

Cadwyn Housing Association Limited - Group

**Consolidated report and financial statements
For the year ended 31 March 2023**



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Information

Co-operative and Community Benefit Society number:	18805R
Welsh Government registration number:	L019
Registered office:	197 Newport Road, Cardiff, CF24 1AJ
Board members:	Ms F O'Brien (Chair) Mr J Union (Vice Chair) (resigned 19 th July 2023) Ms K Dalton Ms N Eynon Ms S Hughes Mr D Walker (resigned 31 st December 2022) Ms C Madge Mr P Riley Mr P Evans Mr G Hexter Mr M Davies Mr P Maggs
Chief Executive	Mr D Hayhoe (appointed 16 th November 2022) Mrs L Sagona (appointed 05 th September 2022; (resigned 04 th October 2022) Mrs K Palmer (resigned 15 th July 2022).
Company Secretary	Ms N Gimblett-Williams
Executive Directors:	Mrs C Stark (Director of Homes & Communities) Mrs S Daniel (Director of Corporate Services) (resigned 09 th June 2022) Mr K Burgess (Director of Corporate Services) (appointed 11 th July 2022)
Bankers:	Barclays Bank PLC Windsor Court, 3 Windsor Place Cardiff, CF10 3BT
Solicitors:	Hugh James 2 Central Square, Cardiff, CF10 1FS
External Auditors:	Bevan Buckland LLP Ground Floor, Cardigan House, Swansea, SA7 9LA
Internal Auditors:	Astari Limited Alexandra Gate, 2 Ffordd Pengam, Cardiff. CF24 2SA



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Contents

Report of the Board and strategic and value for money report	1-14
Independent auditor's report to the members of Cadwyn Housing Association Limited (Group and Association) on corporate governance	15
Independent auditor's report to the members of Cadwyn Housing Association Limited (Group and Association)	16-19
Consolidated Statement of Comprehensive Income	20
Association Statement of Comprehensive Income	21
Statement of Changes in Reserves (Group and Association)	22
Consolidated Statement of Financial Position	23
Association Statement of Financial Position	24
Consolidated Statement of Cash Flow	25
Association Statement of Cash Flow	26
Notes to the Financial Statements	27 – 62



Strategic Report

Mission and Values

Introduction

Cadwyn is a community housing association, working predominantly in Cardiff. We own or manage nearly 2,000 homes. We were originally established in 1968. Our mission is 'to provide good quality homes and build communities through partnership and innovation'.

The 2022/23 financial year has seen unprecedented challenges for our residents and their families as well as for Cadwyn and the social housing sector generally. The current economic outlook, with continuing high inflation, increased interest costs and a well below inflation rent settlement indicate that there will be no easing up soon on the challenges we all are facing. At a time when the demands for supporting our residents are increasing, we are additionally faced with wider challenges of new regulations and legislation, all of which come at a cost to the Association.

These challenges, coupled with a number of changes in the senior leadership of Cadwyn over the past twelve months led the Board to initiate a review of the Association's strategic priorities and the resources it has to deliver those priorities. The Board have recently confirmed the following priorities for the next five years:

- To improve the quality of our houses and estate services to residents and achieve top quartile performance levels.
- To accelerate the investment into improving our existing homes.
- To continue to develop new homes to meet increasing demand for social and affordable housing.
- To provide more community sustainment programmes to meet the non-housing needs of our residents.
- To improve organisational resilience including financial, people and systems.

The Board concluded that, although the Association is financially sound with a sustainable plan for the foreseeable future, we should investigate whether closer collaboration with other social landlords that share the same ethos, values and culture as Cadwyn, could result in the strategic priorities being achieved more efficiently, effectively and sooner.

Our Vision

We want to achieve Thriving Communities to be rooted in our community, providing homes and opportunities to transform people's lives for the better.

Our Offering

We provide Homes & Opportunities

Our Purpose

Cadwyn provides good quality homes and builds communities through partnership and innovation.

Our Values

Everything we do will be underpinned by how we work with each other using our values of:

- Fairness
- Kindness
- Honesty
- Respect



Strategic Report

Our Key Aims

Existing Homes

We ensure people live in well managed and maintained homes, which are safe, comfortable and energy efficient.

New Homes

We increase the supply of new affordable and environmentally sustainable homes for those in need.

People

We work with our residents and communities so that they thrive.

Our Business

We are a successful and independent social business valued for our contribution.

Existing Homes

Improve energy efficiency and carbon emissions.

In the financial year 2022-23, the following Component Replacements were completed to improve the energy efficiency of our homes:

- 163 properties received new external doors.
- 16 properties received new windows.
- 37 properties received new boilers/heating systems.

Work progressed on the installation of solar PV and battery units to 10 homes alongside 5 homes where external wall insulation projects have commenced with funding from ORP 2.1 & 2.2.

In addition to the works above Cadwyn managed the installation of 20 solar PV panels with battery storage on behalf of Taff Housing and CCHA as part of our joint ORP 2.1 funding.

In March 2023 Cadwyn received a grant offer from the Welsh Government as part of the Optimised Retrofit Programme (ORP) 2023-24.

Maintain WHQS & implement any revisions to WHQS

We continued to monitor and maintain WHQS performance. An update is due on the implementation of WHQS 2023, with consultation completed on an initial draft version of the updated standards. Significant changes, such as the provision of floor coverings on new lets, alignment with the fitness for Human Habitation Regulations 2022, and high levels of energy performance, are anticipated to be significant changes.

Effective & Efficient Reactive Repairs

It was a busy year for CanDo contractors who completed 4,310 repairs, and an additional 1,521 repairs were completed by external contractors.

During the year we established a Damp & Mould Working Group, which has reviewed all aspects of how we deal with this issue. The group has improved our working practices in line with current best practice.



Strategic Report

Our policies and procedures were reviewed and updated, following the introduction of the Fitness for Human Habitation Regulations 2022. This review was undertaken in partnership with 7 other Registered Social Landlords as part of consortium, in readiness for the implementation date of the Renting Homes (Wales) Act 2016.

Landlord Health & Safety

We continued to focus on ensuring compliance in our gas servicing and electrical testing. The cost of living challenges have increased the numbers of residents unable to remain in credit on their meters, which has, at times, impacted our testing. We responded by setting up a working group to ensure that residents were supported to access any available help and support.

During the year new fire risk assessments were completed across all relevant Cadwyn stock by a third party accredited fire risk assessor. As a result of these tests, 139 new fire doors were installed together with £75,000 being spent on fire risk upgrades to our communal areas. We continue to monitor Radon, asbestos and legionella to the areas where a risk has been identified.

New Homes

Increase number of new affordable homes

We continue with an ambitious development programme despite the current challenges within the construction industry.

In 2022/23 Cadwyn provided the following new homes:

- East Bute House, The Wharf – 38 apartments
- Clarence House, Butetown – 18 (EPCA) apartments
- Rhiw Las – 9 apartments (s.106)
- Cyncoed Road – (Supported Housing – 5 bedrooms)
- Splott Road – (Supported Housing – 5 bedrooms)
- Cadwyn also completed the construction of 2 commercial units at The Wharf

Cadwyn currently have the following schemes under construction:

- Bay Chambers – 44 apartments (Completion August 23)
- Rhiwlas – 1 house (Completion September 23)
- Albany Baptist 12 apartments (Completion September 24, includes a new community facility for the Church)

The residential elements of the following schemes are supported by the Local Authority and Welsh Government within the PDP for 2023/24:

- The Mill Residential - 48 apartments, Community Facility and Commercial (Start on site – February 24)
- St Timothy's, Ely – 6 x houses, 9 x apartments (1 adapted) (Start on site February 24)
- Christchurch, Fairwater – 19 apartments (1 adapted) (Start on site February 24)

Over the past 4 years we have land banked a number of strategic sites in preparation for our Business Plan growth. The investment team will continue to progress the acquired sites through planning whilst looking for new opportunities. Cadwyn has the largest development programme in Cardiff of 161 units made up of Park Road (40), Glamorgan Wanderers (18), Walter Building (35), Bute St. Car Park (35) and 197 Newport Road (33).



Strategic Report

EPC A rated & low Carbon

Welsh Government standards require all new build homes to meet an energy efficiency rating of an EPC A. All new Cadwyn schemes will be designed to meet this standard with a non-fossil fuel approach. Cadwyn are currently reviewing the positive impact the EPC A rating at Clarence House has had for residents since completion.

Build market homes to cross subsidise social homes

Cadwyns subsidiary Igneous Ltd has completed on the sale of 35 new apartments at The Wharf with all profits to be reinvested in Cadwyns existing stock. There are 2 remaining parcels of land at The Wharf which will be developed as market sale in the future. Cadwyn recently sold a small parcel of land on the site to a private developer.

EPC A rated & low Carbon

The revised Welsh Government standards require all new build homes to meet an energy efficiency rating of an EPC A. All new schemes are now designed to meet this standard. The investment team review the design and specification on each scheme and consider the energy strategy and the best and most efficient way of achieving the standard for Cadwyn and the residents.

In addition, we will also work very closely with the Homes & Community teams to ensure the agreed specifications can be maintained and managed effectively.

Build market homes to cross subsidise social homes

Through our subsidiary we completed work on 35 open market sales apartments at The Wharf. The profit from the sales of properties will cross subsidise the new build programme of affordable homes. The work was carried out by our subsidiary company, Igneous with any profits being gift aided back to Cadwyn. We have had a positive interest in the scheme with all 35 units reserved or sold.

People

Increase resident engagement.

Following the STAR Survey (2022), further engagement with the community was carried out to establish what improvements residents wanted to see. Some 400 people responded to the STAR Survey with an additional 60 residents engaging with us as part of our subsequent outreach initiative aimed at delving more deeply into some of the responses received as part on the main survey. This work resulted three key areas to focus upon:

- How Cadwyn support residents with issues of anti-social behaviour
- Reactive repairs and general maintenance of residents' homes
- Quality of services that are chargeable.

Work is ongoing in these areas, further outcomes will be reported in next year's report.

In 2022/2023, the following was achieved:

- 357 (26%) residents engaged throughout the year.
- 20.84% of these residents were classed as 'new engagement'.
- gathered the engagement preferences of 23% of our residents.

The focus continues to be our residents, ensuring that there is effective engagement, on all key issues.



Strategic Report

Reduce repeat homelessness.

Cadwyn let 139 general needs properties during the year (32 in 21/22), of which 70 were new build units. 50% of the let properties were to households on the homelessness list (the same percentage as in 21/22). There were four evictions during the year (2 in 21/22): two for arrears and two for serious anti-social behaviour. Tenancy sustainability during the first two years of a tenancy averaged 84% (82% in 21/22).

Supported Housing accommodated 91 families experiencing homelessness, 80 at Nightingale House and 11 at Hafan. Approximately half of the families had support needs relating to domestic abuse, and 40% of the families were known to, or had current open cases with, Social Services. Each one of these families received support to ensure their needs were met and to equip them with the skills, knowledge and understanding to successfully manage their own tenancies.

Two families moved on from Hafan, both were placed into independent stable accommodation. There were 54 planned move-ons from Nightingale House into stable accommodation. There were no evictions across supported housing.

The Supported Housing Team also gained ISO9001 quality standards accreditation.

Using Cymorth Cymru's Evidencing Impact tool, through the Welsh Government Housing Support Grant funding of £509k made available through Cardiff Council, Supported Housing Services made a net saving of £791k to public services (Health, Homelessness, Criminal Justice & Social Care).

Improve wellbeing of residents and the community

Nu Life provided essential household items to 364 (282 in 21/22) households, via its referrals process with the local authority, housing associations, and other statutory and third sector agencies. This included 83 (53 in 21/22) Cadwyn households thereby contributing to tenancy sustainability. By collecting donated furniture and other goods, over 7,700 (5,000 in 21/22) items were saved from landfill. Sales to the public generated £77k, resulting in total income of over £138k (£108k in 21/22).

A new five-year Nu Life strategy was approved and, along with an emphasis on income growth, its implementation included setting up a steering group with internal and external stakeholder members with the aim of providing independent advice and support.

The employment & training service, Realise Your Potential, received 154 resident referrals, which is an increase on last year by 34 referrals; there were an additional 21 non-resident referrals.

