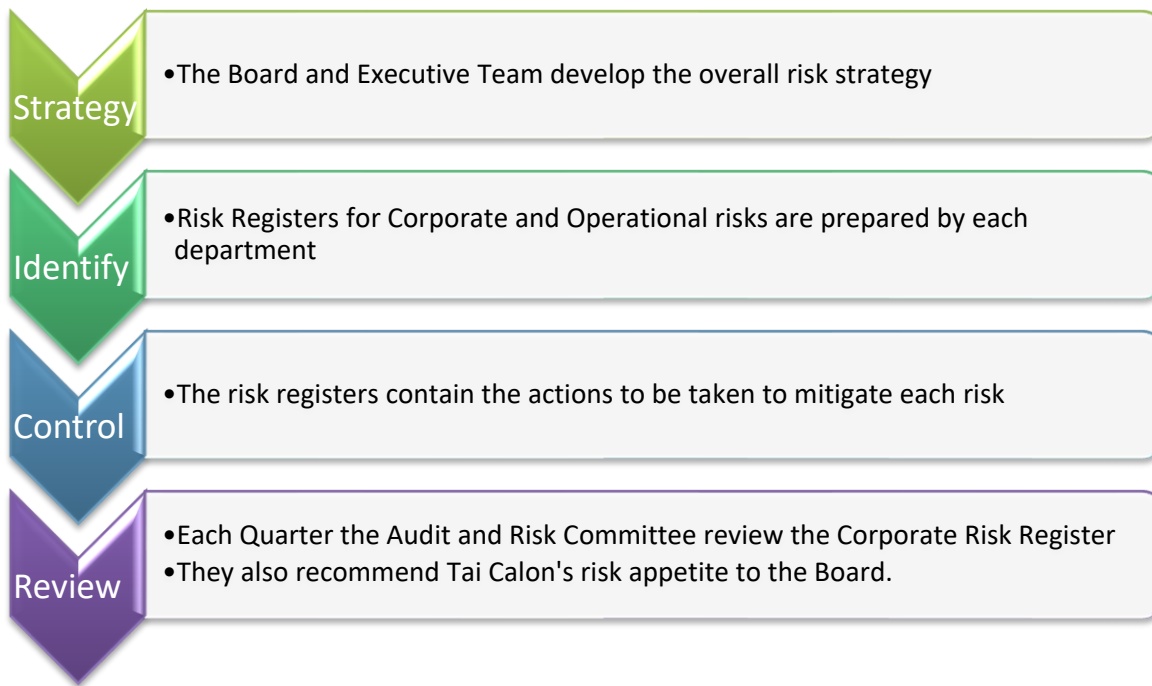
Mazars completed a Key Control Health Check (Audit) of the six areas of Landlord Health and Safety and concluded: "control effective" (Green).

Risk

Like any organisation, Tai Calon faces risks and uncertainties as part of its daily operations. Ensuring that these risks are identified, considered, and then mitigated is important to Tai Calon. The Welsh Government, as Regulator, also expects that the Board has a thorough understanding of the risks facing Tai Calon and to be confident that those risks are being managed effectively.

Following the risk management process makes Tai Calon consider its strengths and weaknesses as an organisation and develop actions to improve. Risk management also helps to ensure that Tai Calon has a good understanding of its own operation and the environment it operates in.

Tai Calon has a risk management process, as shown graphically below, while the major risks that Tai Calon faces are shown on the following page.



Strategic Risk	Inherent Risk	Residual Risk	Residual Risk
A risk that employees, tenants, contractors, and the general public are not kept safe in accordance with the statutory and regulatory environment.	Red	We have put in place a range of safety controls, including policies and procedures, risk assessments, method statements and planned preventative maintenance. We ensure that safety has a high profile in the organisation and is reported at all levels. We also attend all relevant industry events to keep up to date with changes in the safety sector.	Amber
Failure of Governance such that Tai Calon does not comply with regulatory requirements of WG or other regulatory bodies.	Amber	The Board is kept up to date with all relevant regulations through briefings and debates. The organisation employs experts in certain areas of regulations and seeks external advice on others. Assurance is also gained from independent reviews, such as the internal auditors. We also have regular meetings with the regulators at Welsh Government.	Yellow
A risk that major fraud or data security breach takes place which has a material impact on Tai Calon's financial viability as a result of inadequate technology, policies and procedures in relation to fraud and data security.	Red	There is a range of controls in place across the organisation to reduce the risk of fraud. These are reviewed regularly by the Audit and Risk Committee. We also hold external audits, and our IT department has a series of protections against cyber fraud, such as penetration testing.	Yellow
RA risk that key financial plans and financial assumptions, including Rent Policy and welfare reform, are not fit for purpose and undermine the financial viability of Tai Calon.	Red	We complete an annual business plan which is extensively stress tested under various scenarios and approved by our funders. We also keep our costs under review throughout the year. The Regulatory Opinion from the Welsh Government was Standard (the highest rating) and had no adverse comments. We take a prudent approach to rent setting, rent increases and Welfare Reform when developing our medium-term financial plan and test it against many scenarios. We use Key Performance Indicators to help monitor the level of rent arrears closely that are due to welfare reform and work with our tenants to sustain their tenancies.	Yellow
A risk that overall tenant satisfaction target is not achieved through failure to listen to tenants.	Amber	Performance Management system in place and monitored. Performance reviews, training, and support are in place. Service standards are now in place for a number of key services such as customer services, estate management, repairs, complaint management and dealing with anti-social behaviour. STAR survey identifies the increase in satisfaction but also tenant priorities and areas of dissatisfaction. Rant & Rave is in place to help with customer feedback.	Green
A risk that Tai Calon is unable to maintain high-quality homes that meet tenants' expectations	Amber	Asset Management Strategy and plan in place and agreed by Board in 2020/21. Accurate stock data is used in modelling and assessing investment and maintenance needs. Five-year Investment Programme in place. The governance process is in place for all empty homes to make sure that we make the right decisions.	Yellow

