



ClwydAlyn

# Annual Report and Financial Statements

2019-20



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# Together to beat poverty

## Highlights

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GROUP TURNOVER £46,065,285		<p>Our Social Purpose</p> <p>Chair's Review</p> <p>Business Review</p> <p>Corporate Social Responsibility</p> <p>Financial Review</p> <p>Risks</p> <p><b>Financial Statements</b></p> <p>Group Financial Statements</p> <p>Company Financial Statements</p>
OPERATING SURPLUS £11,361,994		
OPERATING MARGIN 24.66%		
WHQS COMPLIANCE 95%		
TENANT SATISFACTION 91%		
NEW BUILD COMPLETED 56		

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## Our Social Purpose

**NO POVERTY.** Imagine how different Wales would be if we had no poverty. Everyone having access to high quality, affordable housing; able to afford to heat it properly and afford the food they need to stay healthy.

It might sound far-fetched, but at ClwydAlyn we don't think so. We believe that we can and should aim to make this a reality for as many people as possible. At the beginning of 2019, a new business plan was adopted with its focus on the company's core values of Trust, Kindness and Hope. This laid out the company's ambitions of reducing poverty in its areas of operation and of ending evictions where possible.

Preventing homelessness has a massive impact on individuals and on society. Public Health Wales estimates that every incidence of homelessness that is prevented saves the Welsh public sector over £9,000.

ClwydAlyn was formed in 1978 as a non-charitable Registered Social Landlord. The Group now manages over 6,000 homes and employs around 750 staff, to deliver a range of housing management related services, which includes care, nursing care and supported housing, development, repair and maintenance services across North Wales (Denbighshire, Flintshire, Conwy, Wrexham, Powys, and the Isle of Anglesey).

The Group's homes and services include social family housing and single person accommodation, supported living accommodation and specialist care and nursing services, low cost home ownership, leasehold management services and intermediate and market rented housing.

The Group is much more than a social housing provider. We make a significant contribution to the North Wales economy both as an employer and as an investor with a significant capital spend of £260m within a five-year Development Strategy on new housing construction projects. In addition, the procurement of local goods, trades and services results in 80% being sourced locally, benefiting business and suppliers. For every £1 spent on developing new homes, £1.60 is reinvested into the local economy.

During the year, our Community Investment Fund invested £264k into various projects throughout North Wales and we also raised funds through other activities such as the 'Big Sleep Out' and Slow Cooker appeals.

We will continue to support and invest in projects throughout North Wales.



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## Chair's Review

ClwydAlyn continues to be a financially strong, growing business, with a can-do proactive and positive reputation. There is much we have achieved in the last 12 months which we are proud of. We have received awards for our new Extra Care developments, and our Contact Centre. The Group has also been shortlisted as Landlord of the year in the UK Housing awards, demonstrating our commitment to providing excellent services to our residents.

During the last year we have simplified and strengthened our Governance and are seeing the benefits of that with clearer decision making; greater tenant influence from a broader more diverse group of customers, and added strength on our boards and committees with the recruitment of new members filling skill or regulatory gaps in our governance.

We have a new resident involvement strategy and I am confident that this will be used to ensure that resident influence better shapes our service priorities for the future.

We continue with our business mission to address poverty. We have reduced evictions by 85% in 2019/20 whilst controlling the level of arrears; and we have not evicted anyone into homelessness. We are proud of this work which does set us out from the crowd and has been achieved by implementing a more proactive approach to debt management and advice and support for customers. We are doing more work with third sector partners and ourselves to create employment and volunteering opportunities.

We started our work with staff to develop a new single set of terms and conditions to develop a one company approach; and we decided to address pay as a priority. All our staff are paid the living wage and all our job roles now pay at least mid-quartile for the sectors we work within. We anticipate that this will help address staff poverty. Our work to embed our new values and introduce a more open culture and style continues positively.

We have improved our approach to business resilience with a new strategy for this alongside setting new strategic and operational risks, developing our approach to value for money and improved procurement. We ended the 19/20 financial year with an operating surplus of 25%; an improvement of 2% on 18/19.

Our development programme continues to be a high priority. We have had 56 property handovers in 19/20 and are on track to deliver 1500 new homes by 2023. We have agreed a £25m deferred drawdown of our retained bond; £15m to be drawn in 2021 and £10m in 2022. We also increased our Revolving Credit Facility funding by a further £10m to £35m. This will all help us continue with our ambitious new build programme and our new Asset Management strategy and giving more priority to investing in existing tenants' homes.

As we ended the financial year, we could not have foreseen the impact Covid 19 would have on the ClwydAlyn business, homes, its customers and people. We are in a good position financially to manage cost and expenditure risks, and our staff teams are working flexibly to keep critical 24/7 services (of which we have many) operational and safe.

Stephen Porter, Group Chair



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# Business Review

ClwydAlyn operates across 6 counties in North and Mid Wales. Our housing portfolio contains just under 4,000 general needs and sheltered properties, 410 leasehold, 323 group homes (where we provide housing for council to house tenants with specific needs), 122 intermediate homes, 313 rent to own / homebuy / shared ownership and 91 others. We do not build homes for outright sale and any disposals are simply to ensure we have an efficient property portfolio.

In addition to our housing stock we also operate 8 extra care homes, 4 care homes and 16 supported living schemes which include a homeless shelter and domestic violence refuge.

## General Needs Homes

Between April 2019 and March 2020, we allocated 325 properties across North Wales.

We have been successful in reducing the number of tenancy-ends for avoidable reasons by 84% over the past 12 months. We had just 4 evictions from our properties in general needs and sheltered housing and none of these resulted in homelessness.

We have worked in partnership with Denbighshire County Council and Conwy County Borough Council to implement a Housing First model providing stable accommodation for people who were previously homeless.