Thirty five residents were supported into employment (31 in 21/22), and additionally there were 12 non-resident employment outcomes largely supported through Carwyn's involvement in the ESF 'Get into Housing' Project, 'The estimated annual total income gained for residents moving into employment was £413k, an average of £18k per person.

The Financial Inclusion Team helped residents access £509k of financial support, comprising income maximisation of £460k and debt reduction of £49k. This was a 1% increase on the previous year. The total number of households supported was 265, an increase of 33% from the previous year. The cost-of-living crisis was considered to be the reason for the additional referrals. Despite increased pressures on our residents' household incomes, rents arrears level remained firmly under control.

Strategic Report

Ensure our services meet the needs of our communities.

As part of the action plan, following the 2022 Tenant Survey, community outreach work was undertaken to find out more about what really matters to our residents. The feedback identified several areas for improvement:

- Communication with residents.
- Dealing with anti-social behaviour/complex cases.
- Planned maintenance including communication.
- Communal Services.
- Timeliness of reactive repairs.

Work is underway in each of these areas to improve satisfaction.

The Cadwyn Tenant Scrutiny Team finalised their review of Complaints and made 33 recommendations that the organisation took forward. This review was a result of extensive engagement with residents, complainants, and staff across the business, as well as the Chair of the Board. The team also worked with the Senior Leadership Team to contribute to Cadwyn's regulatory self-assessment.

In 2022/2023, 357 (26%) residents engaged with Cadwyn and 20.84% of these residents were 'new engagers'.

Our Business

Financial viability

An annual Value for Money (VFM) statement is included within the statutory accounts and there was continuous monitoring and review of low performing areas.

The Association performed well within the financial loan covenants set by our lenders and was successful in negotiating a change to the covenant applicable to one of our principle funders.

Igneous, the wholly owned subsidiary of Cadwyn, had an extremely successful year, completing the development and sale of 35 apartments at the Wharf in Cardiff. Profits from the subsidiary will be gift aided to the parent for investment in the core business..

Good governance & validation

A full review of Board Member Policies was undertaken at the end of 2022 with a new Board Member Handbook developed. The Remuneration, Nomination and Governances Committee Terms of Reference were reviewed and expanded, to include the additional responsibilities of governance monitoring and assurance.

The Audit, Risk & Assurance Committee (ARAC) continued to have an oversight of the Risk & Assurance Register and the programme of Internal Audits.

Strategic Report

Our Business

High performing staff and board

We successfully recruited and integrated 23 new members of staff within the year. 6 'Get into Housing' Placement holders of which one remained with Cadwyn as an active volunteer, sitting on the Equalities Group. Some notable achievements during the period were:

- Staff Retention target of 85% was exceeded averaging 95.5% during the period.
- Staff Handbook was reviewed and developed into a new People Handbook, with associated policies and procedures – providing clarity for staff, and ease of accessibility via SharePoint.
- The health and wellbeing offer to staff was reviewed and amended – making it fit for purpose and desirable.
- key measures in relation to the Equalities Strategy were developed.
- Our 12-month and 18-month QED review with Tai Pawb was passed.
- The annual Deeds not Words report with Tai Pawb was developed and shared with the public (via our website).
- The Equalities Group was developed further and made progress, relating to a Heritage Project, aiming to engage with residents and communities in Butetown.
- An overall staff satisfaction rate of 82% was achieved in the staff survey.

A culture of openness, trust and transparency

We held our Cadwyn Connects session, bringing staff together to celebrate our successes and explored the concept of 'home'. Our Staff Consultative Forum remained active, and the Terms of Reference were reviewed. We sought feedback from staff to ensure the forum remains fit for purpose, and received a positive response.

We developed our annual Inclusion Calendar, committing to a monthly Equalities theme and Health & Wellbeing Theme. We brought these themes to life by inviting guest speakers to talk at our monthly meetings, topics included: Ramadan, Black History Month, Bowel Cancer and Financial Wellbeing. We also shared resources and offered appropriate signposting for staff.

We embedded and further strengthened our agile working practices. In our 2022 staff survey we achieved a 90% satisfaction rate in relation to Cadwyn encouraging flexible working in order to maintain a good work-life balance. We have continued holding online monthly staff meetings. The recordings of which are included within the weekly staff briefings.

Risk and Uncertainty

Understanding and mitigating risk is a key Board responsibility. The Senior Leadership Team review the risk maps monthly, ARAC review quarterly with the Board reviewing twice a year. Risk movement is highlighted and discussed.

Treasury management, tax risks and pensions advice are managed by accessing independent consultants.

Revenue risk is mainly created by the changing welfare reforms that have reduced resident's income, on the assumption that they would be better off in work. Additionally, the introduction and roll out of Universal Credit paid directly to residents creates uncertainty to our future income. Delivery risks are mitigated by having appropriate strategies and KPI monitoring in place.

Strategic Report

Value for money statement

Cadwyn is committed to delivering the best possible services to residents and in order to do this it will ensure that Value For Money (VFM) is at the core of everything it undertakes. Making money go further enables us to devote more resources to achieving and exceeding our business objectives. Providing more quality homes, improving service standards, supporting a wider range of activities and keeping down costs for residents are all key activities to achieve VFM and will demonstrate that we understand our costs, residents and services.

According to our representative body Community Housing Cymru and House mark, “VFM is about ensuring that every pound spent delivers the maximum impact possible in terms of quality and/or quantity.” At Cadwyn, VFM can be defined as maximising Cadwyn’s outcomes from the available resources and assets. VFM is about managing the choice that exists between the cost, quality and timeliness of services provided.

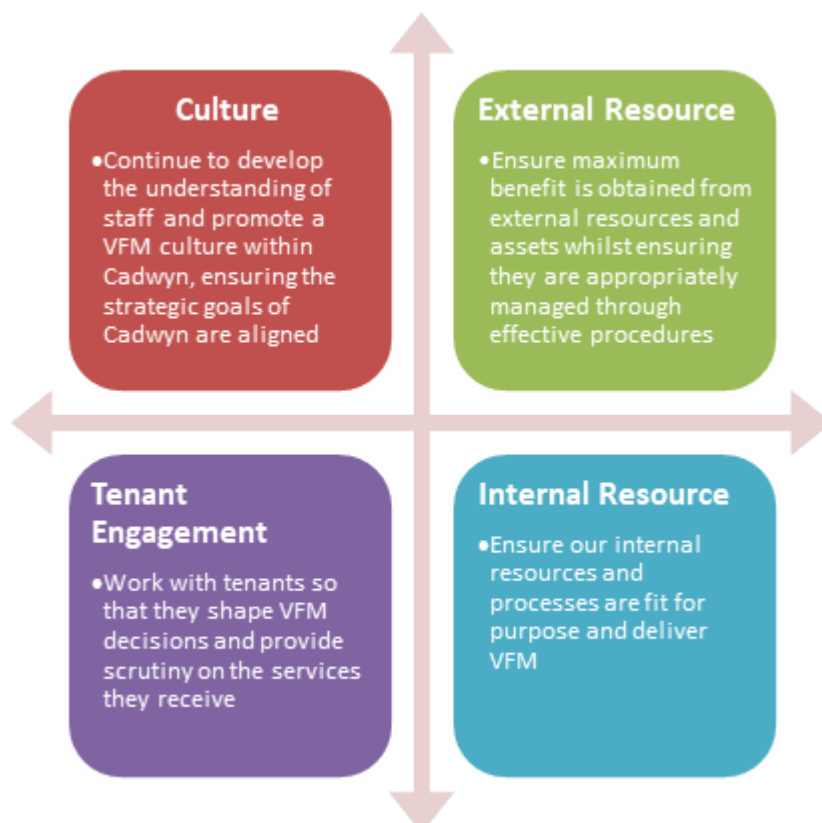
Cadwyn’s Value for Money Strategy has the following aims and objectives:

Existing Homes: Ensure maximum benefit is obtained from all available resources and assets whilst ensuring they are appropriately managed through effective procedures and good governance.

New Homes: Ensure that new developments and opportunities balance the needs of the community and business objectives with a key focus on quality and efficiencies.

People: Work with residents and staff to ensure they understand, shape and promote VFM decisions and provide scrutiny on services they receive and deliver; ensuring that Cadwyn’s strategic goals and customer need are aligned

Our Business: Continue to develop the understanding of VFM across the whole business ensuring that internal and externally sourced resources provide services that are fit for purpose and deliver VFM for our customers
Key Objectives of Cadwyn’s VFM strategy are as follows:





Strategic Report

Value for money statement

We have used the TPAS 6 Es approach for our transformational goals, We believe this approach will help share conversation and discussions around VFM, can help prompt questioning and challenge around VFM and can also act as a framework to evidence and demonstrate VFM.

Economy

We will ensure we understand and communicate the costs of running our services

Outcome: Cadwyn will be transparent to stakeholders on the cost of our service

Effectiveness

We will engage with all stakeholders and get feedback on the services we provide to residents

Outcome: Cadwyn will be involve residents in shaping and evaluating services

Efficiency

We will continually review performance and services we offer and learn from our actions to strive for greater efficiency

Outcome: Cadwyn will embed value for money in the organisation

Equality

We will ensure services are fair and accessible to all

Outcome: Cadwyn will deliver on the equality strategy

Ethos

We will embed the organisation values in value for money

Outcome: Cadwyn will embed values into decision making on services that are provided to residents

External

We will add value to the communities we serve

Outcome: Cadwyn will demonstrate the benefits we bring to others



Strategic Report

Value for money statement

Notable achievements for the year have been:

Economy – We worked with funders to ensure that our covenants allowed us to invest the profits made from our open market sales into our properties in the coming year, increasing investment by as much as £1.2m

Effectiveness – Rent – We continued to develop our local rent setting methodology to ensure that rents are fair, affordable and in line with our residents' expectations. Rents are now set on an individual property level and compared to the JRF affordability criteria on a unit-by-unit basis. This demonstrates our commitment to affordability even in challenging circumstances. Due to Cadwyn's commitment to freezing unaffordable rents in the previous two years, the draft figures show that no units will be above the 29% threshold following the 23/24 rent increase.

Effectiveness - Resident Engagement - Our efforts with engagement over the past two years have focused on building the foundations for a cohesive and strong engagement model to be utilised by the whole organisation. In 2021/22, we focused on speaking to the cohorts of our resident population who choose to engage as well as those who do not engage to establish the motivations, barriers and aspirations of engagement. We extended this engagement to staff across the business ranging from those situated in frontline positions to those in more corporate departments. This piece of work has formed the new basis for our new engagement strategy which will transform the way we work in a resident focussed way.

Equalities - In 22/23 the focus on equalities continued via several strands: Tai Pawb's QED quality mark, the Deeds Not Words race equality pledges and the implementation of the new Equalities Strategy).

Our internal Equality Group (made up of both residents and staff) has been very active this year having submitted a bid to the National Lottery Heritage Fund to support the works in engaging the community of Butetown in exploring identity, heritage and belonging.

Cadwyn were part of a Diverse Workforce bid to WCVA called 'Getting into housing'. The bid was successful and will result in 35 paid placements across 7 of the local RSLs. The objective is to actively recruit people from ethnic minorities into the workforce of Cardiff's Housing Associations.

Cadwyn is also a founding member of the 'Pathways to Board' programme to train and support more people from different backgrounds to become board members and to increase diversity on our boards.