A risk that Tai Calon fails to deliver an effective repair and maintenance service that meets tenants' expectations	Red	Repairs & Maintenance Procedures are in place. Regular review of Key Performance Indicators and feedback from customers on service delivery	Amber
A risk that the average thermal efficiency (measured as SAP85) is not achieved by 2025.	Red	Asset Management Strategy in place. Board Member recruitment of co-optees with decarbonisation and business transformation experience. Tai Calon is a member of the Welsh Government's Optimised Retrofit Programme (ORP). The housing sector has already made the case that taking on additional debt funding is not the way to fund the decarbonisation work because there is no additional income stream to support this. Therefore, work is ongoing in the housing sector to identify additional funding streams for Decarbonisation works, and with that to find alternatives and possibly off-balance sheet approaches that could be used, whilst at the same time pushing the Government to fund this work as well. Due to the uncertainty around funding for decarbonisation work, the residual risk remains red.	Red
Risk that Tai Calon's aspirations of building 200 new homes by 2025 are not achieved	Red	Development Strategy approved by Board. Good relationship with Blaenau Gwent County Borough Council and communicating development plans regularly. Viability assumptions (cost of finance, rent income, grant rates, build cost, repairs/management costs etc.) agreed for use in our viability assessments for development schemes. Welsh Government have introduced a Standard Viability Model that will set the grant rate that Tai Calon will use. In order for Tai Calon to fund 200 new homes, additional finance will be required over and above that within our current Business Plan. Preparatory work is underway to assess the options for raising this finance and the likely new covenants that will be required. Therefore, the residual risk is red while funding remains uncertain.	Red

Governance & Internal Control

Tai Calon is governed by the Board and tenant shareholding members and managed by the Executive Team. As a Community Housing Mutual, tenants are entitled to become tenant shareholders and at the end of the year, shareholder membership stood at 553.

The Board has overall responsibility for the strategic direction, financial probity and for ensuring that we have the appropriate resources available to achieve our goals and standards of service.

The composition of the Board is as follows:

- Six independent Board members – selected by the Board and elected at the Annual General Meeting
- Three Tenant Board members – elected by the tenants of Tai Calon, with the result ratified at the Annual General Meeting
- Two Council appointed Board members who are nominated by Blaenau Gwent County Borough Council
- Up to three Co-opted members may also be on the Board, albeit they may not vote
- Two Independent Committee members – are selected by the Board.

All our Board Members, with the exception of those co-opted, have the right to vote at Board meetings. The Executive Team attend Board meetings but do not have voting rights. Board members work together to deliver the aims and objectives of the Association. The Board meets on average eight times a year. In addition, Board Members also attend committees, working groups and away days as required. A Board work plan has been established. This plan includes overseeing finances, agreeing policies, monitoring performance, making strategic decisions, and generally ensuring good governance is in place across the business. To support this aim we have adopted the Code of Governance published by Community Housing Cymru and annually review our compliance with the Code of Governance.

The Board recognises the importance of self-evaluation. We have undertaken an exercise in 2021/22 which has been integral to our corporate planning process.

The Board has updated its Standing Orders, Scheme of Delegation and Governance Framework during 2021/22 where relevant.

Tai Calon is committed to fairness and equality across all of our services, as we recognise the benefits that it brings to both the Board and our staff. We published our Gender Pay Gap Report in March 2021 and will continue to work to develop our policies and procedures in a way that encourages inclusion and a fair and diverse work environment.

An Audit and Risk Committee is in place. This Committee meets four times a year and is delegated to monitor internal and external audit, risk management and internal controls, fraud and irregularities and review the financial statements. The Homes & Communities Committee

meets quarterly and reviews the performance of the organisation in respect of service delivery, monitoring of new developments and tenant engagement.

Remuneration Committee meets at least once a year. They review the terms and conditions of the Executive Team.

The Association received a positive Regulatory Judgement which included the highest rated categories for both governance and finance. As well as the positive regulatory assessment, the organisation has received positive internal and external audit opinions.

Internal Control

The Board is responsible for ensuring that our business operates effectively and achieves its objectives.

It is the Board's responsibility to have a system in place that identifies and manages risk. This includes effective internal control systems and procedures to minimise the risk of loss through fraud, corruption, errors, and mismanagement. The Board has an Anti-Fraud Policy which aims to achieve these objectives.

Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Audit and Risk Committee which will rely on a number of forms of assurance. To do this the Board has taken three steps:

- Identified/reviewed our business objectives, the possible opportunities and the risks and threats to achieving the objectives.
- Formed/reviewed our framework for managing and identifying risk; and
- Identified how the Board will obtain assurance that the risk management policies adopted are adequate and operating effectively.

The internal control framework is based on a Three Lines of Defence approach and seeks assurance by ensuring that:

- Experienced and suitably qualified staff take responsibility for key processes and decisions, staff are appropriately trained and performance supervised and monitored;
- The Audit and Risk Committee continually review and receive reports upon all aspects of internal control to ensure they are working effectively and being followed, including fraud and irregularities;
- Regular reports from directors and senior managers, which cover operational and financial matters, to give assurance that internal controls are working effectively;
- Regular monitoring and reporting of all risk related matters, including results of control of risk management procedures and strategic and operational risk maps;
- The Audit and Risk Committee reviews and monitors reports from Internal Audit and External Audit to provide reasonable assurance that control procedures are in place and being followed;
- Effective system of monitoring performance on key business areas;

- Effective corporate governance arrangements and compliance with regulatory requirements.
- Additional work has been undertaken to provide assurance in respect of health and safety responsibilities including landlord duties and a peer review has been undertaken.

The Association has received a positive annual internal audit statement and has continued its oversight by both the Executive Team and the Audit and Risk Committee on the implementation of internal audit recommendations. The Audit and Risk Committee has reviewed this evidence and reported to Board favourably on the reliability of the system of internal control.

Having reviewed the evidence presented, Board are satisfied that there are no weaknesses in our 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.

Financial Performance

The 2021/22 financial statements are prepared under Financial Reporting Standard (FRS102) accounting standard and Housing Statement of Recommended Practice (SORP) 2018.

The financial result for the year ending 31st March 2022 is a surplus of £5.862 million compared to the previous year deficit of £8.626 million. The change was mainly driven by the changes in pension past service deficit contributions during the year.

The pension deficit for the year ending 31st March 2022 stands at £15.559 million and has decreased by £7.132 million as recognised in the Statement of Comprehensive Income.

The financial statements also include a Statement of Cash Flows which has been set out in accordance with the Welsh Government accounting determination. This requires the statement of both cash flow and free cash flow which is considered to be a closer definition of operational efficiency.