During the year we have been able to assist residents who were experiencing financial issues and have helped to provide emergency funding to assist with them being able to sustain their tenancy. Examples of things that we have provided are training courses to enable job opportunities, clothing for job interviews, carpets for homes, vehicle repairs to enable tenants to travel to work. We also allocated £35,000 to the President's Fund for grant funding to residents.

We recruited residents to our new Resident Committee with members representing all areas of our business from general needs to supported living. The Committee meet bi-monthly. The first meeting was held in November 2019 and members have also participated in Away Days with the Board and the Executive Team.

We have implemented a new Resident Involvement Strategy which details the way in which we will transform how we work with tenants in the future. We are committed to listening, acting, and learning from feedback provided by our residents. Over the coming months we will finalise the Resident Involvement Action Plan and re-launch our resident volunteer programme. We are actively recruiting residents to be #influencers who will work with us to shape the future of services at ClwydAlyn.

In the coming 12 months we will continue to develop digital engagement routes and promote service redesign to enable delivery in a way that meets the needs of our residents. We are developing a Resident Portal which will enable residents to view their rent account, report repairs or raise any issues at a time that is convenient for them.

We are commencing a project to review rent affordability across our properties and to ensure that service charges provide value for money. We have resident influencers on this project working alongside officers. We will develop an affordability model that is transparent and easy to understand



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## Supported Living

Anyone can become homeless and need support during their lifetime. We believe that everyone in need has the right to be housed, supported and given an opportunity to develop their skills and be treated fairly.

We provide safe and supported housing to over 200 individuals across 16 schemes within North Wales. Our schemes provide an environment where residents can develop their ability to manage accommodation and meet their individual needs. Everyone we support will achieve something that makes a difference to their lives. Some highlights in the last year include:

- A former resident is now our Resident Engagement lead at ClwydAlyn
- Two residents have been appointed as members of our newly formed Residents' Committee
- An existing resident gained a University placement for a Degree course

The key aim for the year ahead is to implement the findings of our Supported Living Review to ensure our services are fit for the future and meeting the aspirations of both residents and commissioners. This will be achieved by providing an improved accommodation offering and a renewed focus on personal outcomes for residents. A key element of this will be training and employment opportunities and better mental wellbeing for residents.

## Extra Care, Care and Nursing

With a portfolio of 8 schemes across North Wales, we provide accommodation to over 500 individuals in our Extra Care schemes. These offer the unique combination of an independent lifestyle backed up by 24-hour on-site care and support. With a range of communal facilities that includes restaurants, hair salons, activity rooms and games rooms, our schemes promote and support social interaction which helps to combat loneliness and isolation.

Over the course of the last year, we have forged numerous new partnerships that have included intergenerational workshops with local schools, hosting Age Well to run activity classes, the University of the Third Age (U3A), Project Search (providing employment opportunities to young people with learning difficulties) and Digital Communities Wales who have provided digital training and Virtual Reality workshops. Each scheme has also hosted day trips for residents, parties, and numerous celebrations.

One of residents recently wrote to us - 'my life has changed for the better since moving into Llys Raddington. I previously lived alone and felt very isolated and low in mood. I have made wonderful friends here and no longer feel lonely. The food is delicious, and I enjoy the activities. It is the best decision I have ever made'

Housing 150 individuals, we provide a range of services in our four care homes that include dementia care, nursing care, general care for the elderly and mental health care for younger adults. Our fully trained staff support our residents in relaxed and homely environments. We believe that our residents should be supported to live as full and independent lifestyles as they are able. We strive to work in a person-centred way that values the individual.

Our key aims in the year ahead are to protect our residents and staff from the threat posed by Covid-19 and to ensure we are 100 % compliant in all CIW inspections.

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## Assets

Ensuring our existing housing stock is safe and to an excellent quality is a large part of our business and during the year we invested £9.3m in this. We directly employ 118 staff to deliver key services across our business.

During the year we installed:

- 14 Kitchens
- 425 Bathrooms
- 739 Windows & Doors –
- 130 A rated Gas boilers
- Replaced 120 old inefficient Economy & heating system

Also, during the year:

- We carried out 22,152 reactive works orders by our in-house repairs team
- 5,094 inspections carried out by technical team
- Our gas service cost reduced from £35 to £32
- Our average responsive repair was £120.83
- We remained 100% compliant across key compliance work stream activities

Our overall customer satisfaction with repairs has improved over the last 4 years from 76% to 82% meaning we are just below upper quartile, and we've seen an increase in resident satisfaction in the cleaning services which are also provided in house. Our first time fix rate is 87%.

In the coming year we will be establishing long term material supply chain relationships with other local housing providers and investigating opportunities to share maintenance services to obtain greater efficiencies. We will also talk to our customers to ensure the services being provided suit both their needs and that of the business.

Other key activities will be improving our environmental awareness of our business activity and that of our supply chain and implementing an active asset management plan to understand how our assets perform which in turn will help the business make the right investment decisions.



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## Development

In 2017-18, ClwydAlyn embarked upon a new Development & Investment Strategy for delivering 1,500 new homes. Since that time, 468 new homes have been completed, 184 currently are on site and 353 due to start on site over the next 15 months. In addition, a further 613 new homes are in the pipeline bringing a total investment of £260m in developing homes across our 6 Local Authority regions since we commenced our strategy.

ClwydAlyn's medium term Corporate Plan now extends to 2024-25 and includes further expansion of our development plans to bring ClwydAlyn's total predicted stock to 7,500 homes by the end of that period.

Specifically, in 2019-20, we spent £21m on construction projects with 56 new homes completed and 240 started on site. Land was acquired for a further 140.

During the year we ensured we procured our projects with the right contractors including locally based companies who provide more local jobs, apprenticeships and training opportunities as part of their activities. In addition, we wished to see more supplies and labour sourced from local communities and encouraged the use of materials which are sustainable and locally sourced. An example of this is the first Innovative Housing Project we completed using Welsh grown timber from sustainable forestry for its construction and which was used in off-site manufacturing of a panelled system in a local town to provide the superstructure and timber products for the new homes. This has resulted in the development being handed over significantly earlier than planned due to the speed of the new construction process.