Ethos - This year we have produced a new Procurement Strategy that outlines our strategic goals in order to set clear objectives and embed the value for money ethos across all major purchasing decisions across the organisation.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Strategic Report

Value for money statement

Wales Global Accounts Value For Money Indicators

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

VFM Indicators	Sector Median 21/22	Cadwyn			Trend
		2021	2022	2023	
1. Total operating costs per social housing unit	£3,613	£3,744	£4,350	£5,113	↑
2. Management costs per Social Housing unit	£1,165	£1,699	£1,934	£1,642	↑
3. Reactive repair costs per Social Housing unit	£1,239	£1,280	£1,407	£2,246	↑
4. Major repairs and component costs per social housing unit (Capital Expenditure)	£664	£371	£637	£538	↓
4b. Major repairs and component costs per Social Housing unit (Capital & Revenue Expenditure)	£1,076	£876	£1,329	£1,763	↑
5. Bad debts per Social Housing unit	£19	£34	£47	£44	↑
6. Weighted average cost of capital	3.76%	4.16%	3.81%	3.46%	↓
7. Free cash flow per Social Housing unit	£631	£1,251	£1,913	£2,441	↑
8. Gross Arrears/Social Housing turnover	4.14%	5.00%	2.40%	2.87%	↑
9. Total Turnover per Social Housing unit	£6,526	£6,636	£6,865	£7,995	↑
10. Rental void loss per Social Housing unit	£75	£153	£178	£72	↓



Strategic Report

Summary of the year

The Association operating surplus for the year is £1,958k (2022: £2,094k). These results were impacted early on with delays in the handover of units and high levels of voids together with increased demand for reactive repairs and new disrepair claims. These were offset by arrears which continue to perform well keeping bad debts low, reduced pension costs and reductions in the planned maintenance programme. Increases in interest rates enabled us to achieve extra income from investing surplus cash and our largely fixed loan portfolio limited our exposure to increased interest costs. Revision of the Barclays covenant during the year helped to increase flexibility. We have invested £6.1m during the year, handed over 4 developments with over 70 additional units, and have 3 ongoing schemes which will generate 55 units over the next 18 months. We also built 2 additional commercial units during the year, securing a tenant for one of them. Cash balances remain strong, improved by the repayment of the on lending from Igneous. Following a valuation by Savills, security has increased by 15%, increasing the value of excess security to an estimated £50m.

Audit, Risk & Assurance Committee

This committee is made up of four members of the Board and is led by a committee Chair. The Committee meets at least three times a year. The Committee's delegated authorities and calendar of prioritised work have not changed substantially from previous years. The key responsibilities of the Committee are to monitor external audit, internal audit reports, evaluating risk and ensuring that an appropriate control system is in place.

Remuneration and Nominations Committee

The Committee oversees the recruitment and appraisal of all Board members and is responsible for agreeing the Terms and Conditions of employment for the Group Chief Executive and Board Members. The Committee is made up of a Chair and Vice Chair and another three Board Members. The Committee meets as and when is necessary but at least once a year.

Gender pay gap

The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings. Cadwyn had in employment 128 (2022: 129) relevant employees as at 31st March 2023;

2023	55% Female	45% Male
2022	54% Female	46% Male

	31 March 2023 Women's earnings are:	31 March 2022 Women's earnings are:
Mean gender pay gap	7.40% lower	5.96% higher
Median gender pay gap	4.63% lower	4.79% higher



Strategic Report

Statement of Internal Control

The board is responsible for the Association's system of internal financial controls which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Board have established the following procedures in order to provide on-going effective internal financial controls:

- Written financial procedures with headline delegated authorities which are reviewed annually to ensure they are fit for purpose.
- Comprehensive system of financial reporting including annual budgets and quarterly management accounts, to report actual performance against budget and to highlight variances;
- Monitoring of the internal financial controls and procedures by the Association's internal auditor and (for the year-end) by the external auditors. These reports are reviewed by Audit Committee and the Board.

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 2014 and Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period.

In preparing those financial statements, the Board is required to select suitable accounting policies, as described on pages 26 to 33, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Board must also prepare the financial statements on the going concern basis unless it is in appropriate 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 the financial position of the Association and to enable them to ensure that the financial statements comply with the relevant legislation.

The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and the integrity of the corporate and financial information included on the Association's website.

In so far as the Board is aware:

- there is no relevant audit information of which the Association's auditors are unaware; and
- the Board has taken all steps that they ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

Subsequent events

The Board Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish the Association's auditor is aware of such information.

Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Annual general meeting

The annual general meeting will be held on 19 June 2023.

Auditor

The auditor, Bevan Buckland LLP, is willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report of the Board was approved on 19 July 2023 and signed on its behalf by:

DocuSigned by:


71D8CB56F3A8AC1...

Frances O'Brien

Chair

Cadwyn Housing Association Limited



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Independent auditor's report to the members of Cadwyn Housing Association Ltd - Group on corporate governance

In addition to our audit on the financial statements for the year ended 31 March 2023, we have reviewed the Board's statement of Cadwyn Housing Association Ltd's ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

Opinion

With respect to the Board's statement on internal controls assurance on pages 13, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.

Bevan Buckland LLP

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA17 9LA

Date: 27.07.2023

Bevan  **Buckland**
Chartered accountants, tax and financial planners



Independent auditor's report to the members of Cadwyn Housing Association Limited

We have audited the financial statements of Cadwyn Housing Association Limited (the parent association) and its subsidiary for the year ended 31 March 2023 which comprise the consolidated and Association statements of comprehensive income, the consolidated and Association statements of changes in reserves, the consolidated and Association statements of financial position, the consolidated 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 group's and parent association's affairs as at 31st March 2023 and of the group's 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 group 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 Group'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 Group 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.



Independent auditor's report to the members of Cadwyn Housing Association Limited

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 Group has not kept proper accounting records; or
- the Group 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 (set out on page 12), 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 Group'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 group or the parent 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.



Independent auditor's report to the members of Cadwyn Housing Association Limited

Identifying and assessing potential risks related to irregularities.

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

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

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

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

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



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Independent auditor's report to the members of Cadwyn Housing Association Limited

Use of our report

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 27.07.2023



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

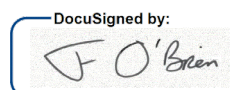
Group Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover - continuing activities	2	19,022	11,852
Less: Operating costs	2	(15,509)	(9,909)
Surplus on sale of fixed assets – housing properties		-	147
Operating surplus: continuing activities	2	3,512	2,090
Interest receivable and other income	6	29	-
Interest payable and similar charges	7	(1,840)	(1,850)
Movement in fair value of investment properties	13	(86)	-
(Deficit) / Surplus on ordinary activities before taxation		1,615	241
Tax on ordinary activities	11	(50)	(64)
(Deficit) / Surplus for the year		1,565	177
Actuarial (loss) / gain in respect of pension schemes	23	(357)	957
Total comprehensive income for the year		1,208	1,134


The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.


The financial statements were approved by the Board on 19th July 2023 and were signed on its behalf by:

DocuSigned by:

 71D8CB56E3484C1:.....

Ms. F O'Brien
Chair

DocuSigned by:

 130EB48CD72645D:.....

Ms. N Gimblett-Williams
Company Secretary

DocuSigned by:

 40BA63D416DF4FE:.....

Mr. G Hexter
Board Member



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

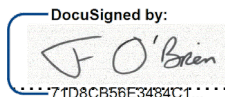
Association Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover - continuing activities	2	11,731	11,881
Less: Operating costs	2	(9,773)	(9,934)
Surplus on sale of fixed assets – housing properties		-	147
Operating surplus: continuing activities	2	1,958	2,094
Interest receivable and other income	6	255	146
Interest payable and similar charges	7	(1,840)	(1,799)
Movement in fair value of investment properties	13	(86)	-
(Deficit) / Surplus on ordinary activities before taxation		287	441
Tax on ordinary activities	11	(50)	(64)
(Deficit) / Surplus for the year		237	377
Actuarial (loss) / gain in respect of pension schemes	23	(357)	957
Total comprehensive income for the year		(120)	1,334

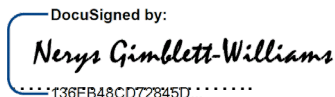
The association results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

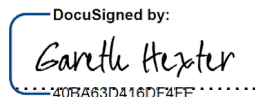
The financial statements were approved by the Board on 19th July 2023 and were signed on its behalf by:

DocuSigned by:

 71D8CB56E3484C1...

Ms. F O'Brien
Chair

DocuSigned by:

 T36EB48CD72845D...

Ms. N Gimblett-Williams
Company Secretary

DocuSigned by:

 40BA63D416DF4FE...

Mr. G Hexter
Board Member



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Statement of Changes in Reserves - Group & Association

	GROUP			ASSOCIATION		
	Revenue reserve	Designated reserves	Total reserves	Revenue reserve	Designated reserves	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	5,843	167	6,009	5,939	167	6,106
Restatements for changes in accounting policy	-	-	-	-	-	-
Total comprehensive income	1,134	-	1,134	1,334	-	1,334
Transfer between reserves	31	(31)	-	31	(31)	-
At 31 March 2022	7,008	136	7,143	7,304	136	7,440
Total comprehensive income	1,565	-	1,565	237	-	237
Actuarial (loss) / gain in respect of pension schemes	(357)		(357)	(357)		(357)
Transfer between reserves	24	(24)	-	24	(24)	-
At 31 March 2023	8,240	112	8,351	7,208	112	7,320

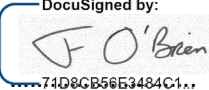


Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Consolidated Statement of Financial Position

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties	12	141,087	134,115
Depreciation	12	(26,399)	(24,969)
		<u>114,688</u>	<u>109,146</u>
Other tangible fixed assets	14	1,136	1,341
Investments	13	<u>2,209</u>	<u>1,774</u>
Total fixed assets		<u>118,032</u>	<u>112,261</u>
Current assets			
Debtors due within one year	16	1,594	2,320
Properties for sale and work in progress	15	895	5,856
Cash at bank and in hand	17	<u>10,090</u>	<u>9,299</u>
		<u>12,579</u>	<u>17,475</u>
Debtors due after more than one year	16	1,160	1,176
Creditors: due within one year	18	(5,751)	(6,531)
Social housing and government grants due in one year	21	(429)	(403)
		<u>6,399</u>	<u>10,541</u>
Net current (liabilities)/assets		<u>6,399</u>	<u>10,541</u>
Total assets less current liabilities		<u>125,592</u>	<u>123,978</u>
Creditors: due in more than one year	19	(54,232)	(54,788)
Social housing and government grants due after more than one year	21	(61,578)	(60,637)
Defined benefit pension liability	23	(1,431)	(1,411)
		<u>8,351</u>	<u>7,143</u>
Net assets		<u>8,351</u>	<u>7,143</u>
Capital and reserves			
Share capital	24	-	-
Restricted reserve		-	-
Revenue reserve		8,351	7,143
		<u>8,351</u>	<u>7,143</u>
Total capital and reserves		<u>8,351</u>	<u>7,143</u>

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 19th July 2023 and were signed on its behalf by:

DocuSigned by:

 74D8GB56E3484C1.,.
 Ms. F O'Brien
 Chair

DocuSigned by:

 136EB48CD72845D.,.
 Ms. N Gimblett-Williams
 Company Secretary

DocuSigned by:

 40BA60D416DF4FE.,.
 Mr. G Hexter
 Board Member



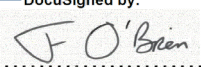
Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Association Statement of Financial Position

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties	12a	141,087	134,115
Depreciation	12a	(26,399)	(24,969)
		114,688	109,146
Other tangible fixed assets	15	1,136	1,341
Investments	13	2,208	1,713
Total fixed assets		118,032	112,200
Current assets			
Debtors due within one year	16	1,282	2,326
Properties for sale and work in progress	15	184	137
Cash at bank and in hand	17	9,810	8,952
		11,276	11,415
Debtors due after more than one year	16	1,160	4,874
Creditors: due within one year	18	(5,478)	(3,811)
Social housing and government grants due in one year	21	(429)	(403)
Net current (liabilities)/assets		5,369	7,201
Total assets less current liabilities		124,561	124,276
Creditors: due in more than one year	19	(54,232)	(54,788)
Social housing and government grants due after more than one year	21	(61,578)	(60,637)
Defined benefit pension liability	23	(1,431)	(1,411)
Net assets		7,320	7,440
Capital and reserves			
Share Capital	24	-	-
Restricted reserve		-	-
Revenue reserve		7,320	7,440
Total capital and reserves		7,320	7,440

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 19th July 2023 and were signed on its behalf by:

DocuSigned by:

 71D8C856E3484C1...
 Ms. F O'Brien
 Chair

DocuSigned by:

 136EB48CD72845D...
 Ms. N Gimblett-Williams
 Company Secretary

DocuSigned by:

 40BA63D416DF4FE...
 Mr. G Hexter
 Board Member



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Consolidated Statement of Cash Flow

	Note	2023 £'000	2022 £'000
Net cash inflow from operating activities	26	11,658	5,558
Cash flow from financing activities			
Loan drawdown		-	11,000
Interest paid		(1,840)	(1,799)
Loan repayments		(3,032)	(3,604)
Cash flow from investing activities			
Interest received		29	-
Purchase and construction of housing properties		(6,820)	(7,600)
Component replacements		(1,005)	(920)
Proceeds from sale of properties & other fixed assets		-	280
Purchase of other replacement fixed assets		(31)	(77)
Development of properties for sale		(503)	(2,995)
Social housing grant and other grants received		2,335	2,044
Net change in cash and cash equivalents		791	1,887
Cash and cash equivalents at beginning of year		9,299	7,412
Cash and cash equivalents at end of the year		10,090	9,299



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Association Statement of Cash Flow

	Note	2023 £'000	2022 £'000
Net cash inflow from operating activities	26	4,994	2,850
Cash flow from financing activities			
Loan drawdown		-	11,000
Interest paid		(1,840)	(1,799)
Loan repayments		(529)	(3,604)
Cash flow from investing activities			
Interest received		255	146
Purchase and construction of housing properties		(6,820)	(7,600)
Component replacements		(1,005)	(920)
Proceeds from sale of properties & other fixed assets		-	280
Purchase of other replacement fixed assets		(31)	(77)
Loans provided to Igneous Ltd for development of properties for sale		-	(500)
Repayment of Intercompany loans		3,500	-
Social housing grant and other grants received		2,333	2,044
Net change in cash and cash equivalents		857	1,820
Cash and cash equivalents at beginning of year		8,952	7,132
Cash and cash equivalents at end of the year		9,809	8,952



Notes to the Financial Statements

Legal status

The Association is a registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord with charitable status, registered with the Welsh Government.