2021/22 Financial Statement - Results Summary Statement of Comprehensive Income

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000	Movement £'000
Turnover	28,065	27,378	687
Operating Expenditure	(27,143)	(24,260)	(2,883)
Surplus on disposal of property, plant and equipment		107	(107)
Operating Surplus / (Deficit)	922	3,225	(2,303)
Net Interest	(4,139)	(4,146)	(7)
Pension Deficit Adjustment	9,079	(7,705)	16,784
Net Surplus / (Deficit) on Comprehensive Income for the Year	5,862	(8,626)	14,488

Turnover has increased by 2.51% from £27.378 million to £28.065 million which has mainly been driven by the increase in rents as set out in Welsh Government rent policy and revenue grants received. Our operating surplus is £922,000 which is £2.303 million lower than in 2020/21 which is mainly due to higher operating expenditure and a reduction in surplus on disposal of property, plant, and equipment.

The net cost of borrowing was £4.139 million, slightly lower than in the previous year mainly due to marginal decreases in interest rates and reduced borrowings. This reflects the efficient management of Tai Calon's cash resources during the year with our total borrowings increasing to £71.5 million at the year-end compared to £70 million in 2020/21.

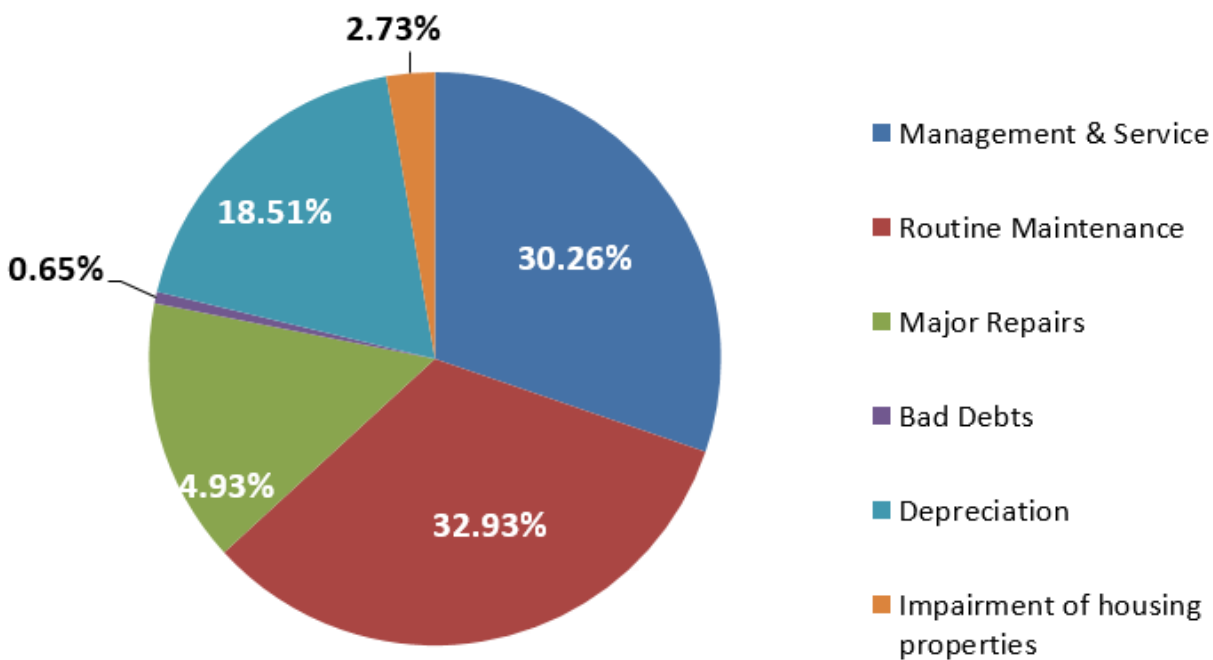
As at 31st March 2022, the Association has £33.5 million of unutilised funding facility that, subject to annual covenants, could be drawn upon alongside cash at the bank totalling £1.782 million. Our debt ratio was 23% at variable, and 77% at fixed interest rates which is compliant

with our Treasury Management Strategy. Our covenants, in respect of cash flow deficit, asset cover and debt per unit were all met.

As part of our annual corporate planning process, we have set both our 2022/23 Budget, Medium Term Financial Plan and updated the 30-year Business Plan. The Medium-Term Financial Plan identifies that we will continue to increase our debt with cash flow deficits planned until peak debt is reached. Over that period we will continue to improve our housing assets with a significant external wall insulation programme and roofing programme underway. The total funding facility is £105 million, of which £25 million is a revolving credit facility which can be drawn, repaid, and redrawn as required.

The Business Plan is subject to annual approval by the funders and is reviewed by the Regulator as part of its regulatory judgement. The Plan includes a number of key assumptions such as stock condition survey costs, inflation, and interest rates, rent increases, the impact of welfare reforms, the level of empty homes and management costs. These assumptions are regularly reviewed and sensitivity and scenario analysis undertaken. It is pleasing to note a Regulatory Judgement of ‘Standard’ which confirms that we meet viability requirements and have the financial capacity to deal with scenarios appropriately.

Analysis of Operating Expenditure 2021/22



Statement of Board Responsibilities

The Board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Co-operative and Community Benefit Societies Act 2018 and Registered Social Landlord legislation require the Board to prepare a financial statement for each financial year which gives a true and fair view of the state of affairs and of the surplus or deficit of the Association for that period.

In preparing the financial statement, the Board is required to select suitable accounting policies, as described on pages 31 to 39; and then apply it on a consistent basis, making judgements and estimates that are prudent and reasonable. They must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time our financial position. This also enables Board to ensure that the financial statements comply with the relevant legislation.

The Board is also responsible for safeguarding our assets and hence reasonable steps are taken to prevent and detect fraud and other irregularities.

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

In so far as the Board is aware:

there is no relevant audit information of which the Association and the auditors are unaware and;

all steps have been undertaken to make itself aware of any relevant audit information and to establish that the auditors are aware of this information.

Approved on behalf of the Board by:



Professor Sir Adrian Webb, Chair of the Board

25th July 2022

Independent auditor's report to the members of Tai Calon Community Housing registered under the Co-Operative and Community Benefit Societies Act 2014

In addition to our audit on the financial statements for the year ended 31st March 2022, we have reviewed the Board's statement of Tai Calon Community Housing ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

Opinion

With respect to the Board's statement on internal financial control on pages 15 - 17, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



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

Date: 25th July 2022

Independent auditor's report to the members of Tai Calon Community Housing

Opinion

We have audited the financial statements of Tai Calon Community Housing for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board, 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 determine 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing potential risks related to irregularities.