As part of our development activities we have improved the efficacy of our new build homes typically delivering a SAP rating of 83 (the measure the UK uses to assess properties). As part of this drive for energy efficiency and sustainability we have incorporated more air source heating instead of mains gas and by using more solar panel systems offset the electricity used to power it. We aim to drive down the costs of living in our properties to help beat poverty.

In 2019-20 we added 22 more properties for the Rent to Own initiative to our stock bringing our total to 48 at an investment of £8.6m. ClwydAlyn sees this initiative as an important element of choice for people wanting to buy their first home and we plan to do more over the next two years. It allows working people to rent the new home with an option to buy it. When they choose to proceed with the purchase, they get a percentage of the rent they have paid and a percentage of the uplift in value back in cash to provide the deposit to obtain a mortgage.

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# Corporate Social Responsibility and Community Engagement

ClwydAlyn's main purpose is to provide good quality homes for its residents. A good home forms the basis for a stable and healthy life and allows people to improve their life opportunities. Our aim is to have no evictions if possible. This is difficult to achieve, but during the year we reduced our evictions by 85% enabling more people to retain their homes.

ClwydAlyn runs various projects to support communities through our Community Investment Fund. During 2019/20 £264k was spent on various initiatives:

£131k on a new partnership with Flintshire County Council and a food charity 'CanCook' to form a food production and distribution company called 'Well-Fed'. Its purpose is to provide low cost meals to those that need them. They now deliver 1,500 meals a week to ClwydAlyn's care homes, along with delivering Flintshire's holiday hunger scheme that provides meals for those that would normally receive free school meals. ClwydAlyn also helped raise over £30k for a slow cooker programme that gave 300 families slow cookers, ingredient bags and instructions on how to cook fresh meals. In addition to this, we delivered over 1,500 food parcels to those in need.

A further £50k was spent at our community café in Flint, which, in addition to providing a social venue, trains people to allow them to re-enter the workplace, and provides space for community groups and self-help groups to support local people with skills and confidence.

Our President's Fund spends £35k each year on small items to help tenants in financial difficulty. This could be anything from a new cooker to travel expenses to attend job interviews.

We also encourage our staff to volunteer in the community and we have staff employed as retained firefighters, special constables and serving on the board of charities, community groups and other bodies. Recently we held a 'Big Sleep Out' where staff from ClwydAlyn and partners slept rough for a night to raise awareness of homelessness and raise over £10k for charity.

We work with other social enterprises such as Groundworks on a scheme to support people into work through painting and decorating. We have also worked with partners to open the first ICAN wellbeing centre.

We are aware that some of our staff work in roles that are undervalued. These are mainly our care and supported living workers. To try and improve this we committed to pay the Living Wage Foundation's agreed pay and also ensure that all staff are paid at least the market median rate for their role. Most of the staff in these roles are female and this shows in a large gender pay gap. These actions along with others designed to support women in the workplace have allowed us to close the gender pay gap from 14.5% to 11.4% during the year.



# Customer Satisfaction

The combined results from the four 'STAR' surveys carried out in 2019/20 demonstrate a continued high level of satisfaction with most services delivered by ClwydAlyn. Overall satisfaction is high, and this backed up by similar high ratings for satisfaction with the rent providing value for money and the quality of the home. Overall satisfaction with landlord services at ClwydAlyn has increased by 1% from last year. The overall rating remains the highest rating in the survey and suggests a continued high degree of loyalty from residents.

When the results are compared against other landlords (using Housemark's benchmarking) ClwydAlyn has a strong performance, with most ratings in the top or second quartile.

Graph 1: Overall Customer Satisfaction with ClwydAlyn



Graph 2: Customer Satisfaction with Value for Money - Rent



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## Governance

During 2018/19 the group underwent a fundamental restructuring. From 1st April 2019, Pennaf and Ty Glas were dissolved, and their activities transferred to ClwydAlyn which became the new parent company of the group. During 2019 the decision was taken to cease trading activities within the TaiElwy subsidiary, and this became dormant on 31<sup>st</sup> March 2020. There are now three active companies within the group and one dormant company:

- ClwydAlyn Housing Limited, the parent, develops, owns, manages and maintains housing as well as providing housing and care & support services and is the asset owning entity in the group.
- PenArian Housing plc, the company through which all the external bond activity is undertaken to provide funding for group members.
- Tir Tai Ltd, undertakes the development activity within the group and buys development services from ClwydAlyn.
- Tai Elwy Ltd, is the commercial vehicle to undertake activities and projects outside of the charitable aims of ClwydAlyn and is currently dormant.

The Group is governed by a Board and adheres to the Community Housing Cymru's Code of Governance. The Board's primary role is to define strategy and ensure compliance with the Group's values and objectives. It agrees the strategic direction of the organisation and makes sure that policies and plans are in place to achieve those objectives. It also establishes and oversees a framework of delegation and systems of control, ensuring that good governance practices are embedded across the Group's operations. Some of the main board members also sit on the board of one of the subsidiaries and all of the board members sit on at least one of the group's committees:

- People Committee – To provide the Board with assurance on staff reward, wellbeing, engagement, safeguarding and gender pay.
- Assurance Committee – To provide the Board with assurance on the effectiveness of internal controls, audit, Health and Safety, financial reporting and Care Inspectorate Wales.
- Property Committee – To provide the board with assurance on the quality, value for money and performance of investment in both building new homes and maintaining existing homes.
- Residents' Committee - One board member, one resident board member and ten Resident representatives. To provide the Board with assurance on resident engagement, resident scrutiny, performance on services and to influence decisions made.