1. Accounting policies

The principal policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Format of accounts

The Association is a public benefit entity with a trading subsidiary. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) in the United Kingdom issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for "Registered Social Housing Providers" as updated in 2018 (Housing SORP 2018), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015.

Basis of consolidation

The consolidated financial statements include the results of Cadwyn Housing Association Limited and its subsidiary Igneous Limited which is also a registered social landlord – 'the Group'.

The Association has the right to appoint members to the Board and thereby exercise control over the subsidiary.

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March under the requirements of FRS 102. The Association is required under the Co-operative and Community Benefit Societies Act 2014 to prepare Group accounts. The consolidation has been carried out in accordance with current accounting standards in order to show the financial information for the Group as a single economic entity. Where any conflict arises between the Housing SORP 2018 and applicable financial reporting standards, then the Housing SORP 2018 prevails.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, amortisation of social housing and other government grants, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the income and expenditure account under surpluses/deficits from the sale of fixed assets. Revenue is recognised when sale completion of the property has been achieved.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Amortisation of Social Housing and other government grants is accounted for in line with the accounting policy.

Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Where deferral of payment terms have been agreed at below market rate and where material, the balance is shown at the present value, discounted at a market rate.



Notes to the Financial Statements

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

The majority of the Associations business is exempt from vat and the partial exemption method is applied to recover the amounts where applicable.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; or
- b) a fair amount of interest on borrowings of the Association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Pensions – defined contribution scheme

The Association makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and the Association. The scheme assets are invested separately from the Association assets in independently administrated funds in the names of employees concerned and there is no residual liability for the Association beyond remittance of these contributions.

The associated expenditure is recognised immediately in the statement of comprehensive income in the year in which contributions are earned.

Pensions – defined benefit scheme

The defined benefit scheme closed to new and existing members on 31 March 2022.

The scheme assets are invested separately from the Association assets in independently administrated multi-employer funds.

The cost of these benefits and the present value of the obligation depends on a number of factors including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations from in these assumptions could significantly impact the liability.



Notes to the Financial Statements

Housing properties

Housing properties are principally properties available for rent and are stated at cost. 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 at below cost price. Where this is the case the cost is increased to the full cost and the difference is shown as imputed cost within property acquisitions, with the corresponding balance shown as imputed grant within creditors.

Housing properties – depreciation is charged on the historic cost of property components. The depreciable amounts are written off over the estimated useful economic lives from the date of purchase / build. Freehold land is not depreciated. Leasehold properties are depreciated over the remaining period of the lease.

Properties in the course of construction are stated at cost and are transferred into social housing properties when completed. Any incremental overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on the initial purchase of land and buildings is capitalised and disclosed as part of properties in the course of construction.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Where a housing property comprises two or more components with substantially different useful economic lives then each component is accounted for separately. 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 components expected economic lives. Housing properties are broken down into the following three components, structure, windows and roofs.

Shared ownership properties are not depreciated on the basis that the residual value is likely to be greater than the net cost.

Profit or loss on disposal of property is recognised at the date a sale becomes certain. The profit or loss arising on disposal is the difference between the sale price, SHG income previously recognised within income, and the total of depreciated cost together with any associated costs of disposal such as legal and valuation fees.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life. The depreciable amount is arrived at on the basis of original cost, less residual value.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure – rehabilitated properties	100 years on cost
Structure – newbuild properties	150 years on cost
Roofs	100-150 years on cost
Electrical Consumer unit	30 years on cost
Electrical Wiring	30 years on cost
Windows	30 years on cost
Doors	26 years on cost
External works	26 years on cost
Solar PV	25 years on cost
Bathrooms	28 years on cost
Kitchens	19 years on cost
Heating	18 years on cost
External buildings - sheds	15 years on cost

Freehold land is not depreciated. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.



Notes to the Financial Statements

Social housing grant

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.

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 Group 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.

Housing finance grants

Housing finance grants (HFG) are capital grants receivable from the Welsh Government which are repayable to the extent that such amounts have been received in the event of the disposal, demolition or change of use to an ineligible activity. These are designed as a contribution towards the capital cost of providing new social housing and are received in instalments over a term of 30 years commencing once a scheme is approved for development.

Decarbonisation Grants

Grants received from the Welsh Government to improve energy efficiency and reduce carbon emissions are written off in the year of expenditure.

s.106 properties

The value of s.106 properties purchased from developers are grossed up so that they represent 100% of the Welsh Government ACG's for units of their type. The notional grant is amortised over the life of the asset.

Investment properties

Government grants received in respect of investment properties are recognised under the performance method. Where such grants are not subject to specified future performance related conditions they are recognised as income. Any grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are shown as a liability on the statement of financial position. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.



Notes to the Financial Statements

Amortisation of grants

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 – over 10 – 100 years.

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 as debtors in the financial statements.

Development costs

Development costs are capitalised in as much as they comprise purchase price, directly attributable costs to bring the properties into working condition for their intended use and incremental costs that would have been avoided only if the properties had not been constructed as required. Any other development costs which are not directly attributable have been written off to the Statement of Comprehensive Income.

Accommodation managed by agents

Revenue grant received in relation to these schemes is included in turnover. A substantial portion of the grant is paid over to the managing agent, this expenditure being incorporated in operating costs.

Managing agents collect rent on the schemes, which are applied by them towards the cost of housing the residents. This income and expenditure has been excluded for the accounts of the Association.

Impairment

Housing properties, including those with individual components and other assets are assessed whether an indication of impairment exists at each reporting date.

Where there is evidence of impairment, assets are written down to their recoverable amount, being the higher of the value in use and fair value less costs to sell. Any such write down is charged to operating surplus.

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Other property assets	Depreciated at 2% per annum on a straight-line basis.
Motor Vehicles	Depreciated over the term of expected useful life, down to the estimated net realisable value, using the reducing balance method
Office/Property Furniture and Equipment	Office furniture and equipment is depreciated at 15% per annum on a reducing balance method. Property furniture and equipment is depreciated on a reducing balance method over the anticipated useful lives of the assets. Computer Equipment is depreciated on a straight-line basis over four or ten years depending on anticipated useful life.
Capital Plant	Depreciated at 25% per annum on a straight-line method

Notes to the Financial Statements

Depreciation

Tangible fixed assets, other than investment properties, are depreciated over their useful lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset. For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful economic lives are assigned to these components.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to expenditure over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the lease term.

Hostels

Nightingale House and Hafan are directly managed family hostels. The rental income and grant monies receivable have been included within the supported housing column in note 3.

Other Hostels are managed by agencies. Social Housing Grants and other revenue grants are claimed by the Association as owner of the hostel premises. The grants are included in the Statement of Comprehensive Income and Statement of Financial Position of the Association. The treatment of other income and expenditure in respect of hostels depends upon whether the Association carries the financial risk. Where the Agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association. Other income and expenditure relating to the hostels (within this category) is excluded. (See note 3).

Leasing Schemes – CanDo Lettings

These leasing schemes involve the Association working in partnership with Cardiff County Council and private and other social landlords. The scheme aims to get homeless people rehoused in the Private Rented Sector (PRS), speeding up the move-on from hostels and reducing the blocking up of hostel bed spaces. All costs incurred in bringing the scheme on-line have been expended to the Statement of Comprehensive Income.

Reserves

The Association's Revenue (or general) Reserve has built up over several years from annual surpluses generated from its core business.

The Designated Reserve will be utilised to fund repairs (if so required) to those properties currently leased under the Calon Adref project, prior to handover back to the landlords (after three years) and properties leased for Temporary Accommodation.

Going Concern

The Group and Association continues to adopt the going concern basis in preparing its financial statements.



Notes to the Financial Statements

Properties for sale

Shared ownership first tranche sales completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investment in Subsidiary

Investment in the subsidiary is accounted for at cost less any impairment.

Fixed asset investments

Investments held as fixed assets are stated at market value.

Investment property

Investment properties consist of commercial properties held in connection with regeneration activity. Investment properties are measured at costs on initial recognition and subsequently at fair value at the year end, with any changes in fair value recognised in income and expenditure.

Employee benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Apportionment of Employee and Administration Costs

Costs are attributable to activities where they can be identified and are apportioned to the relevant sections of the Statement of Comprehensive Income where such an attribution is not possible. This apportionment is generally made in relation to the full time equivalent numbers of staff within each area.

Holiday pay/flexible working

Flexible working pay is accrued at each reporting date. The holiday year was changed in line with the accounting year therefore Holiday pay is no longer accrued for at the year end.

Loans

Basic financial instruments are recognised at amortised historical cost. Loan arrangement fees are capitalised and recognised over the term of the loan through the effective interest rate applied to the loan and amendments there to when subsequent fees arise during the course of such loans. Interest on loans is recognised in like manner using the present value of estimated future interest payments.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



Notes to the Financial Statements

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 judgments 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements:

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

Impairment of social housing properties

The Association must 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. Specifically, this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.

Defined benefit pension scheme

The Association 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 balance sheet. The assumptions reflect historical experience and current trends.

Categorisation of properties between investment properties and property, plant and equipment

The Association bases this assessment depending on the use of the asset and the level of rent charged.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no 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.

Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

2. Particulars of turnover, cost of sales, operating costs and operating surplus

	Note	GROUP			ASSOCIATION		
		Operating	Operating		Operating	Operating	
		Turnover	costs	surplus	Turnover	costs	surplus
		2023	2023	2023	2023	2023	2023
		£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings							
Housing		9,394	(7,484)	1,910	9,420	(7,484)	1,936
Supported Housing		1,112	(1,201)	(89)	1,112	(1,201)	(89)
3 & 3a		10,506	(8,685)	1,821	10,531	(8,685)	1,846
Non social housing activities							
Leasing Scheme properties		225	(222)	3	225	(222)	4
Other & Commercial activities		8,291	(6,602)	1,688	975	(866)	108
		8,516	(6,824)	1,691	1,200	(1,088)	112
Total		19,022	(15,509)	3,512	11,731	(9,773)	1,958

	Note	GROUP			ASSOCIATION		
		Operating	Operating		Operating	Operating	
		Turnover	costs	surplus	Turnover	costs	surplus
		2022	2022	2022	2022	2022	2022
		£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings							
General Needs and Sheltered Housing		8,875	(7,010)	1,866	8,904	(7,010)	1,894
Supported Housing		1,038	(1,053)	(15)	1,038	(1,053)	(15)
3 & 3a		9,913	(8,063)	1,851	9,942	(8,063)	1,879
Non social housing activities							
Leasing Scheme properties		1,074	(869)	205	1,074	(869)	205
Other & Commercial activities		864	(830)	34	864	(855)	9
		1,938	(1,699)	240	1,938	(1,724)	215
Total		11,851	(9,762)	2,091	11,880	(9,787)	2,094