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:
- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Audit response to risks identified

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with regulators; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Use of our report

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

A handwritten signature in blue ink that reads "Bevan Buckland".

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

Date: 25th July 2022

Financial Statements

Statement of Comprehensive Income for the year ended 31st March 2022

	Notes	For the year ended 31 st March 2022 £'000	For the year ended 31 st March 2021 £'000
Turnover	3	28,065	27,378
Operating costs	3	(27,143)	(24,260)
Surplus on disposal of property, plant and equipment	6	0	107
Operating Surplus / (Deficit)		922	3,225
Interest receivable			
Interest payable and similar charges	12	(4,139)	(4,146)
Deficit on ordinary activities before taxation		(3,217)	(921)
Taxation		0	0
Deficit for the year after tax		(3,217)	(921)
Changes in pension past service deficit contribution liability on revaluation		9,079	(7,705)
Total Comprehensive income for the year		5,862	(8,626)

Tai Calon's income and expenditure relate to continuing operations. There is no difference between the historic cost results and those shown on the Statement of Comprehensive Income above.

Statement of Changes In Reserve

For the year ended 31st March 2022	Income & Expenditure Reserve £'000	Revaluation Reserve £'000	Total Reserve £'000
At 1 st April 2021	(30,303)	46,101	15,798
Surplus from Comprehensive Income	5,862	0	5,862
Transfer from Revaluation Reserve	538	(538)	0
At 31st March 2022	(23,903)	45,563	21,660

Statement of Financial Position as of 31st March 2022

	Notes	For the year ended 31 st March 2022 £'000	For the year ended 31 st March 2021 £'000
NON-CURRENT ASSETS / FIXED ASSETS			
Property, Plant & Equipment			
Social Housing Properties	13	137,490	132,612
Other Property, Plant & Equipment	13	12	12
Other Fixed Assets	14	1,453	1,540
		138,955	134,164
Current assets			
Debtors			
Amounts falling due within one year	16	14,928	13,762
Amounts falling due after one year	17	18,532	24,709
Cash at bank and in hand		1,787	2,216
		35,247	40,687
Current liabilities			
Creditors: amounts falling due within one year	18	(31,316)	(29,345)
Social Housing Grant and Other Grants: amounts falling due within one year	15	(1,247)	(1,051)
Net current assets		2,684	10,291
Total assets less current liabilities			
		141,639	144,455
Creditors: amounts falling due after more than one year			
	19	(72,630)	(78,755)
Social Housing Grant and Other Grants: amounts falling due after one year	15	(31,790)	(27,211)
LGPS pension liability	24	(15,559)	(22,691)
Total net assets		21,660	15,798
Capital and reserves			
Share capital	20	1	1
Income & Expenditure Reserve		(23,903)	(30,303)
Revaluation Reserve		45,563	46,101
Total capital and reserves		21,660	15,798


The financial statements were approved by the Board of Management on 25th July 2022 and signed on its behalf by:

Professor Sir Adrian Webb
Chair

K Howells
Vice Chair

M Price
Secretary





Statement of Cash Flows for the Year Ended 31st March 2022

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Operating Surplus / (Deficit)	922	3,225
Adjustments for non-cash items		
Depreciation of tangible fixed assets	4,505	4,322
Impairment of tangible fixed assets	671	522
Government grants utilised in the year	(1,079)	(895)
Working capital movements		
(Increase) / decrease in debtors	4,708	10,330
Decrease/ (increase) in operating creditors	(6,043)	(8,599)
(Decrease) / increase in provisions	74	(112)
Decrease / (increase) in stock	229	(431)
Pension costs less contributions paid	1,947	842
Net cash generated from operating activities	5,934	9,204
Interest received	0	0
Interest paid	(4,137)	(4,129)
Prepaid loan fees	52	52
Component Replacement Adjustment for reinvesting in existing activities:	(10,026)	(8,515)
Purchase of tangible fixed assets	(10,026)	(8,688)
Free cash generated / (consumed) before loan repayments	(8,177)	(3,561)
Repayment of borrowings	(11,021)	(11,500)
Free cash generated / (consumed) after repayment of borrowings:	(19,198)	(15,061)
Cash flow from investing activities		
Grants received	5,997	6,459
Cash flow from financing activities		
New secured loans and drawdowns from existing revolving credit facilities	12,771	9,000
Net (decrease) / increase in cash and cash equivalents	(430)	398
Cash and cash equivalents at the beginning of the year	2,217	1,819
Cash and cash equivalents at the end of the year	1,787	2,217

a. Reconciliation of cash inflow to movement in net debt

	For the year ended 31 March 2022 £`000	For the year ended 31 March 2021 £`000
(Decrease)/increase in cash and cash equivalents	430	398
(Increase) in loans	(1,750)	2,500
(Increase)/Decrease in net debt	(2,180)	2,898
Net debt as at 1st April	(67,783)	(70,681)
Net debt at 31st March	(69,963)	(67,783)

b. Analysis of net debt	Cash at bank and in hand £`000	Loans £'000	Changes in net debt £'000
At 1 st April 2021	2,217	68,944	(66,777)
Net cash flows	(430)	(1,750)	1,320
At 31 st March 2022	1,787	67,244	(65,457)

Notes to the Financial Statements for the Year Ended 31st March 2022

1. LEGAL STATUS

Tai Calon is registered under the Co-operative and Community Benefit Society Act 2014 and is a Registered Social Landlord. Tai Calon has adopted charitable rules.

2. PRINCIPAL ACCOUNTING POLICIES

A summary of significant accounting policies, which have been applied consistently, are set out below:

Format of accounts

The financial statements have been prepared in accordance with the applicable financial reporting statements in the United Kingdom including the Statement of Recommended Practice for “Accounting for Registered Social Providers” as updated in 2018 (Housing SORP 2018, and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015. All amounts are registered in thousands of pounds.

Basis of accounting

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

Basis of preparation

Tai Calon’s business activities, its current financial position, and factors likely to affect its future development are set out within the strategic report. Tai Calon has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the day to day operations. Tai Calon also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders’ covenants.