These committees review specific parts of the business in accordance with our scheme of delegation. Insurance policies are maintained for the Board members and the executive directors of the Group against liabilities in relation to the Group.



## Board, Executive and Residents Committee Members



### Board Members:

Mr Stephen Porter (Chair)	Appointed March 2015
Mr Paul Robinson (Vice Chair of ClwydAlyn and Chair of PenArian and Assurance Committee)	Appointed January 2015
Mr Mike Hornsby (Chair of Property Committee and Tir Tai Ltd) –	Appointed November 2012
Dr Sarah Horrocks	Retired 31/03/2020
Mr Frazer Jones	Appointed January 2015
Mrs Sandy Mewies	Appointed October 2016
Mrs Sara Mogel - (Chair of People Committee)	Appointed January 2015
Mrs Eileen Stevens	Appointed August 2016
Mr Owen Watkins	Appointed April 2016
Mrs Clare Budden (Chief Executive)	Appointed April 2018
Mrs Dawn Burrows - Co-opted	Appointed May 2019
Ms Nia Hughes	Appointed October 2019
Mr Rob Morton – Co-opted from July 2019 and appointed in April 2020	
Mrs Susan Todd	Appointed March 2020

### Executive Directors:

Clare Budden	Group Chief Executive
Trevor Henderson	Executive Director Business Change (retired Sept 19)
Paul McGrady	Executive Director Resources
Craig Sparrow	Executive Director Development
Paul Seymour	Executive Director Resident Services
Dave Lewis	Executive Director Asset Management
Elaine Gilbert	Executive Director HR, Marketing, and Communications

The Group Executive Directors hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board.

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## Residents' Committee Members

Peter Smith Hughes (Chair)  
Carol Quinn – Independent member  
Gemma Minards  
Susan Wilson  
Sandra Baughan  
Brian Strefford  
Karolyn Lee  
Tamsin Roberts  
Sara Horrocks (ClwydAlyn Board Member – retired 31/03/2020)  
Michelle Griffiths  
Susan Todd (Resident Board Member)

The Residents' Committee was formed in July 2019 and replaced the Service Improvement Committee.

ClwydAlyn is regulated by the Welsh Government. The Group is required to submit an Annual Statement of Board Assurance to the Welsh Government on how the Group complies with the Performance Standards set out in the Regulatory Framework. The Group is also required to submit a Self-Evaluation to demonstrate that we are well governed, financially robust and providing high quality and improving services to Residents and service users. The Group's last Regulatory Opinion (RO) was issued by the Welsh Government in September 2019 and was 'Standard' for both governance and financial management, which is the highest assurance you can receive.

## Strategic and Operational Risks

The current business environment for housing providers is unprecedented in the challenges ahead; particularly the impact of Covid 19, which will test the robustness of financial plans. Business resilience is increasingly a key priority, with a business resilience plan developed by and agreed with the Board in 2019. Pressures on income and expenditure if not managed well, could ultimately challenge the Group's viability, without adequate steps to mitigate the risks.

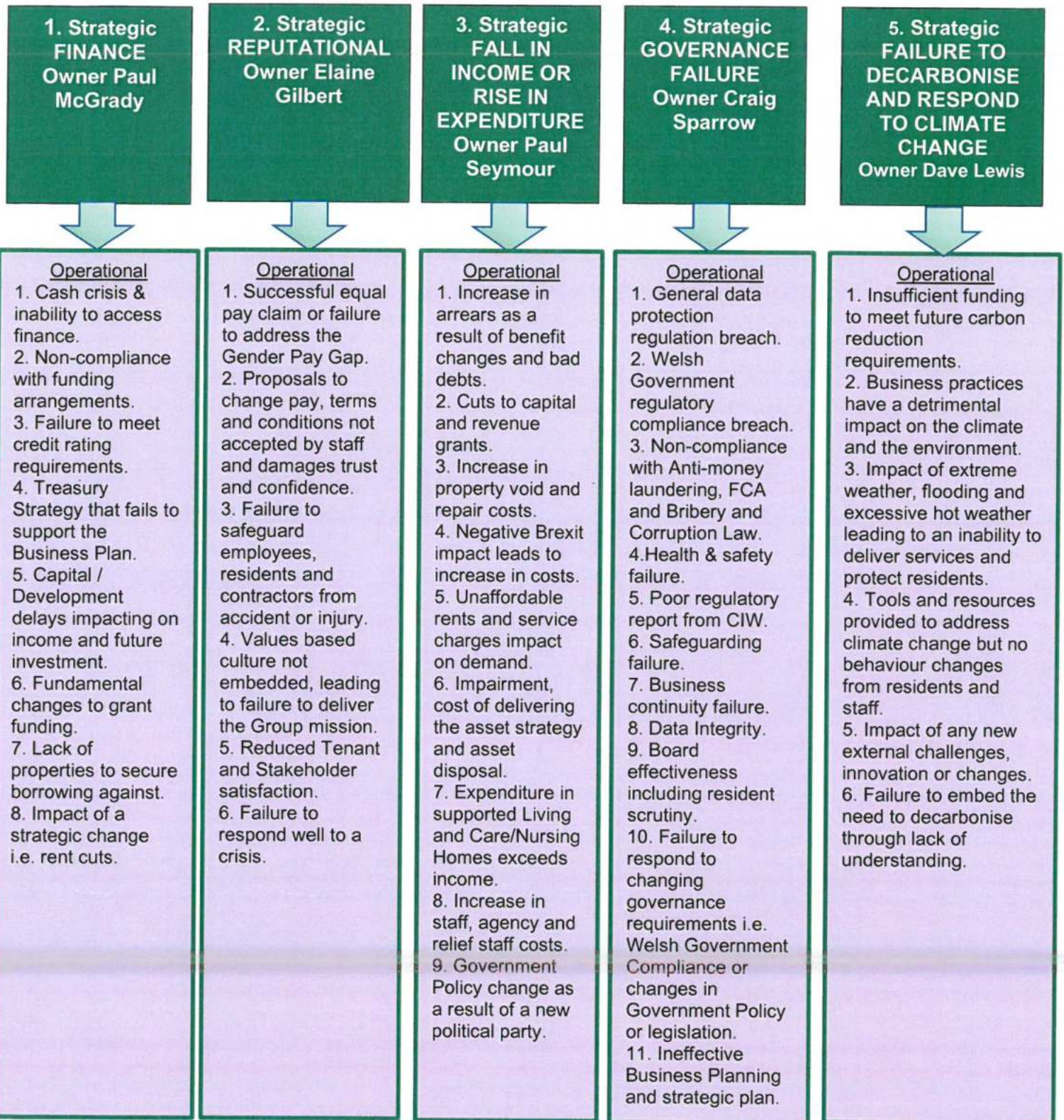
Some risks faced by the Group are not fully controllable, such as Covid 19; others are outside of the Group's influence such as taxation or benefit changes (but do demand a reactive response from the Group), while others are able to be influenced by the Group such as Welsh Housing policy. The Exec team and Board ensure that they are represented and active in all areas of influence and use trade bodies such as CHC to build input and thinking to all relevant aspects of policy, regulation, and legislation.