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

3. Particulars of income and expenditure from social housing lettings

Group	General Needs and Sheltered Housing	Supported Housing	2023 Total	2022 Total
	£'000	£'000	£'000	£'000
Income				
Rent receivable (net of identifiable service charges)	7,995	581	8,575	8,020
Service charges income	645	36	681	520
Income for Support Services	-	495	495	577
Amortisation of grants	404	-	404	401
Other Income	351	-	351	396
			-	
Turnover from social lettings	<u>9,394</u>	<u>1,112</u>	<u>10,506</u>	<u>9,914</u>
Cost				
Management Costs	(1,556)	(1,171)	(2,727)	(2,793)
Service Charge Costs	(619)	-	(619)	(459)
Routine Maintenance	(2,247)	(19)	(2,266)	(2,031)
Major Repairs expenditure	(1,225)	-	(1,225)	(999)
Bad Debts	(44)	(11)	(54)	68
Depreciation of housing properties	(1,682)	-	(1,682)	(1,657)
Other Costs	(112)	-	(112)	(191)
Operating costs on social housing lettings	<u>(7,484)</u>	<u>(1,201)</u>	<u>(8,685)</u>	<u>(8,063)</u>
Operating surplus on social housing lettings	<u>1,910</u>	<u>(89)</u>	<u>1,821</u>	<u>1,851</u>
Rent Loss Due to Voids (memorandum note)			<u>271</u>	<u>257</u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

3a. Particulars of income and expenditure from social housing lettings

Association	General Needs and Sheltered Housing	Supported Housing	2023 Total
	£'000	£'000	£'000
Income			
Rent receivable (net of identifiable service charges)	7,995	581	8,575
Service charges income	645	36	681
Income for Support Services	-	495	495
Amortisation of grants	404	-	404
Other Income	376	-	376
Turnover from social lettings	<u>9,420</u>	<u>1,112</u>	<u>10,531</u>
Cost			
Management Costs	(1,556)	(1,171)	(2,727)
Service Charge Costs	(619)	-	(619)
Routine Maintenance	(2,247)	(19)	(2,266)
Major Repairs expenditure	(1,225)	-	(1,225)
Bad Debts	(44)	(11)	(54)
Depreciation of housing properties	(1,682)	-	(1,682)
Other Costs	(112)	-	(112)
Operating costs on social housing lettings	<u>(7,484)</u>	<u>(1,201)</u>	<u>(8,685)</u>
Operating surplus on social housing lettings	<u>1,936</u>	<u>(89)</u>	<u>1,846</u>
Rent Loss Due to Voids (memorandum note)			<u>271</u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2023 No	2022 No	2023 No	2022 No
Owned by Cadywn				
Social housing - properties	1,436	1,360	1,436	1,360
Hostel accomdation - bed spaces	52	52	52	52
Substance mis-use - bed spaces	6	6	6	6
Hostel family - bed spaces	26	26	26	26
	1,520	1,444	1,520	1,444
Commercial Units	9	7	9	7
Managed by Cadwyn				
Can-do lettings	65	75	65	75
The Mill	284	199	284	199
	349	274	349	274
Units in development				
Social housing - properties	57	120	57	120
Open market sales - properties	-	35	-	-
Retail units - properties	-	2	-	1
	57	157	57	121
Total units	1,935	1,882	1,935	1,846

5. Operating surplus

The operating surplus is arrived at after charging:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Depreciation	2,096	1,872	2,096	1,872
Auditors' remuneration in their capacity as auditors	18	16	18	16
Auditors' remuneration in respect of other services	5	6	3	6
Losses from bad debts for service charges and rents receivable	51	66	51	66



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

6. Interest receivable and other income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable and similar income	29	-	255	146

7. Interest payable and similar charges

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest on loans repayable in instalments within five years	221	247	-	197
Interest on loans repayable in instalments wholly or partly in more than five years	1,922	1,713	1,922	1,713
Breakage costs	-	-	-	-
Capitalised Interest	(329)	(166)	(108)	(166)
Imputed Interest from effective interest rate	41	38	41	38
Finance charge on re-measurement of pension liability	-	-	-	-
Remeasurements - impact of any change in assumptions	-	-	-	-
Net Interest expense (pension)	34	68	34	68
HFG finance cost contribution	(50)	(50)	(50)	(50)
	<u>1,840</u>	<u>1,850</u>	<u>1,840</u>	<u>1,799</u>

Imputed Interest from effective interest rates relates to loan acquisition costs (e.g. commitment fees). Previously these were capitalised, now they are set against the available loan balance (creditor) and amortised over the minimum term of the associated financial instrument, using the effective interest method.

Finance charge on re-measurement of pension liability reflects the Associations liability in respect of obligations to make future payments into the scheme in respect of the scheme trustees recovery plans. This now appears as a liability, representing the net present value of those future payment obligations, on the Statement of Financial Position.

An average rate of interest set at 5% has been used to calculate the finance costs capitalised.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

8. Employees

Average monthly number of employees expressed as full-time equivalents:

	Group		Association	
	2023	2022	2023	2022
	No	No	No	No
Housing management / Maintenance	58	59	58	59
Development	5	5	5	5
Supported housing	24	24	24	24
Administration	30	28	30	28
	117	116	117	116

9. Employee costs:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	3,467	3,203	3,467	3,196
Social security costs	357	295	357	295
Other pension costs	312	580	312	580
	4,136	4,078	4,136	4,071

Emoluments of £59,617 were paid to the Board Members 13 (2022:14) during the year (2022: £31,578 from September 2021). Total Expenses reimbursed to the Board Members for the year amounted to nil due to majority of meetings being held online during the pandemic (2022: £125).

The emoluments paid to the highest paid director excluding pension contributions were £99k (2022: £114k). In comparison to the lowest paid employee this represents a ratio of 5.26:1.

Aggregate emoluments payable to key management personnel in the year: -

	Basic salary (Gross & ER's NIC)	Benefits in Kind	Pension contributions	2023 Total	2022 Total
Aggregate emolumnets	377,189	-	31,732	408,921	437,509



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

10. Board members and executives

The full-time equivalent number of key management personnel whose remuneration payable (including pension costs) in the period fell within the following bands was:

	2023	2022
£70,001 - £80,000	2	-
£80,001 - £90,000	-	2
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1

Pension costs are shown as contributions paid on the senior executives 'behalf. The Chief Executive is not a member of the Social Housing Pension Scheme. Pension contributions made to the Social Housing Pension Scheme on behalf of the Chief Executive are calculated on the same basis as other eligible pension scheme members. No enhanced or special terms are applied. Total expenses reimbursed to the senior executives for the year amounted to £455 (2022: £1,707).

11. Tax on surplus on ordinary activities

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current tax reconciliation				
Taxable (loss)/surplus on ordinary activities before tax	258	263	263	263
Theoretical tax at UK corporation tax rate				
Group – (19% (2022:19%))	50	50	50	50
Depreciation	-	-	-	-
Other Adjustments	-	14	-	14
Non-taxable income	-	-	-	-
Losses utilised in the year	-	-	-	-
Current tax charge	<u>50</u>	<u>64</u>	<u>50</u>	<u>64</u>

Tax is payable on Solar PV Income.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

12. Tangible fixed assets – properties (Group)

GROUP	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Physical adaption works £'000	Total £'000
Cost				
At 1 April 2022	108,305	24,098	1,712	134,115
Additions	834	6,812	171	7,817
Schemes completed in year	12,007	(12,007)	-	-
Transfers	-	-	-	-
Reclassification (to)/from investment properties	-	(411)	-	(411)
Reclassification (to)/from stock	(98)	-	-	(98)
Disposals	(336)	-	-	(336)
At 31 March 2023	120,712	18,492	1,883	141,087
Depreciation				
At 1 April 2022	(24,969)	-	-	(24,969)
Charged in year	(1,766)	-	-	(1,766)
Eliminated on disposal	336	-	-	336
At 31 March 2023	(26,399)	-	-	(26,399)
Net book value				
At 31 March 2023	94,313	18,492	1,883	114,688
At 31 March 2022	83,336	24,098	1,712	109,146

Development administration and overhead costs amounting to £523,894 (2022: £483,749) have been capitalised and included in the above.

Additions to completed properties held for letting	2023 £000	2022 £000
Replacement of components	834	920
Purchase of existing properties	-	-
Developments	12,007	-
Total additions	12,841	920



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

12a. Tangible fixed assets – properties (Association)

Association	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Physical adaption works £'000	Total £'000
Cost				
At 1 April 2022	108,305	24,098	1,712	134,115
Additions	834	6,812	171	7,817
Schemes completed in year	12,007	(12,007)	-	-
Transfers	-	-	-	-
Reclassification (to)/from investment properties	-	(411)	-	(411)
Reclassification (to)/from stock	(98)	-	-	(98)
Disposals	(336)	-	-	(336)
At 31 March 2023	120,712	18,492	1,883	141,087
Depreciation				
At 1 April 2022	(24,969)	-	-	(24,969)
Charged in year	(1,766)	-	-	(1,766)
Eliminated on disposal	336	-	-	336
At 31 March 2023	(26,399)	-	-	(26,399)
Net book value				
At 31 March 2023	94,313	18,492	1,883	114,688
At 31 March 2022	83,336	24,098	1,712	109,146

Development administration and overhead costs amounting to £523,894 (2022: £483,749) have been capitalised and included in the above.

Additions to completed properties held for letting	2023 £000	2022 £000
Replacement of components	834	920
Purchase of existing properties	-	-
Developments	12,007	-
Total additions	12,841	920



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

13. Investments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Commercial properties				
At 1 April 2022	1,774	1,667	1,713	1,470
Additions	110	107	170	243
Transfers (to)/from housing property	411	-	411	-
Transfers (to)/from other tangible fixed assets	-	-	-	-
Change in fair value of investment properties	(86)	-	(86)	-
At 31 March 2023	<u>2,209</u>	<u>1,774</u>	<u>2,208</u>	<u>1,713</u>
Other investments				
At 1 April 2022	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>2,209</u>	<u>1,774</u>	<u>2,208</u>	<u>1,713</u>

Formal valuations have been carried out, by independent qualified valuers, for all the completed commercial units held at the reporting date. The valuers valued the commercial units at £2,245K we have included them in the financial statements at £50k below valuation. This includes the handover of two new commercial units in East Bute House and Eben Haezer House. A reduction in fair value of £86K across the Group's commercial property portfolio has been recognised in the financial statements.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

14. Tangible fixed assets – other (Group and Association)

	Other property assets £'000	Motor vehicles £'000	Office furniture & equipment £'000	Property furniture & equipment £'000	Capital plant £'000	Total £'000
Cost						
At 1 April 2022	901	370	2,338	1,085	25	4,718
Additions	-	-	30	-	-	30
Reallocation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2023	901	370	2,368	1,085	25	4,748
Depreciation						
At 1 April 2022	(515)	(298)	(1,832)	(711)	(21)	(3,377)
Charged in year	(34)	(18)	(144)	(40)	(1)	(236)
Eliminated on disposal	-	-	-	-	-	-
At 31 March 2023	(549)	(316)	(1,976)	(750)	(22)	(3,613)
Net book value						
At 31 March 2023	353	54	392	335	3	1,136
At 31 March 2022	387	72	505	374	4	1,341



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

15. Properties for sale and work in progress

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Properties for sale and work in progress	895	5,856	184	137
	<u>895</u>	<u>5,856</u>	<u>184</u>	<u>137</u>

The balance held by the group includes amounts held for sale of the units at Eben Haezer House.

16. Debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge receivable	302	237	302	237
Less: provision for bad and doubtful debts	(180)	(165)	(180)	(165)
	<u>122</u>	<u>72</u>	<u>122</u>	<u>72</u>
Capital trade receivables	68	80	68	80
Other debtors and prepayments	1404	2,168	1,085	2,168
Less: provision for bad and doubtful debts	-	-	-	-
Group balances	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
	<u>1,594</u>	<u>2,320</u>	<u>1,282</u>	<u>2,327</u>

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due in more than one year				
Housing finance grant	888	909	888	909
Interest paid in advance	272	267	272	267
Group balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,698</u>
	<u>1,160</u>	<u>1,176</u>	<u>1,160</u>	<u>4,874</u>
	<u>2,754</u>	<u>3,496</u>	<u>2,442</u>	<u>7,201</u>

17. Cash at bank

The Association currently has a £21m revolving credit facility with its bankers. This was renewed for a five-year term in Apr-20 and an option to extend to six years was subsequently exercised. This is currently undrawn so £21m is available for immediate drawdown (2022: £21m). In addition to this the Association has a £500K overdraft facility. A minimum cash balance of £500K is maintained above this in line with the Treasury Management Policy agreed by Board in the year.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

18. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Creditors				
Loan interest	375	374	375	374
Other taxation and social security	135	173	114	197
Rent and service charges paid in advance	319	344	319	344
Trade Creditors	410	91	406	89
Maintenance accruals	83	90	83	90
Accruals	619	506	619	506
Housing Loans	596	3,072	596	569
Tax Creditor	50	48	50	48
Other Creditors	540	537	148	518
Amounts owed in respect of housing properties under construction	988	638	1,146	418
Recycled Capital Grant	50	50	50	50
Grants in advance	1,571	608	1,571	608
	5,736	6,531	5,477	3,811

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Government grant creditor				
Government grants	429	403	429	403
	429	403	429	403
	6,165	6,934	5,906	4,214

Included within Housing Loans are the Housing loans for land. In accordance with the terms of the loan the balance is all payable greater than one year.