On this basis, the Board has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Adoption of the Housing SORP 2018

Tai Calon has adopted the Housing SORP 2018 and, as appropriate, Financial Reporting Standard 102 (“FRS102”). Tai Calon is classed as a public benefit entity under FRS102.

In 2018 the Housing SORP was updated resulting in changes to the disclosure of surplus on disposal of property, plant and equipment which is now included within operating surplus (deficit).

Turnover

Turnover represents rental and other income receivable and revenue grants receivable. It also includes grants reimbursing specific expenditure on the improvement programme and amortisation of Social Housing Grant. Disposals of fixed assets such as Right to Buy sales income are not included in turnover.

Housing properties

Housing Properties that transferred from Blaenau Gwent County Borough Council are restated on a deemed historic cost basis for freehold land and buildings. Housing Properties are then depreciated with the exception of freehold land which is held as a separate fixed asset. Historic cost for capital works undertaken since the point of transfer is included at historic cost less depreciation.

Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of housing properties in course of construction within tangible fixed assets. Any directly attributable finance costs (other than interest costs) are capitalised as the asset is developed and amortised over the life of that asset. Tai Calon will capitalise interest on loans raised to finance schemes prior to completion.

Housing Properties - New Developments

New development Housing Properties are stated at cost less depreciation. The cost of a housing property comprises its construction or purchase price and any costs, fees or works directly attributable to bringing it into working condition for its intended use.

In addition, directly attributable costs of the Association’s staff arising directly from the construction, or acquisition of the property, and the incremental costs of the Association are capitalised where they relate to expenditure that would not have been incurred if the Association did not have an ongoing development programme. Detailed analysis of staff development activity is used as a basis of determining the amount of staff cost capitalised.

The building and components depreciable amount is written off when each scheme is completed over the estimated useful lives as stated in the depreciation policy.

Stock

Stocks are stated at the lower of cost or net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition. Net realisable value is based upon estimated selling price less any further costs expected to be incurred to completion and disposal.

Tangible Fixed Assets - Other

Other Tangible Fixed Assets covers capital expenditure which pays for improvements to existing and new non-housing assets. Examples include office premises, scheme equipment, vehicles, and office equipment. The depreciation policy applied to these other tangible fixed assets sets out the expected useful economic life in respect of these other fixed asset classes.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income to reflect the costs of loan finance attributable to each accounting period.

Depreciation

Tai Calon depreciates its housing properties in accordance with the Statement of Recommended Practice (SORP) 2018 "Accounting by Registered Social Landlords". A revaluation was completed in 2014, as a result depreciation is charged on deemed cost. Freehold land is not depreciated.

In line with FRS102 grant is accounted for separately on the face on the Statement of Financial Position sheet as either a long term or short-term creditor. Further detail is included in the accounting policy on grants.

The depreciable amount is written off over the estimated useful lives from the date of purchase / build as follows:

	Houses
New build properties	100 years
Acquisition / refurbishments	100 years

Properties on long leases are depreciated over the shorter of the above and/or the remaining period of the lease.

The policy in respect of expenditure to refurbish or replace major components on housing properties is that all such work is assessed against life cycle costing principles. Any cost in respect of repairs with a life of less than 10 years is charged direct to the Statement of Comprehensive Income. Refurbishment or replacement of major components which have an estimated useful life in excess of 10 years are capitalised and depreciated over the useful life of the component as follows:

Kitchens	15 years
Bathrooms	25 years
Re-wiring	25 years
Boiler Installations	15 years
Central heating	30 years
Roofing	60 years
Windows	30 years
Doors	25 years
Structural works	50 years
Renewable Energy = PV Panels	25 years
Renewable Energy = Heating	20 years
Renewable Energy = Components	15 years

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

Office refurbishment	10 years
Office & IT equipment	5 years
Vehicles and equipment	5 years
Head Office	50 years

Grants and Amortisation

Social Housing Grant (SHG) is receivable from the Welsh Government (the WG) and is repayable in the event of disposal, demolition or change of use to an ineligible activity, save in circumstance where the Welsh Government considers it appropriate to reduce the amount repayable. These are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals method. Where the grant exceeds the Capital Investment grant is recognised in income.

SHG due from the WG or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the WG. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in liabilities

Where individual components are disposed of, this does not create a relevant event for recycling purposes. Upon disposal of the associated property, the Association is required to recycle the full amount of the original grant received. A contingent liability is disclosed in the accounts in relation to SHG amortised to date, due to the potential requirement to recycle upon sale of a property.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised immediately as revenue in the Statement of Comprehensive Income.

Supporting People

Supporting People income and expenditure is accounted for on an accruals basis, matching income and expenditure and disclosures are made in accordance with relevant standards and legislation.

Impairment

Housing properties are annually reviewed for impairment. Where there is evidence of impairment, housing properties are written down to their recoverable amount.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the date the financial statements are prepared.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account as they are incurred.

Taxation

Value Added Tax -Tai Calon is registered for VAT. The financial statements include VAT to the extent that it is suffered by Tai Calon and not recoverable from HM Revenue and Customs (HMRC). The balance of the VAT payable or recoverable at the year-end is included as a current asset or liability.

VAT Shelter

Tai Calon has a 15-year VAT shelter in place, approved by HMRC. The VAT Shelter transfers the VAT costs of the works required to meet the WHQS to Blaenau Gwent County Borough Council.

As part of the transfer agreement, Blaenau Gwent County Borough Council transferred the properties to Tai Calon with an obligation to undertake the works to meet WHQS at the Council's expense. Tai Calon is entitled to reclaim VAT on the costs incurred in meeting the WHQS as detailed in the Development Agreement.

Under FRS 102/SORP 2018 the Association is required to show the separate elements of the outstanding amounts relating to the original transfer of assets. An amount has been calculated in relation to the value of works still to be completed. This amount has not been based on the original agreement but has instead been based on the experience of the Association in the intervening years as to the true cost of the works to be completed. It is felt that this amount is a more accurate representation of the actual costs still to be completed.

Corporation Tax

Tai Calon Community Housing Limited is regulated by the Financial Conduct Authority as a Community Benefit Society with exempt charitable status. Due to its charitable status Tai Calon is not liable for Corporation Tax on its core activities.

Provisions

Provisions are recognised where uncertainty exists regarding the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the income and expenditure account and credited to the Statement of Financial Position based upon Tai Calon's best estimate of potential liabilities.