The Group has a comprehensive Risk Management process in place and risks are categorised as 'Strategic' or 'Operational'. An updated and revised strategic and operational risk register was agreed in March 2020. Risk management implementation is monitored and reviewed quarterly by the Assurance Committee, with strategic risks being reported quarterly to the ClwydAlyn Board.

There are detailed risk maps supporting each of the above risks with specific interventions to mitigate the risk. The underlying key issues to managing all the above risks are ensuring that agreed mitigating actions are implemented, early warnings and trends are monitored to facilitate early corrective action and regular reviewing of the environment to ensure that any emerging issues affecting the Group's strategy is considered.



# Strategic and Operational Risk Diagram



Trust

Kindness

Hope



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# Financial Summary

The group's financial highlights for the year

- Retained 'A Stable' credit rating
- Retained Welsh Government highest financial viability rating of 'standard'
- Increased Operating Margin from 23% to 25%
- Improved long term liquidity by agreeing a deferred drawdown on our retained bond, with £15m due in February 2021 and £10m in February 2022
- Improved short term liquidity with revised Revolving Credit Facility – increased from £25m to £35m and extended to 5 years at improved rates. (Agreement finalised in April 20)
- 56 new properties handed over

## Treasury Management

The Treasury Management activities of all members of the Group are controlled by the Executive Director of Resources with detailed scrutiny provided by the Board. The Group employs the services of external consultants where appropriate and these have helped to draft the Treasury Management Strategy, which has been approved by the Board. The purpose of the treasury management function is to ensure that adequate cost-effective funding is in place to meet the Group's financial obligations and to minimise exposure to financial risk. The function is subject to internal and external audit.

Cash flow forecasting is undertaken on a regular basis. At the end of March 2020 ClwydAlyn's cash and investments totalled £16.4m. In addition, for liquidity purposes, in October 2017 Clwyd Alyn entered into a £25m 5-year Revolving Credit Facility (RCF) with Barclays Bank plc at a rate of 1.3% above Libor. During 2019 this was renegotiated with a new facility agreed in April 2020 to extend the facility back to 5 years (to 2025), increase the amount available to £35m and reduce the rate to 1.1% above Libor.

In addition to extending the RCF, a deferred drawdown on the company's retained bond was agreed. This was done to take advantage of historically low interest rates and guarantee future access to funds for the medium term at rates that are not subject to movement before drawdown. This was done in the context of political and financial uncertainty around the implications of leaving the European Union and other unfolding events. The funding will be drawn down in 2 tranches - £15m in February 2021 and £10m in February 2022.

In line with the Association's Treasury procedures, Barclays, Santander, Lloyds, and Nationwide have been used to deposit excess funds between April 2019 and March 2020. However, in response to the Covid Pandemic, the Board agreed to give notice on all term deposits and funds were held only in the current account to ensure immediate access should the need arise.



The details of drawn facilities at the year-end are as follows:

<b>Loan facility</b>	<b>2019 £'000</b>	<b>2020 £'000</b>
Fixed rate	207,402	204,768
Variable rate	0	0
<b>Total</b>	<b>207,402</b>	<b>204,768</b>
<b>Available unused facilities</b>	<b>25,000</b>	<b>25,000</b>
<b>Average interest rate</b>	<b>3.56%</b>	<b>3.53%</b>

### **Covenants and Golden Rules**

Our bank and other investors impose limits on some of our financial activity. These are known as covenants and are designed to prevent the group from over-stretching itself financially and to protect the money that has been loaned to us. Within its Treasury Strategy, the Group lays out 'Golden Rules'. These are internally imposed limits to ensure that the group does not come close to any of its covenants.

These golden rules and covenants are shown below:

Measure	Limit	Actual at 31/3/20
Interest Cover (RCF/SLI)	>110% Covenant >120% Golden rule	125.5% RCF basis 147.08% SLI Basis
Gearing (RCF)	<65% Covenant <55% Golden rule	45.83%
Liquidity (short term)	£5m cash available	£16.4m cash and £25m RCF
Liquidity (medium term)	Golden rule – Cash and facilities to cover ClwydAlyn's commitments  Credit Agency – Targeting an improvement on 139.07% of commitments (assessed on next financial year)	Golden rule – Forecasting accessing £19m RCF and £15m retained bonds during 2020/21  Credit Agency calculation based on 20/21 – 120.35% (assuming increase in RCF Capacity)
Debt / EBITDA MRI	Credit Agency <20 and reducing	19.45
Debt to Revenue	Credit Agency <5 and reducing	4.41

### **30 Year Business Plan and Stress Testing**

In addition to its Treasury Strategy, the group maintains a 30-year business plan which is subject to regular internal review and updating. It is also reviewed annually by external advisers and the Welsh Government as part of their Financial Viability Judgement. This ensures the group can be assured about its ability to operate over the long term and repay loans when they are due.