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Debt (note 20)	54,233	54,788	54,233	54,788
	54,233	54,788	54,233	54,788

Included within the debt balance is £456k (2022: 497k) effective interest which is written off over the terms of the loans.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

20. Debt analysis

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	596	3,072	596	569
Between one and two years	624	596	624	596
Between two and five years	4,092	3,997	4,092	3,997
More than five years	49,516	50,195	49,516	50,195
	54,828	57,859	54,828	55,357

Terms of repayment, interest rates & security

Housing loans are secured by specific charges on the Association's housing properties. The interest rates are fixed at between 2.93% and 6.41% or vary with the market. The loans are repayable between the years 2026 to 2055. The THFC loan is repayable as a bullet at maturity in 2042.

Under FRS102 acquisition costs are set against the available loan balance (creditor) and amortised over the minimum term of the associated financial instrument using the effective interest method. At the end of the year there were £457k (2022: £498k) of fees still to amortise.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

21. Social housing and government grants (Group and Association)

	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Total £'000
Government grants received			
At 1 April 2022	60,193	11,909	72,102
Received in year	538	1,717	2,255
Transferred (to)/from grants in advance	138	(1,102)	(964)
Transferred on completion	5,279	(5,199)	80
Transferred (to)/from recycled grants	-	-	-
Disposals	-	-	-
At 31 March 2023	66,148	7,325	73,473
Amortisation			
At 1 April 2022	(11,062)	-	(11,062)
Amortised in year	(404)	-	(404)
Eliminated on disposal	-	-	-
At 31 March 2023	(11,466)	-	(11,466)
Value of amortised grants			
At 31 March 2023	54,682	7,325	62,007
At 31 March 2022	49,131	11,909	61,040

Recycled grant	2022 £'000	2021 £'000
At 1 April 2022	50	953
Additions	-	50
Disposals	-	(953)
At 31 March 2023	50	50

The recycled grant is made up from the SHG on disposed properties. This will be used on another development following approval from Welsh Government.

To be amortised as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	429	403	429	403
Between one and two years	429	403	429	403
Between two and five years	1,287	1,209	1,287	1,209
More than five years	59,862	55,890	59,862	59,025
	62,007	57,905	62,007	61,040



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

22. Operating lease

Cadwyn HA as Lessee:

	Motor vehicles	Office equipment	Land & buildings	2023 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	111	111
Amounts payable within 2-5 years	-	-	323	323
Amounts payable in over 5 years	-	-	410	410
Total	-	-	844	844

	Motor vehicles	Office equipment	Land & buildings	2022 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	121	121
Amounts payable within 2-5 years	-	-	363	363
Amounts payable in over 5 years	-	-	490	490
Total	-	-	974	974

Cadwyn HA as Lessor:

	Motor vehicles	Office equipment	Land & buildings	2023 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	111	111
Amounts payable within 2-5 years	-	-	323	323
Amounts payable in over 5 years	-	-	410	410
Total	-	-	844	844

	Motor vehicles	Office equipment	Land & buildings	2022 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	121	121
Amounts payable within 2-5 years	-	-	363	363
Amounts payable in over 5 years	-	-	490	490
Total	-	-	974	974

In the year the following lease payments were recognised as an expense in the statement of comprehensive

Group & Association

	Pool cars	Office equipment	Property	2023 Total
	£'000	£'000	£'000	£'000
Lease payments recognised in statement of comprehensive income	10	-	13	23

	Pool cars	Office equipment	Property	2022 Total
	£'000	£'000	£'000	£'000
Lease payments recognised in statement of comprehensive income	10	6	1,368	1,384



Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association)

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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

	31 March 2023 £'000	31 March 2022 £'000
Fair value of plan assets	7,018	11,547
Present value of defined benefit obligation	8,449	12,958
(Deficit) in plan	(1,431)	(1,411)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	<u>(1,431)</u>	<u>(1,411)</u>

Recognition of the impact of the asset ceiling

	31 March 2023 £'000
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	31-Mar 2023 £'000
Defined benefit obligation at start of period	12,958
Current service cost	-
Expenses	12
Interest expense	356
Member Contributions	-
Actuarial losses (gains) due to scheme experience	(369)
Actuarial losses (gains) due to changes in demographic assumptions	(18)
Actuarial losses (gains) due to changes in financial assumptions	(4,212)
Benefits paid and expenses	(278)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	<u>8,449</u>

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

	31-Mar 2023 £'000
Fair value of plan assets at start of period	11,547
Interest income	322
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(4,956)
Contributions by the employer	383
Member Contributions	-
Benefits paid and expenses	(278)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	<u>7,018</u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £4,634,000.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	31-Mar 2023 £'000
Current service cost	-
Expenses	12
Net interest expense	34
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>46</u>

Defined benefit costs recognised in other comprehensive income (OCI)

	31-Mar 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(4,956)
Experience gains and losses arising on the plan liabilities - gain (loss)	369
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	18
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	4,212
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(357)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	<u>(357)</u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Assets

	31-Mar 2023 £'000	31-Mar 2022 £'000
Absolute Return	76	463
Alternative Risk Premia	13	381
Corporate Bond Fund	-	770
Credit Relative Value	265	384
Distressed Opportunities	212	413
Emerging Markets Debt	38	336
Fund of Hedge Funds	-	-
Global Equity	131	2,216
Infrastructure	802	823
Insurance-Linked Securities	177	269
Liability Driven Investment	3,232	3,222
Long Lease Property	212	297
Net Current Assets	18	32
Opportunistic Illiquid Credit	300	388
Cash	51	39
Opportunistic Credit	-	41
High yield	25	100
Over 15 Year Gilts	-	-
Liquid Credit	-	-
Private Debt	312	296
Property	302	312
Currency Hedging	13	(45)
Risk Sharing	517	380
Secured Income	322	430
Total assets	7,018	11,547

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.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Key assumptions

	31-Mar-23	31-Mar-22
	% per annum	% per annum
Discount Rate	4.84%	2.78%
Inflation (RPI)	3.17%	3.44%
Inflation (CPI)	2.79%	3.13%
Salary Growth	3.79%	4.13%
Allowance for commutation of pension for cash at retirement (of maximum allowance)	75.00%	75.00%

Life expectancy at age 65 years

	31-Mar-23
Male retiring in 2022	21.0
Female retiring in 2022	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9



Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association)

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	payable monthly
---------------------------------------	----------------------	-----------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025	£11,243,000 per annum	payable monthly and increasing by 3% each on 1st April)
--	-----------------------	---

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association) - (continued...)

Present value of contributions

	31 March 2023	31 March 2023	31 March 2021
	(£s)	(£s)	(£s)
Present value of provision	20	31	742

Reconciliation of opening and closing provision

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Provision at start of period	31	742
Unwinding of the discount factor (interest expense)	1	4
Deficit contribution paid	(11)	(188)
Remeasurements - impact of any change in assumptions	(1)	(1)
Remeasurements - amendments to the contribution schedule	-	(526)
Provision at end of period	20	31

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Interest expense	1	4
Remeasurements – impact of any change in assumptions	(1)	(1)
Remeasurements – amendments to the contribution schedule	-	(526)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association) - (continued...)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2023 (£s)	31 March 2022 (£s)	31 March 2021 (£s)
Year 1	11	11	188
Year 2	9	11	193
Year 3	-	9	199
Year 4	-	-	171
Year 5	-	-	-
Year 6	-	-	-
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-
Year 11	-	-	-
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23b. CARE pensions (Group and Association)

Two Career average related pension (CARE 60th and CASE 80th) have been offered through the SHPS scheme since April 2010. Cadwyn closed these schemes to new members in March 2022 and existing members were transferred to the Defined Contribution scheme under the new rates that were offered (see below).

23c. Defined Contributions (Group and Association)

A defined contribution (DC) section of the SHPS Scheme has been available since September 2010. Pre-April 2022 Cadwyn paid contributions at the rate of 6% of earnings and members paid contributions at the rate of 4%. Since April 2022 the rates that are offered to staff have been increased to the following:

Employee Rate	Employer Rate
4%	6%
5%	7%
6%	8%
7%	9%
8%	10%

As at the date of Statement of Financial Position there were 99 (2022:62) active members of the Scheme employed by Cadwyn Housing Association.

Cadwyn Housing Association continues to offer membership of the DC Scheme to all its employees.

24. Share capital

	2023	2022
	£	£
Shares of one pound each fully paid and issued	<u>41</u>	<u>41</u>

The shareholders have no equity interest in the Association and have no right to dividends or distributions on winding up. Shares cancelled or redeemed are written back to reserves.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

25. Analysis of changes in net debt

Group	At 1 April 2022	Cash flows	Movement in creditors due within one year	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,299	791	-	10,090
Housing loans due less than one year	(3,072)	2,476	-	(596)
Housing loans due in more than one year	(54,788)	556	-	(54,232)
	<u>(48,561)</u>	<u>3,823</u>	<u>-</u>	<u>(44,738)</u>

Association	At 1 April 2022	Cash flows	Movement in creditors due within one year	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,952	858	-	9,810
Housing loans due less than one year	(569)	(27)	-	(596)
Housing loans due in more than one year	(54,788)	556	-	(54,232)
	<u>(46,405)</u>	<u>1,387</u>	<u>-</u>	<u>(45,018)</u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

26. Net cash flow from operating activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
(Deficit)/surplus for the year	1,565	222	237	422
Adjustments for non-cash items;				
Depreciation of tangible fixed assets	1,982	1,895	1,982	1,895
Amortisation of Government Grants	(404)	(401)	(404)	(401)
Change in fair value of investment properties	86	-	86	-
Re-measurement of pension liability	(371)	77	(371)	77
Working capital movements				
(Increase) / Decrease in trade and other debtors	661	(1,457)	1,251	(1,449)
(Increase) / Decrease in WIP	5,546		(25)	
(Decrease) / Increase in trade and other creditors	732	3,505	679	589
Adjustments for investing or financing :				
Interest payable	1,840	1,799	1,764	1,799
Interest receivable	(29)	(146)	(255)	(146)
Taxation	50	64	50	64
Net cash generated from operating activities	11,658	5,558	4,994	2,850

27. Capital commitments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capital Expenditure				
Contracted less certified	3,242	6,146	2,878	4,329
Expenditure authorised by the Board, but not contracted	42,221	42,069	42,221	42,069
	45,463	48,215	45,099	46,398

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements, with the balance funded through social housing grant.



Notes to the Financial Statements

28. Related party transactions

The Association lets accommodation to both current and former residents who are Board Members. Currently one resident has been appointed to the Board. The tenancy has been let on the Association's standard terms and cannot use their position to their advantage.

Igneous is a subsidiary company of Cadwyn Housing Association (the parent and ultimate controlling party). Igneous has no employees, so through an employee sharing agreement salary cost of £18k and overheads of £8k were recharged to Igneous for time spent working on the subsidiary by key management personnel. In the period Igneous completed the development of a block of 35 units for open market sales. 30 of these units were sold in the period, with the profits to be donated back to Cadwyn as Gift Aid. During the year Cadwyn recharged a further £7k of invoices related to the development. On the ground floor of the block is a commercial unit which Igneous has leased to Cadwyn. Per the terms of the lease agreement this was recharged to Cadwyn by Igneous on certified valuation. This totalled £177k in the period. Igneous also repaid Cadwyn on lending of £3.5m and accrued interest of £198k, removing the debtor and creditor in Cadwyn's and Igneous' accounts respectively.