Employee Benefits

The cost of all employee benefits, to which employees have become entitled as a result of their service to the Association during the reporting period, should be included as a liability.

Pension costs

Tai Calon participates in the Local Government Pension Scheme (LGPS), a defined benefits scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income, and expenditure relating to the LGPS scheme are disclosed in accordance with FRS 102.

McCloud –an estimate McCloud judgement allowance has been added to the formal valuation results so the impact is included within the accounting balance sheet at 31st March 2022.

From July 2018 the LGPS is closed to new entrants; a Defined Contribution Pension Scheme with the Peoples Pension Trust has been put in place for new entrants. The amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year.

Loans

Basic financial instruments are recognised at amortised historical cost.

Short Term Debtors

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

Revaluation Reserve

Housing Land & Buildings were revalued at the 31st March 2014 based on the basis of deemed costs. The valuation based on deemed cost resulted in a Revaluation Reserve of £49.917m being created. Depreciation of the 'Deemed Costs' assets will be funded from the Revaluation Reserve.

Significant Management Judgements and Key Sources Of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

a) Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Company has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

b) Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management

base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

c) Materiality

If information is misstated, omitted, incorrectly shown, or not disclosed, it has the potential to influence or change the decisions or judgements taken by the majority of reasonable persons relying on the financial statements or those charged with governance. The Association recognises that any materiality threshold should be based upon what will affect users' decisions. Materiality is a matter of professional judgement influenced by the characteristics of the entity and the perceptions as to who are, or are likely to be, the users of the financial statements and their information needs. The Association gives consideration to a number of quantitative and qualitative judgements in assessing whether a misstatement is material. Separately the Association's Auditors also consider these points.

3. Turnover, operating costs and deficit

	Year Ended 31 st March 2022			Year ended 31 st March 2021		
	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000
Social Housing Lettings						
General needs housing	27,766	27,003	763	27,094	24,110	2,984
Fully rented housing accommodation	27,766	27,003	632	27,094	24,110	2,984
Garages	40	0	40	39	0	39
Other activities	259	140	119	245	150	95
Total	28,065	27,143	922	27,378	24,260	3,118

4. Turnover from lettings

	For the year ended 31 st March 2022	For the year ended 31st March 2021
	£'000	£'000
General Needs and Sheltered Housing		
Rents receivable	25,795	25,382
Service charges receivable	425	453
Income for Support Services	130	117
Amortisation of Social Housing Grant & Other Government Grants	1,079	895
Other Revenue Grants	337	247
Turnover from Social Housing Lettings	27,766	27,094

5. Operating costs from lettings

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
General needs housing		
Management costs	7,447	7,337
Service Charge Costs	587	631
Routine Maintenance	8,103	8,251
Major Repairs Expenditure	3,673	2,249
Bad Debts	159	59
Depreciation of housing properties	4,416	4,219
Impairment of housing properties	671	522
LGPS Income & Expenditure Charge	1,947	842
	<hr/>	<hr/>
Operating costs on social housing activities	27,003	24,110
Operating Surplus / (Deficit) on social housing lettings	763	2,984
	<hr/>	<hr/>
Rent losses due to voids (memorandum note)	270	292
	<hr/>	<hr/>

6. Surplus on sale of fixed assets

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Sale proceeds	0	123
Cost of sales	0	(16)
	<hr/>	<hr/>
Surplus on disposal	0	107
	<hr/>	<hr/>

Welsh Government decided to cease the Right To Buy in January 2019. Tai Calon have not sold any properties in the Financial Year ending 31st March 2022.

7. Impairment

Asset component impairments of £1.076 million less associated depreciation of £262,590 and grant impairment of £176,788 less associated amortised grant of £33,973 are reflected in the accounts in notes 13 and 15 relating to write off of components.

8. Operating deficit for the year

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Operating Surplus / (Deficit) for the year is stated after charging:		
Depreciation	4,505	4,322
Amortisation	1,079	895
Operating leases – Other	406	400
Bad Debts	159	59
Auditor's remuneration (inclusive of VAT):		
in their capacity as auditors	15	22
	<hr/>	<hr/>

9. Board members and senior executives emoluments

The remuneration paid to the senior executives of Tai Calon was:

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Emoluments (including pension contributions and benefits in kind)*	418	411
Emoluments (excluding pension contributions) paid to the highest paid senior executive	112	104
	<hr/>	<hr/>

The Chief Executive is not a member of Tai Calon Pension Scheme. Tai Calon does not make any further contribution to any individual pension arrangement for the Chief Executive.

The emoluments of non-executive Board Members senior executives, excluding pension contributions, were in the following ranges:

	2022	2021
	No.	No.
£nil	0	0
£1 - £50,000	12	13
£50,001 - £60,000	0	0
£60,001 - £70,000	0	0
£70,001 - £80,000	0	0
£80,001 - £90,000	3	2
£90,001 - £100,000	0	1
£100,001 - £110,000	0	1
£110,001 - £120,000	1	0
£120,001 - £130,000	0	0

In September 2018 the Board approved the remuneration of Board members. The emoluments including expenses of non-executive Board Members were as follows:

	For the year ended 31 March 2022 £	For the year ended 31 March 2021 £
Prof Sir Adrian Webb (Chair)	12,000	12,000
Katherine Howells (Vice Chair & Chair of Operations Ctte)	8,000	8,014
Kelly Reynolds (Resigned)	2,833	5,565
Andrea Teague (Resigned)	2,112	5,000
Ross Maude (Resigned)	2,361	5,000
Neil Harries (Chair of Audit & Risk Committee)	8,000	8,000
Malcolm Day	5,000	5,000
Christopher Jofeh	5,000	5,000
Ian Hughes	5,000	5,421
Mike Santon	5,763	5,000
Gareth Davies	5,000	5,000
Gemma Badham	5,000	2,862
Sian Nicholas	1,875	
Brian Pickett	1,875	
Abhishek Vyas	2,653	
Jenny White	2,653	
Shannon Williams	2,653	
Total	77,778	71,826

10. Employee and employer costs

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Staff costs during the year:		
Wages and Salaries	7,613	7,184
Social security costs	750	704
Other pension costs	3,219	2,073
	11,582	9,961

	For the year ended 31st March 2022 No.	For the year ended 31st March 2021 No.
Average number of full time equivalent employees during the year:		
Management and administration	161	148
Wardens, caretakers and cleaners	14	15
Housing repair service	93	83
	268	246

11. Interests and related party transactions

During the year, Tai Calon provided rented accommodation to three Board members who were tenants of Tai Calon, and charged rent to those members on Tai Calon's standard terms. Tenant Board members are unable to use their position to their advantage. Where Board members are Councillors, any transaction with those local authorities is at an arm's length basis and as such Board members are unable to use their position to their advantage.