This plan is subject to an annual stress test to ensure that the company is robust enough to survive any significant financial shocks and has plans in place to deal with them.

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## Value for Money

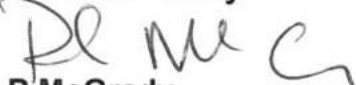
Value for money is key to what we do. If we can ensure that every pound is spent as effectively as possible then we will be able to have a bigger impact on our communities. During the year, the board approved a new value for money strategy to provide direction. As part of this we have reduced our office space and invested in additional IT to enable staff to work from any location. We are also implementing a new housing management system to improve our understanding of residents and be able to respond better to their requests. During the year we also carried out an in-depth review of procurement which resulted in the recruitment of a procurement manager and the board approval of a new procurement strategy and accompanying action plan. We also sold £25m of our retained corporate bonds on a deferred basis at a historically low rate saving over £100k in interest per year compared to our previous bond tap.

## Covid19

Towards the end of 2019/20, the Covid pandemic was confirmed in the UK. The impact on the group's financial position in 2019/20 has been minimal, partly due to the fact that it arrived late in the financial year, and partly due to the nature of group's business, with around half of the group's income generated through housing benefit, council funded care home fees and government contracts to provide supported living services.

Costs have increased due to the need for significant additional PPE and additional staffing to cover those that are shielding, self-isolating or off sick. However, some staff have been furloughed and additional funding for our care homes has been offered by local councils and the Welsh Government. Both the extra costs and income will mainly fall in 2020/21.

**The Strategic Report was approved by the Board on 8<sup>th</sup> September 2020 and signed on its behalf by:**

  
**P McGrady**  
**Secretary**



# Statutory, Regulatory and Other Information

## Executive management

The Group Board delegates day-to-day management of activities to the Group Chief Executive, Clare Budden, who is responsible for ensuring that the organisation has appropriate executive arrangements in place to meet Group objectives and targets, and that those arrangements reflect the complex needs of the business, including financial performance, capital investment, compliance, growth and business planning. The Chief Executive is supported by the Executive Leadership Team comprising 5 Executive Directors (as at 31<sup>st</sup> March 2020).

## Audit

Beevers and Struthers provides external audit services and RSM performs internal audit services (from 1<sup>st</sup> April 2020 – up to this date the service was provided by Mazars). There is an annual review of the performance of the audit functions carried out by the Assurance Committee.

## Group Financial Statements

The Financial Statements for the Group consist of the financial results of the Association and its subsidiary undertakings, which have been consolidated in accordance with the relevant financial reporting standards.

## Rent

The Group has various types of housing tenancies, the rents for which are set in accordance with the regulatory framework for social housing in Wales.

## Health and Safety

It is the clear intention of the Group to ensure, as far as reasonably practicable, the health, safety, and welfare at work of all its employees. The Group undertakes to comply, as a minimum, with the provisions of the Health and Safety at Work Act 1974 and other relevant legislation to meet the objective of achieving the highest possible standards.

## Political and charitable donations

The Group made no donations to political organisations (2019: none). The Group made donations to charitable organisations of £125,000

## Employee engagement

It is Group policy to engage all employees in matters affecting them. At a formal level, this takes place through the Staff Forum, where management consults with elected staff representatives. At an operational level, a team briefing system is in place to keep all employees updated on core Group business issues, and to enable and encourage feedback.

## Ethical business

The Group is committed to conducting its business in an ethical and responsible manner. This involves making decisions which consider not only economic considerations, but also social and environmental impacts. It means running Group operations efficiently, investing in the communities where the Group works, providing training and employment opportunities, and ensuring that Group operations are run in an environmentally friendly manner.

### **Slavery and human trafficking statement**

The Group is committed to achieving greater clarity and understanding of our supply chains to seek out and deal with any evidence of slavery and human trafficking. The Group recognises that no supply chain can be considered entirely free from the potential for slavery or human trafficking to occur and we are endeavouring to take further steps to understand high risk areas, communicate our approach and take positive action. The Group's full statement can be found on the Group website at <https://www.clwydalyn.co.uk/modern-slavery-statement/>

### **Equality and diversity**

The Group aims to be an open and inclusive organisation, where diversity is promoted, and any concerns around discrimination are eliminated. Our median Gender Pay Gap for 19/20 was 11.39% which is a reduction from 14.54% the previous year. The Group continues to work hard to address our gender pay gap, progression for Women alongside staff development and training is a corporate priority to ensure everyone can achieve their career aspirations and so that excellent quality services are provided to all customers.

### **Events after the reporting period**

There were no events after the reporting period.

## **Internal Controls**

The Group Board is ultimately responsible for ensuring that the Group maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the needs of the Group and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Group Board has established key procedures to provide internal control and there are clear lines of responsibility for the creation and maintenance of the procedures through the scheme of delegation. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within ClwydAlyn or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- the Group Board being directly responsible for strategic risk management.
- the adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities which allows the monitoring of controls and restricts the unauthorised use of the Group's assets.
- experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance.



- executives to monitor the key business risks and financial objectives allowing the Group to progress towards its financial plans set for the year and the medium-term. Regular management accounts are prepared promptly providing relevant, reliable, and up-to-date financial and other information including significant variances from targets which are investigated as necessary.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- the Assurance Committee reviews reports from management, and auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Internal and external auditors both provide an annual opinion on the internal controls and financial statements

On behalf of the Group Board, the Assurance Committee has reviewed the effectiveness of the systems of internal control in existence in the Group for the year ended 31 March 2020 and is not aware of any material changes at the date of signing the Financial Statements.