29. Contingent assets/liabilities

The Group and Association had no contingent assets/liabilities as at 31 March 2023 (2022: nil).

The Group receives capital grant from the Welsh Government, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Group is required to recycle this grant by crediting the Recycled Capital Grant Fund.

Social Housing Grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Change of use of a property to a use that would not be eligible for a grant;
- Demolition of a property where the site does not form part of a new social housing development by a RSL;
- Disposal giving rise to a repayment of discount under Schedule 2 to the Housing Association Act 1985.

Social Housing Grant (SHG) is repayable under certain circumstances primarily following the sale of a property but will normally be restricted to the net proceeds of the sale. However, the Association is able to recycle the grant over an unspecified period although this will be periodically reviewed by the Welsh Government. The total amount of SHG received to date is £70,281,000 (2022 £66,217,000). The total amount of SHG amortised to date is £11,466,000 (2022 £11,063,000).

Cadwyn received Optimised Retrofit Programme (ORP) grant from the Welsh Government to fund the installation of solar PV, battery units and external wall insulation projects.

Grant was awarded based on the number of homes Cadwyn are responsible for maintain with £352,350 being awarded for Retrofit works undertaken in the 2022/23 financial year.

The Association is a participating employer member of the Social Housing Pension Scheme (SHPS). An employer debt could arise on withdrawal from the Social Housing Pension Scheme. The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30th September 2020 was £10.7m. At the date of approval of these financial statements no update to this position was available. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

6. Interest receivable and other income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable and similar income	29	-	255	146

7. Interest payable and similar charges

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest on loans repayable in instalments within five years	221	247	-	197
Interest on loans repayable in instalments wholly or partly in more than five years	1,922	1,713	1,922	1,713
Breakage costs	-	-	-	-
Capitalised Interest	(329)	(166)	(108)	(166)
Imputed Interest from effective interest rate	41	38	41	38
Finance charge on re-measurement of pension liability	-	-	-	-
Remeasurements - impact of any change in assumptions	-	-	-	-
Net Interest expense (pension)	34	68	34	68
HFG finance cost contribution	(50)	(50)	(50)	(50)
	<u>1,840</u>	<u>1,850</u>	<u>1,840</u>	<u>1,799</u>

Imputed Interest from effective interest rates relates to loan acquisition costs (e.g. commitment fees). Previously these were capitalised, now they are set against the available loan balance (creditor) and amortised over the minimum term of the associated financial instrument, using the effective interest method.

Finance charge on re-measurement of pension liability reflects the Associations liability in respect of obligations to make future payments into the scheme in respect of the scheme trustees recovery plans. This now appears as a liability, representing the net present value of those future payment obligations, on the Statement of Financial Position.

An average rate of interest set at 5% has been used to calculate the finance costs capitalised.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

8. Employees

Average monthly number of employees expressed as full-time equivalents:

	Group		Association	
	2023	2022	2023	2022
	No	No	No	No
Housing management / Maintenance	58	59	58	59
Development	5	5	5	5
Supported housing	24	24	24	24
Administration	30	28	30	28
	117	116	117	116

9. Employee costs:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	3,467	3,203	3,467	3,196
Social security costs	357	295	357	295
Other pension costs	312	580	312	580
	4,136	4,078	4,136	4,071

Emoluments of £59,617 were paid to the Board Members 13 (2022:14) during the year (2022: £31,578 from September 2021). Total Expenses reimbursed to the Board Members for the year amounted to nil due to majority of meetings being held online during the pandemic (2022: £125).

The emoluments paid to the highest paid director excluding pension contributions were £99k (2022: £114k). In comparison to the lowest paid employee this represents a ratio of 5.26:1.

Aggregate emoluments payable to key management personnel in the year: -

	Basic salary (Gross & ER's NIC)	Benefits in Kind	Pension contributions	2023 Total	2022 Total
Aggregate emolumnets	377,189	-	31,732	408,921	437,509



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

10. Board members and executives

The full-time equivalent number of key management personnel whose remuneration payable (including pension costs) in the period fell within the following bands was:

	2023	2022
£70,001 - £80,000	2	-
£80,001 - £90,000	-	2
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1

Pension costs are shown as contributions paid on the senior executives 'behalf. The Chief Executive is not a member of the Social Housing Pension Scheme. Pension contributions made to the Social Housing Pension Scheme on behalf of the Chief Executive are calculated on the same basis as other eligible pension scheme members. No enhanced or special terms are applied. Total expenses reimbursed to the senior executives for the year amounted to £455 (2022: £1,707).

11. Tax on surplus on ordinary activities

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current tax reconciliation				
Taxable (loss)/surplus on ordinary activities before tax	258	263	263	263
Theoretical tax at UK corporation tax rate				
Group – (19% (2022:19%))	50	50	50	50
Depreciation	-	-	-	-
Other Adjustments	-	14	-	14
Non-taxable income	-	-	-	-
Losses utilised in the year	-	-	-	-
Current tax charge	<u>50</u>	<u>64</u>	<u>50</u>	<u>64</u>

Tax is payable on Solar PV Income.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

12. Tangible fixed assets – properties (Group)

GROUP	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Physical adaption works £'000	Total £'000
Cost				
At 1 April 2022	108,305	24,098	1,712	134,115
Additions	834	6,812	171	7,817
Schemes completed in year	12,007	(12,007)	-	-
Transfers	-	-	-	-
Reclassification (to)/from investment properties	-	(411)	-	(411)
Reclassification (to)/from stock	(98)	-	-	(98)
Disposals	(336)	-	-	(336)
At 31 March 2023	120,712	18,492	1,883	141,087
Depreciation				
At 1 April 2022	(24,969)	-	-	(24,969)
Charged in year	(1,766)	-	-	(1,766)
Eliminated on disposal	336	-	-	336
At 31 March 2023	(26,399)	-	-	(26,399)
Net book value				
At 31 March 2023	94,313	18,492	1,883	114,688
At 31 March 2022	83,336	24,098	1,712	109,146

Development administration and overhead costs amounting to £523,894 (2022: £483,749) have been capitalised and included in the above.

Additions to completed properties held for letting	2023 £000	2022 £000
Replacement of components	834	920
Purchase of existing properties	-	-
Developments	12,007	-
Total additions	12,841	920

Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

12a. Tangible fixed assets – properties (Association)

Association	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Physical adaption works £'000	Total £'000
Cost				
At 1 April 2022	108,305	24,098	1,712	134,115
Additions	834	6,812	171	7,817
Schemes completed in year	12,007	(12,007)	-	-
Transfers	-	-	-	-
Reclassification (to)/from investment properties	-	(411)	-	(411)
Reclassification (to)/from stock	(98)	-	-	(98)
Disposals	(336)	-	-	(336)
At 31 March 2023	120,712	18,492	1,883	141,087
Depreciation				
At 1 April 2022	(24,969)	-	-	(24,969)
Charged in year	(1,766)	-	-	(1,766)
Eliminated on disposal	336	-	-	336
At 31 March 2023	(26,399)	-	-	(26,399)
Net book value				
At 31 March 2023	94,313	18,492	1,883	114,688
At 31 March 2022	83,336	24,098	1,712	109,146

Development administration and overhead costs amounting to £523,894 (2022: £483,749) have been capitalised and included in the above.

Additions to completed properties held for letting	2023 £000	2022 £000
Replacement of components	834	920
Purchase of existing properties	-	-
Developments	12,007	-
Total additions	12,841	920



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

13. Investments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Commercial properties				
At 1 April 2022	1,774	1,667	1,713	1,470
Additions	110	107	170	243
Transfers (to)/from housing property	411	-	411	-
Transfers (to)/from other tangible fixed assets	-	-	-	-
Change in fair value of investment properties	(86)	-	(86)	-
At 31 March 2023	<u>2,209</u>	<u>1,774</u>	<u>2,208</u>	<u>1,713</u>
Other investments				
At 1 April 2022	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>2,209</u>	<u>1,774</u>	<u>2,208</u>	<u>1,713</u>

Formal valuations have been carried out, by independent qualified valuers, for all the completed commercial units held at the reporting date. The valuers valued the commercial units at £2,245K we have included them in the financial statements at £50k below valuation. This includes the handover of two new commercial units in East Bute House and Eben Haezer House. A reduction in fair value of £86K across the Group's commercial property portfolio has been recognised in the financial statements.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

14. Tangible fixed assets – other (Group and Association)

	Other property assets £'000	Motor vehicles £'000	Office furniture & equipment £'000	Property furniture & equipment £'000	Capital plant £'000	Total £'000
Cost						
At 1 April 2022	901	370	2,338	1,085	25	4,718
Additions	-	-	30	-	-	30
Reallocation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2023	901	370	2,368	1,085	25	4,748
Depreciation						
At 1 April 2022	(515)	(298)	(1,832)	(711)	(21)	(3,377)
Charged in year	(34)	(18)	(144)	(40)	(1)	(236)
Eliminated on disposal	-	-	-	-	-	-
At 31 March 2023	(549)	(316)	(1,976)	(750)	(22)	(3,613)
Net book value						
At 31 March 2023	353	54	392	335	3	1,136
At 31 March 2022	387	72	505	374	4	1,341



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

15. Properties for sale and work in progress

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Properties for sale and work in progress	895	5,856	184	137
	<u>895</u>	<u>5,856</u>	<u>184</u>	<u>137</u>

The balance held by the group includes amounts held for sale of the units at Eben Haezer House.

16. Debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge receivable	302	237	302	237
Less: provision for bad and doubtful debts	(180)	(165)	(180)	(165)
	<u>122</u>	<u>72</u>	<u>122</u>	<u>72</u>
Capital trade receivables	68	80	68	80
Other debtors and prepayments	1404	2,168	1,085	2,168
Less: provision for bad and doubtful debts	-	-	-	-
Group balances	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
	<u>1,594</u>	<u>2,320</u>	<u>1,282</u>	<u>2,327</u>

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due in more than one year				
Housing finance grant	888	909	888	909
Interest paid in advance	272	267	272	267
Group balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,698</u>
	<u>1,160</u>	<u>1,176</u>	<u>1,160</u>	<u>4,874</u>
	<u>2,754</u>	<u>3,496</u>	<u>2,442</u>	<u>7,201</u>

17. Cash at bank

The Association currently has a £21m revolving credit facility with its bankers. This was renewed for a five-year term in Apr-20 and an option to extend to six years was subsequently exercised. This is currently undrawn so £21m is available for immediate drawdown (2022: £21m). In addition to this the Association has a £500K overdraft facility. A minimum cash balance of £500K is maintained above this in line with the Treasury Management Policy agreed by Board in the year.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

18. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Creditors				
Loan interest	375	374	375	374
Other taxation and social security	135	173	114	197
Rent and service charges paid in advance	319	344	319	344
Trade Creditors	410	91	406	89
Maintenance accruals	83	90	83	90
Accruals	619	506	619	506
Housing Loans	596	3,072	596	569
Tax Creditor	50	48	50	48
Other Creditors	540	537	148	518
Amounts owed in respect of housing properties under construction	988	638	1,146	418
Recycled Capital Grant	50	50	50	50
Grants in advance	1,571	608	1,571	608
	5,736	6,531	5,477	3,811

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Government grant creditor				
Government grants	429	403	429	403
	429	403	429	403
	6,165	6,934	5,906	4,214

Included within Housing Loans are the Housing loans for land. In accordance with the terms of the loan the balance is all payable greater than one year.

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Debt (note 20)	54,233	54,788	54,233	54,788
	54,233	54,788	54,233	54,788

Included within the debt balance is £456k (2022: 497k) effective interest which is written off over the terms of the loans.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

20. Debt analysis

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	596	3,072	596	569
Between one and two years	624	596	624	596
Between two and five years	4,092	3,997	4,092	3,997
More than five years	49,516	50,195	49,516	50,195
	<u>54,828</u>	<u>57,859</u>	<u>54,828</u>	<u>55,357</u>

Terms of repayment, interest rates & security

Housing loans are secured by specific charges on the Association's housing properties. The interest rates are fixed at between 2.93% and 6.41% or vary with the market. The loans are repayable between the years 2026 to 2055. The THFC loan is repayable as a bullet at maturity in 2042.