12. Interest payable and similar charges

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Interest payable and similar charges	4,139	4,146
	4,139	4,146

13. Property, Plant & Equipment – Housing Land & Buildings

	Social Housing propertie s held for letting £'000	Housing properties in the course of construction £` 000	Other Property, Plant & Equipment £'000
Cost			
As at 1 st April 2021	157,766	2,887	14
Additions during the year	7,520	2,588	0
Transfer on completion	1,546	(1,546)	0
Impairments during the year – components	(1,076)	0	0
At 31st March 2022	165,756	3,929	14
Depreciation			
As at 1st April 2021	28,040	0	2
Charge for the year	4,418	0	0
Transfer on completion			
Impairments during the year	(263)	0	0
Disposals during the year			
At 31st March 2022	32,195	0	2
Net book value			
At 31st March 2022	133,561	3,929	12
As at 1 st April 2021	129,725	2,887	12

Major repairs and investment in existing properties to let during the year amounted to £9.067 million. This has been accounted for as follows:

	For the year ended 31st March 2022 Total £'000	For the year ended 31 st March 2021 Total £'000
Freehold Property and Land		
Planned maintenance (revenue)	3,611	2,232
Investment (capital)	9,067	6,306
Long Leasehold Property and Land		
		17
Planned maintenance (revenue)	62	
	<hr/> 12,740	<hr/> 8,555

	For the year ended 31st March 2022 No.	For the year ended 31 st March 2021 No.
Units in Management:		
General needs housing properties in management	5,812	5,811
General needs housing properties not in management	55	148
Leasehold management services	333	341
	<hr/> 6,200	<hr/> 6,300

14. Property, Plant & Equipment – Other Fixed Assets

	Office premises £'000	Vehicles & office equipment £'000	For the year ended 31 st March 2022 Total £'000
Cost			
As at 1 st April 2021	2,586	1,282	3,868
Additions during the year	0	0	0
Disposals during the year	0	0	0
At 31st March 2022	2,586	1,282	3,868
Depreciation			
As at 1 st April 2021	1,278	1,050	2,328
Charge for the year	32	55	87
At 31st March 2022	1,310	1,105	2,415
Net book value			
At 31st March 2022	1,276	177	1,453
As at 1 st April 2021	1,308	232	1,540

15. Social Housing Grant & Other Government Grants

	Social Housing Grant £'000	SHG In The Course of Construction £'000	ARBED/CE SP Grant £'000	For the year ended 31 st March 2022 Total £'000
At 1 st April 2021	29,104	1,955	506	31,565
Additions during the year – components	4,480	1,517		5,997
Transfer on Completion	844	(844)	0	0
Impairments during the year – components	(177)	0	0	(177)
Disposal during the year – components	0	0	0	
At 31st March 2022	34,251	2,628	506	37,385
Amortisation				
At 1 st April 2021	3,252	0	51	3,303
Charge for the year	1,069	0	10	1,079
Impairments during the year	(34)	0	0	(34)
Disposals during the year	0	0	0	0
At 31st March 2022	4,287	0	61	4,348
Net Book Value				
At 31st March 2022	29,964	2,628	445	33,037
At 1 st April 2021	25,852	1,995	455	28,262

Gap Funding of £4.2m has been received from the Welsh Government during the year. A total of £4.206m has been capitalised in the year which includes £6,438 of grant received in 2021/22 and previously taken to grant in advance. A further £295,075 of grant previously included in grant in advance has been utilised for revenue works in the year.

The grants are amortised as follows:

	For the year ended 31 st March 2022 No.	For the year ended 31 st March 2021 No.
Amounts falling due:		
In one year or less	1,247	1,051
In five years or more	31,790	27,211
	33,037	28,262

16. Debtors: amounts falling due within one year:	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Arrears of rent, water and service charges	350	531
Less: provision for bad and doubtful debts	(210)	(126)
	<hr/> 140	<hr/> 405
Stock	312	541
Bad Debt Provision - Non Rent Debtors	(95)	(105)
Recoverable VAT	838	505
Debtors	437	346
Prepayments	1,224	936
Capital Grant Due	1,805	0
Holiday Pay Asset	3	3
WHQS / VAT Shelter	10,264	11,131
Total debtors due within one year	<hr/> 14,928	<hr/> 13,762

17. Debtors: amounts falling due after more than one year:

WHQS / VAT Shelter	<hr/> 18,532	<hr/> 24,709
Total debtors due after more than one year	<hr/> 18,532	<hr/> 24,709

18. Creditors: amounts falling due within one Year	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Accruals and deferred income	619	633
Capital creditors	90	7
Interest Payable & Similar Charges	362	360
Payroll Creditor	463	332
Rent In Advance	859	705
Maintenance and other supplies	30	17
Grants in Advance	1,561	331
Grant in Advance SHG	0	527
Housing Loans	16,698	14,948
Holiday Pay Liability	370	354
WHQS / VAT Shelter	10,264	11,131
	31,316	29,345

Grants in advance are received in the year for Capital Works that have not been fully utilised and carried forward into next year.

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

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Housing Loans	54,098	54,046
WHQS / VAT Shelter	18,532	24,709
	72,630	78,755
Loans repayable by instalments fall due as follows:		
In one year or less	16,698	14,948
	16,698	14,948
In five years or more	54,098	54,047
	70,796	68,994

Tai Calon has a loan facility of £105 million on which loan arrangement fees of 1.25% were incurred. The fees are to be written off over 30 years, being the expected life of the loans agreed. Loans of £16.75 million have been drawn down on a variable rate basis at rates ranging from 1.797% to 2.281% and £50 million has been drawn down on a fixed rate basis at a rate of 4.6%. The loans are secured over the properties held by the Association. Loan interest charged at LIBOR ended on 31st December 2021 and is now calculated using SONIA.