## Arrangements for Managing the Risk of Fraud

The Group has robust arrangements in place for managing the risk of fraud. These include:

- Prevention - the Group seeks to generate a strong anti-fraud culture supported by appropriate controls over operational and employment systems.
- Detection - the Group has implemented comprehensive systems and procedures to detect evidence of fraud and to facilitate and encourage the reporting of fraud.
- Investigation - the Group follows a comprehensive Group investigation and reporting.
- Insurance - the Group has appropriate insurance cover in place to mitigate the potential financial losses associated with fraud.

## Going Concern

The Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, it continues to adopt the going concern basis in preparing the Group and Association's Financial Statements. The Board of Management present their report and the financial statements for the year ended 31<sup>st</sup> March 2020.

# Statement of Board's Responsibilities in Respect of the Annual Report and Financial Statements

The board members are responsible for preparing the report of the board of management and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies law and social housing legislation require the board members to prepare the financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers (Update 2018) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. They are 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 ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers (Update 2018).


## Disclosure of Information to the Auditor

In the case of each of the persons who are Board members of the Society at the date when this report was approved:

- so far as each of the Board members are aware, there is no relevant audit information (as defined in the Co-operative and Community Benefit Societies Act 2014) of which the Society's auditors are unaware; and
- each of the Board members has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information (as defined) and to establish that the Society's auditors are aware of that information.

AUDITOR: Beevers and Struthers.

**BY ORDER OF THE BOARD DATED: 8<sup>th</sup> September 2020**

  
Paul McGrady - Company Secretary



# Independent Auditor's Report to the Members of ClwydAlyn Limited

## Opinion

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

### In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2020 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements of Registered Social Landlords General Determination (Wales) 2015.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report to you 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Matters on which we are required to report by exception**

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

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

### **Opinion on other matters prescribed by the Housing Association Circular RSL 02/10: Internal controls and reporting**

With respect to the Board's statement on internal financial controls on page 8, in our opinion

- The Board have provided the disclosures required by the Housing Association Circular RSL 02/10: Internal controls and reporting; and
- The Board's statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

### **Responsibilities of the Board**

As explained more fully in the Statement of Board's Responsibilities set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.



### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

*Beever and Struthers*

Beever and Struthers, Statutory Auditor  
St George's House  
215/219 Chester Road  
Manchester  
M15 4JE  
Date: 29 September 2020

**CLWYDALYN HOUSING LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	3	<b>46,065</b>	43,413
Operating costs	3	(35,643)	(34,013)
Surplus on sale of fixed asset properties	5	940	409
<b>OPERATING SURPLUS</b>		<b>11,362</b>	9,809
Interest receivable and similar income		170	327
Interest payable and similar charges	6	(7,570)	(7,157)
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,962</b>	2,979
Tax on surplus on ordinary activities	7	6	(321)
<b>SURPLUS FOR THE YEAR</b>		<b>3,968</b>	2,658
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain/(losses) in respect of pension scheme	19	5,335	(5,365)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9,303</b>	(2,707)

The Group's turnover and expenses all relate to continuing operations.

**GROUP STATEMENT OF CHANGES IN RESERVES**

	Restricted reserve £'000	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2018	34	3,294	3,328
Deficit and total comprehensive income for the year	-	(2,707)	(2,707)
Big Lottery Grant received	17	-	17
Big Lottery Grant expenditure	(51)	-	(51)
At 31 March 2019	0	587	587
Surplus and total comprehensive expenditure for the year	-	9,303	9,303
<b>At 31 March 2020</b>	<b>0</b>	<b>9,890</b>	<b>9,890</b>

*S J Porter*

Mr S Porter - Chair

*D. P. Robinson*

Mr P Robinson - Vice Chair

*P McGrady*

Mr P McGrady - Secretary

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# CLWYDALYN HOUSING LIMITED

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	3	<b>46,846</b>	44,297
Operating costs	3	(36,354)	(34,898)
(Loss)/Surplus on sale of fixed asset properties	5	940	409
<b>OPERATING SURPLUS</b>		<b>11,432</b>	9,808
Interest receivable and similar income		170	327
Interest payable and similar charges	6	(7,570)	(7,157)
Gift Aid Receivable		310	120
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,342</b>	3,098
Tax on surplus on ordinary activities	7	16	(316)
<b>SURPLUS FOR THE YEAR</b>		<b>4,358</b>	2,782
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial losses in respect of pension scheme	19	5,334	(5,365)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9,692</b>	(2,583)

The Group's turnover and expenses all relate to continuing operations.

### COMPANY STATEMENT OF CHANGES IN RESERVES

	Restricted reserve £'000	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2018	34	4,602	4,636
Surplus and total comprehensive income for the year	-	(2,583)	(2,583)
Big Lottery Grant received	17	-	17
Big Lottery Grant expenditure	(51)	-	(51)
At 31 March 2019	0	2,019	2,019
Deficit and total comprehensive expenditure for the year	-	9,692	9,692
<b>At 31 March 2020</b>	<b>0</b>	<b>11,711</b>	<b>11,711</b>

  
Mr S Porter - Chair

  
Mr P Robinson - Vice Chair

  
Mr P McGrady - Secretary

**CLWYDALYN HOUSING LIMITED**

**GROUP STATEMENT OF FINANCIAL POSITION**

As at 31 March 2020

IP 22360R

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	469,498	443,700
- Depreciation	11	(60,250)	(56,375)
		<b>409,248</b>	<b>387,325</b>
Other tangible fixed assets	12	4,680	4,272
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,218	3,218
		<b>417,146</b>	<b>394,815</b>
<b>CURRENT ASSETS</b>			
Stocks	14	636	190
Debtors – due after one year	15	2,349	2,490
Debtors – due within one year	15	4,101	3,502
Investments	16	65	65
Cash at bank and cash equivalents		16,779	31,914
		<b>23,930</b>	<b>38,161</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	17	(11,470)	(12,935)
<b>NET CURRENT ASSETS</b>		<b>12,460</b>	<b>25,226</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>429,606</b>	<b>420,041</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	18	(415,612)	(409,241)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(4,104)	(10,197)
<b>DEFERRED TAXATION</b>	22	-	(16)
<b>NET ASSETS</b>		<b>9,890</b>	<b>587</b>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital		-	-
Reserves	23	9,890	587
		<b>9,890</b>	<b>587</b>