Under FRS102 acquisition costs are set against the available loan balance (creditor) and amortised over the minimum term of the associated financial instrument using the effective interest method. At the end of the year there were £457k (2022: £498k) of fees still to amortise.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

21. Social housing and government grants (Group and Association)

	Social Housing Properties held for letting £'000	Social Housing Properties for letting under construction £'000	Total £'000
Government grants received			
At 1 April 2022	60,193	11,909	72,102
Received in year	538	1,717	2,255
Transferred (to)/from grants in advance	138	(1,102)	(964)
Transferred on completion	5,279	(5,199)	80
Transferred (to)/from recycled grants	-	-	-
Disposals	-	-	-
At 31 March 2023	66,148	7,325	73,473
Amortisation			
At 1 April 2022	(11,062)	-	(11,062)
Amortised in year	(404)	-	(404)
Eliminated on disposal	-	-	-
At 31 March 2023	(11,466)	-	(11,466)
Value of amortised grants			
At 31 March 2023	54,682	7,325	62,007
At 31 March 2022	49,131	11,909	61,040
Recycled grant		2022 £'000	2021 £'000
At 1 April 2022		50	953
Additions		-	50
Disposals		-	(953)
At 31 March 2023		50	50

The recycled grant is made up from the SHG on disposed properties. This will be used on another development following approval from Welsh Government.

To be amortised as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	429	403	429	403
Between one and two years	429	403	429	403
Between two and five years	1,287	1,209	1,287	1,209
More than five years	59,862	55,890	59,862	59,025
	62,007	57,905	62,007	61,040



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

22. Operating lease

Cadwyn HA as Lessee:

	Motor vehicles	Office equipment	Land & buildings	2023 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	111	111
Amounts payable within 2-5 years	-	-	323	323
Amounts payable in over 5 years	-	-	410	410
Total	-	-	844	844

	Motor vehicles	Office equipment	Land & buildings	2022 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	121	121
Amounts payable within 2-5 years	-	-	363	363
Amounts payable in over 5 years	-	-	490	490
Total	-	-	974	974

Cadwyn HA as Lessor:

	Motor vehicles	Office equipment	Land & buildings	2023 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	111	111
Amounts payable within 2-5 years	-	-	323	323
Amounts payable in over 5 years	-	-	410	410
Total	-	-	844	844

	Motor vehicles	Office equipment	Land & buildings	2022 Total
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	-	-	121	121
Amounts payable within 2-5 years	-	-	363	363
Amounts payable in over 5 years	-	-	490	490
Total	-	-	974	974

In the year the following lease payments were recognised as an expense in the statement of comprehensive

Group & Association

	Pool cars	Office equipment	Property	2023 Total
	£'000	£'000	£'000	£'000
Lease payments recognised in statement of comprehensive income	10	-	13	23

	Pool cars	Office equipment	Property	2022 Total
	£'000	£'000	£'000	£'000
Lease payments recognised in statement of comprehensive income	10	6	1,368	1,384



Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association)

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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

	31 March 2023 £'000	31 March 2022 £'000
Fair value of plan assets	7,018	11,547
Present value of defined benefit obligation	8,449	12,958
(Deficit) in plan	(1,431)	(1,411)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	<u>(1,431)</u>	<u>(1,411)</u>

Recognition of the impact of the asset ceiling

	31 March 2023 £'000
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	31-Mar 2023 £'000
Defined benefit obligation at start of period	12,958
Current service cost	-
Expenses	12
Interest expense	356
Member Contributions	-
Actuarial losses (gains) due to scheme experience	(369)
Actuarial losses (gains) due to changes in demographic assumptions	(18)
Actuarial losses (gains) due to changes in financial assumptions	(4,212)
Benefits paid and expenses	(278)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	<u>8,449</u>

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

	31-Mar 2023 £'000
Fair value of plan assets at start of period	11,547
Interest income	322
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(4,956)
Contributions by the employer	383
Member Contributions	-
Benefits paid and expenses	(278)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	<u><u>7,018</u></u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £4,634,000.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	31-Mar 2023 £'000
Current service cost	-
Expenses	12
Net interest expense	34
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>46</u>

Defined benefit costs recognised in other comprehensive income (OCI)

	31-Mar 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(4,956)
Experience gains and losses arising on the plan liabilities - gain (loss)	369
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	18
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	4,212
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(357)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	<u><u>(357)</u></u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Assets

	31-Mar 2023 £'000	31-Mar 2022 £'000
Absolute Return	76	463
Alternative Risk Premia	13	381
Corporate Bond Fund	-	770
Credit Relative Value	265	384
Distressed Opportunities	212	413
Emerging Markets Debt	38	336
Fund of Hedge Funds	-	-
Global Equity	131	2,216
Infrastructure	802	823
Insurance-Linked Securities	177	269
Liability Driven Investment	3,232	3,222
Long Lease Property	212	297
Net Current Assets	18	32
Opportunistic Illiquid Credit	300	388
Cash	51	39
Opportunistic Credit	-	41
High yield	25	100
Over 15 Year Gilts	-	-
Liquid Credit	-	-
Private Debt	312	296
Property	302	312
Currency Hedging	13	(45)
Risk Sharing	517	380
Secured Income	322	430
Total assets	7,018	11,547

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.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23. Social Housing Pension Scheme (Group and Association) (continued)

Key assumptions

	31-Mar-23	31-Mar-22
	% per annum	% per annum
Discount Rate	4.84%	2.78%
Inflation (RPI)	3.17%	3.44%
Inflation (CPI)	2.79%	3.13%
Salary Growth	3.79%	4.13%
Allowance for commutation of pension for cash at retirement (of maximum allowance)	75.00%	75.00%

Life expectancy at age 65 years

	31-Mar-23
Male retiring in 2022	21.0
Female retiring in 2022	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association)

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	payable monthly
---------------------------------------	----------------------	-----------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025	£11,243,000 per annum	payable monthly and increasing by 3% each on 1st April)
--	-----------------------	---

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association) - (continued...)

Present value of contributions

	31 March 2023	31 March 2023	31 March 2021
	(£s)	(£s)	(£s)
Present value of provision	20	31	742

Reconciliation of opening and closing provision

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Provision at start of period	31	742
Unwinding of the discount factor (interest expense)	1	4
Deficit contribution paid	(11)	(188)
Remeasurements - impact of any change in assumptions	(1)	(1)
Remeasurements - amendments to the contribution schedule	-	(526)
Provision at end of period	20	31

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2023 (£s)	Period Ending 31 March 2022 (£s)
Interest expense	1	4
Remeasurements – impact of any change in assumptions	(1)	(1)
Remeasurements – amendments to the contribution schedule	-	(526)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23a. TPT Retirement Solutions – The Growth Plan (Group and Association) - (continued...)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2023 (£s)	31 March 2022 (£s)	31 March 2021 (£s)
Year 1	11	11	188
Year 2	9	11	193
Year 3	-	9	199
Year 4	-	-	171
Year 5	-	-	-
Year 6	-	-	-
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-
Year 11	-	-	-
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

23b. CARE pensions (Group and Association)

Two Career average related pension (CARE 60th and CASE 80th) have been offered through the SHPS scheme since April 2010. Cadwyn closed these schemes to new members in March 2022 and existing members were transferred to the Defined Contribution scheme under the new rates that were offered (see below).

23c. Defined Contributions (Group and Association)

A defined contribution (DC) section of the SHPS Scheme has been available since September 2010. Pre-April 2022 Cadwyn paid contributions at the rate of 6% of earnings and members paid contributions at the rate of 4%. Since April 2022 the rates that are offered to staff have been increased to the following:

Employee Rate	Employer Rate
4%	6%
5%	7%
6%	8%
7%	9%
8%	10%

As at the date of Statement of Financial Position there were 99 (2022:62) active members of the Scheme employed by Cadwyn Housing Association.

Cadwyn Housing Association continues to offer membership of the DC Scheme to all its employees.

24. Share capital

	2023	2022
	£	£
Shares of one pound each fully paid and issued	<u>41</u>	<u>41</u>

The shareholders have no equity interest in the Association and have no right to dividends or distributions on winding up. Shares cancelled or redeemed are written back to reserves.



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

25. Analysis of changes in net debt

Group	At 1 April 2022	Cash flows	Movement in creditors due within one year	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,299	791	-	10,090
Housing loans due less than one year	(3,072)	2,476	-	(596)
Housing loans due in more than one year	(54,788)	556	-	(54,232)
	<u>(48,561)</u>	<u>3,823</u>	<u>-</u>	<u>(44,738)</u>

Association

	At 1 April 2022	Cash flows	Movement in creditors due within one year	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,952	858	-	9,810
Housing loans due less than one year	(569)	(27)	-	(596)
Housing loans due in more than one year	(54,788)	556	-	(54,232)
	<u>(46,405)</u>	<u>1,387</u>	<u>-</u>	<u>(45,018)</u>



Cadwyn Housing Association Limited
Report and financial statements for the year ended 31 March 2023

Notes to the Financial Statements

26. Net cash flow from operating activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
(Deficit)/surplus for the year	1,565	222	237	422
Adjustments for non-cash items;				
Depreciation of tangible fixed assets	1,982	1,895	1,982	1,895
Amortisation of Government Grants	(404)	(401)	(404)	(401)
Change in fair value of investment properties	86	-	86	-
Re-measurement of pension liability	(371)	77	(371)	77
Working capital movements				
(Increase) / Decrease in trade and other debtors	661	(1,457)	1,251	(1,449)
(Increase) / Decrease in WIP	5,546		(25)	
(Decrease) / Increase in trade and other creditors	732	3,505	679	589
Adjustments for investing or financing :				
Interest payable	1,840	1,799	1,764	1,799
Interest receivable	(29)	(146)	(255)	(146)
Taxation	50	64	50	64
Net cash generated from operating activities	11,658	5,558	4,994	2,850

27. Capital commitments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capital Expenditure				
Contracted less certified	3,242	6,146	2,878	4,329
Expenditure authorised by the Board, but not contracted	42,221	42,069	42,221	42,069
	45,463	48,215	45,099	46,398

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements, with the balance funded through social housing grant.

Notes to the Financial Statements

28. Related party transactions

The Association lets accommodation to both current and former residents who are Board Members. Currently one resident has been appointed to the Board. The tenancy has been let on the Association's standard terms and cannot use their position to their advantage.

Igneous is a subsidiary company of Cadwyn Housing Association (the parent and ultimate controlling party). Igneous has no employees, so through an employee sharing agreement salary cost of £18k and overheads of £8k were recharged to Igneous for time spent working on the subsidiary by key management personnel. In the period Igneous completed the development of a block of 35 units for open market sales. 30 of these units were sold in the period, with the profits to be donated back to Cadwyn as Gift Aid. During the year Cadwyn recharged a further £7k of invoices related to the development. On the ground floor of the block is a commercial unit which Igneous has leased to Cadwyn. Per the terms of the lease agreement this was recharged to Cadwyn by Igneous on certified valuation. This totalled £177k in the period. Igneous also repaid Cadwyn on lending of £3.5m and accrued interest of £198k, removing the debtor and creditor in Cadwyn's and Igneous' accounts respectively.

29. Contingent assets/liabilities

The Group and Association had no contingent assets/liabilities as at 31 March 2023 (2022: nil).

The Group receives capital grant from the Welsh Government, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Group is required to recycle this grant by crediting the Recycled Capital Grant Fund.

Social Housing Grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Change of use of a property to a use that would not be eligible for a grant;
- Demolition of a property where the site does not form part of a new social housing development by a RSL;
- Disposal giving rise to a repayment of discount under Schedule 2 to the Housing Association Act 1985.

Social Housing Grant (SHG) is repayable under certain circumstances primarily following the sale of a property but will normally be restricted to the net proceeds of the sale. However, the Association is able to recycle the grant over an unspecified period although this will be periodically reviewed by the Welsh Government. The total amount of SHG received to date is £70,281,000 (2022 £66,217,000). The total amount of SHG amortised to date is £11,466,000 (2022 £11,063,000).

Cadwyn received Optimised Retrofit Programme (ORP) grant from the Welsh Government to fund the installation of solar PV, battery units and external wall insulation projects.

Grant was awarded based on the number of homes Cadwyn are responsible for maintain with £352,350 being awarded for Retrofit works undertaken in the 2022/23 financial year.

The Association is a participating employer member of the Social Housing Pension Scheme (SHPS). An employer debt could arise on withdrawal from the Social Housing Pension Scheme. The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30th September 2020 was £10.7m. At the date of approval of these financial statements no update to this position was available. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.