20. Non-equity share capital

	For the year ended 31st March 2022 £	For the year ended 31st March 2021 £
Shares of £1 issued:		
At 1 st April 2021	564	575
Issued during the year	1	1
Cancelled during the year	(12)	(12)
At 31st March 2022	553	564

The shares provide members with the right to vote at general meetings. The shares carry no right to a dividend, there is no provision for the redemption of shares and there is no provision for a distribution following a winding up.

21. Operating leases

At 31st March 2022 Tai Calon had commitments under operating leases as follows:

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Motor vehicle and office equipment expiring :-		
Within one year	371	362
Between two and five years	1,562	88
	1,933	450
Operating lease expensed during the year	415	410

22. Capital commitments

	For the year ended 31st March 2022 £'000	For the year ended 31st March 2021 £'000
Capital expenditure contracted but not provided for in the financial statements	10,812	26,546
Capital expenditure authorised by the Board but not contracted	0	0

These capital commitments will be funded by existing loan facilities, and capital grants from the Welsh Government.

23. Statement of Comprehensive Income Deficit

This year's surplus of £5.862 million has arisen as a result of the revaluation of the LGPS past service deficit liability. This combined with the prior year's results and the £9.079 million actuarial gain on the pension scheme has led to the Association recognising a surplus on its general reserves of £23,903 million. The pension liability of £15.559 million will only crystallise when all employees exit the pension scheme. The funding of major repairs both now and in the future is covered by existing loan facilities' amounting to £105 million, of which £71.5 million has been drawn by the year-end.

The Board has a reasonable expectation that Tai Calon has adequate resources to continue operations for the foreseeable future. The Board has approved a 30-year business plan which shows annual surpluses on the Statement of Comprehensive Income from 2026/27. The deficits in the general reserve are due to significant investment required to the housing stock to meet WHQS, which is funded by a £105 million funding facility from Barclays and Royal Bank of Scotland. Since the transfer Tai Calon has outperformed the approved business plan and borrowed nearly £15 million less than originally planned, for these reasons, the going concern basis has been adopted for these financial statements.

24. Pension costs

Tai Calon participates in the Torfaen County Borough Council (Greater Gwent) pension scheme (LGPS). Further information on the scheme is given below:

Local Government Pension Scheme (LGPS)

Tai Calon Community Housing Ltd participates in the Torfaen County Borough Council (Greater Gwent) pension scheme which is a defined benefit scheme based on final pensionable salary. Certain employees of Tai Calon participated in the scheme prior to the stock transfer taking place and, as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 26th July 2010. As part of the transfer agreement, liability for the proportion of the debt attributable to these employees that relates to the pre-transfer period rests with Blaenau Gwent County Borough Council.

The gains and losses recognised by Tai Calon therefore relate solely to the period since transfer. The most recent valuation was carried out at the 31st March 2022. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. Tai Calon's contribution rate from 1st April 2021 to 31st March 2022 was 20.5% of members' contributions due to the closure of the scheme to new entrants. It is projected that employer contributions of £1.374 million will be made for the forthcoming year.

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS102 purposes were:

Employer membership statistics	Number 31st March 2019	Total Salaries / Pensions £'000 31st March 2019	Average Age 31st March 2019
Actives	220	5,916	49
Deferred Pensioners	95	281	47
Pensioners	91	825	62

Deferred pensioners included undecided leavers and frozen refunds. Salaries are actual, not full time equivalent.

Payroll	Assumed total pensionable payroll based on information provided
1 st April 2021 to 31 st March 2022	£5,573,000

LGPS early retirements			
New Early Retirements 1st April 2021 to 31st March 2022	Number	Total Pension Accrued £	Total Pension Actual £
Redundancy	0	0	0
Efficiency	0	0	0
Other	0	0	0

Investment Returns	
The return of the Fund in market value terms for the period to 31 st March 2022 is based on actual Fund returns as provided by the Administering Authority. Details are given below:	
Actual Returns from 1 st April 2021 to March 2022	6.0%

The major categories of plan assets as a percentage of total plan assets		
Period Ended	31st March 2022	31st March 2021
Equities	78%	81%
Bonds	18%	17%
Property	3%	2%
Cash	1%	0%

Financial Assumptions		
Period Ended	31st March 2022 % p.a.	31st March 2021 % p.a.
Pension Increase Rate	3.15%	2.80%
Salary Increase Rate	3.45%	3.10%
Discount Rate	2.75%	2.05%
Mortality		
	Male	Female
Current Pensioners	20.5 years	23.2 years
Future Pensioners	21.8 years	25.1 years

Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for the year end 31st March 2022			
Period ended 31st March 2021	Assets	Obligations	Net (liability) / asset
	£'000	£'000	£'000
Fair Value of Plan Assets	56,111		56,111
Present Value of funded liabilities		78,802	(78,802)
Opening Position as at 31st March 2021	56,111	78,802	(22,691)
Service Cost			
Current service cost	0	2,809	(2,809)
Past service cost	0	0	0
Total Service Cost	0	2,809	(2,809)
Net Interest			
Interest income on plan assets	1,156	0	1,156
Interest cost on defined benefit obligation	0	1,636	(1,636)
Total Net Interest	1,156	1,636	(480)
Total defined benefit cost recognised in Profit or (Loss)	1,156	4,445	(3,289)
Cashflows			
Plan participants' contributions	370	370	0
Employer contributions	1,342	0	1,342
Estimated Benefits paid	(1,101)	(1,101)	0
Expected Closing Position	57,878	82,516	(24,638)
Remeasurements			
Changes in financial assumptions	0	(6,568)	6,568
Changes in demographic assumptions	0	(469)	469
Other experience	0	164	(164)
Return on assets excluding amounts included in net interest	2,206	0	2,206
Total remeasurements recognised in Other Comprehensive Income	2,206	(6,873)	9,079
Fair value of plan assets	60,084	0	60,084
Present value of funded liabilities	0	75,643	(75,643)
Closing Position as at 31st March 2022	60,084	75,643	(15,559)



Visit our offices or write to us at:
Tai Calon Community Housing,
Solis One, Rising Sun Industrial Estate,
Blaina, Blaenau Gwent
NP13 3JW
Email us: talktous@taicalon.org
Find us on the web at: www.taicalon.org

DO YOU NEED A DIFFERENT FORMAT?

If you would like this report in a different
language, please contact customer services on:
Phone: 0300 303 1717
Email: talktous@taicalon.org