The financial statements on pages 14 to 46 were approved by the Board of Management on 8<sup>th</sup> September 2020 and were signed on its behalf by:

Mr S Porter - Chair

*SJ Porter*

Mr P Robinson - Vice Chair

*D.P. Robinson*

Mr P McGrady - Secretary

*P McGrady*

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**CLWYDALYN HOUSING LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION**

As at 31 March 2020

IP 22360R

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	471,341	445,207
- Depreciation	11	(60,250)	(56,375)
		<b>411,091</b>	<b>388,833</b>
Other tangible fixed assets	12	4,680	4,272
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,218	3,218
Investments	27	50	50
		<b>419,039</b>	<b>396,373</b>
<b>CURRENT ASSETS</b>			
Stocks	14	636	190
Debtors – due after one year	15	2,349	2,490
Debtors – due within one year	15	4,343	4,396
Investments	16	65	65
Cash at bank and cash equivalents		16,429	31,882
		<b>23,822</b>	<b>39,024</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	<b>(9,647)</b>	<b>(12,134)</b>
<b>NET CURRENT ASSETS</b>		<b>14,175</b>	<b>26,890</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>433,214</b>	<b>423,263</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	<b>(417,399)</b>	<b>(411,031)</b>
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(4,104)	(10,197)
<b>DEFERRED TAXATION</b>	22	-	(16)
<b>NET ASSETS</b>		<b>11,711</b>	<b>2,019</b>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital		-	-
Reserves	23	11,711	2,019
		<b>11,711</b>	<b>2,019</b>

The financial statements on pages 14 to 46 were approved by the Board of Management on 8<sup>th</sup> September 2020 and were signed on its behalf by:

Mr S Porter - Chair

*SJ Porter*

Mr P Robinson - Vice Chair

*P. Robinson*

Mr P McGrady - Secretary

*P McGrady*

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**CLWYDALYN HOUSING LIMITED**

**GROUP CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March 2020

	2020	2019
	£'000	£'000
<b>Cash from operating activities</b>		
Surplus / (deficit) for the financial year	9,303	(2,578)
Depreciation of fixed assets	5,082	4,674
Impairment losses	-	307
Amortised grant	(1,731)	(1,576)
Interest payable	7,639	7,157
Interest received	(170)	(327)
Tax on surplus for the year	(6)	321
(Increase) / decrease in trade and other debtors	(459)	(1,433)
Increase / (decrease) in trade and other creditors	(867)	612
(Increase) / decrease in stocks	(445)	(24)
Increase / (decrease) in provisions	(6,094)	10,197
Add back deficit / (surplus) on sale of fixed assets	(940)	(538)
Difference between pension expense /cash contribution	(1)	(5,488)
<b>Cash from operations</b>	<b>11,311</b>	<b>11,304</b>
<b>Taxation paid</b>	<b>(5)</b>	<b>(11)</b>
<b>Net cash generated from operating activities</b>	<b>11,306</b>	<b>11,293</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets – housing properties	(26,692)	(24,018)
Purchase of fixed assets – other	(888)	(1,446)
Proceeds from sale of fixed assets	1,176	1,205
Grants received	8,373	15,344
Grants repaid	(59)	(104)
Interest received	170	327
<b>Net cash from investing activities</b>	<b>(17,920)</b>	<b>(8,692)</b>
<b>Cash flows from financing activities</b>		
Interest paid and loan breakage costs	(7,639)	(7,638)
New loans	-	3,118
Loans repaid	(939)	(98)
Debt issue costs incurred	57	71
<b>Net cash used in financing activities</b>	<b>(8,521)</b>	<b>(4,547)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(15,135)</b>	<b>(1,946)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>31,914</b>	<b>33,860</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>16,779</b>	<b>31,914</b>
<b>Free cash flow</b>		
<b>Net cash generated from operating activities,</b>	<b>11,183</b>	<b>11,774</b>
Interest paid	(7,639)	(7,638)
Interest received	170	327
<b>Adjustments for reinvestment in existing properties:</b>		
Component replacements	(3,521)	(2,501)
Free cash generated before loan repayments	193	1,962
Loans repaid	(939)	(91)
<b>Free cash generated after loan repayments</b>	<b>(746)</b>	<b>1,871</b>



## **LEGAL STATUS**

Clwyd Alyn Housing Association Limited is incorporated in Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Welsh Government as a Registered Social Landlord. The registered office is 72 Ffordd William Morgan, St Asaph Business Park, St Asaph, Denbighshire, LL17 0JD.

### **1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Applicable Accounting Standards in the United Kingdom and in accordance with the Accounting Requirements for Registered Social Landlords (General Determination) Wales 2015, and the 2018 Statement of Recommended Practice, "Accounting by Registered Social Housing Providers" issued by the National Housing Federation.

The association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBE's. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and are presented in sterling £'000 for the year ended 31 March 2020.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgement in applying the Company's accounting policies (Note 2).

The following principal accounting policies have been applied:

#### **Basis of preparation**

After reviewing the Group's and Company's forecasts and projections, the Board has a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 March 2020.

Subsidiaries are included in the financial statements using the acquisition method of accounting. Accordingly, the group statement of comprehensive income and cash flows statement include the results and cash flows of subsidiaries for the period since their acquisition. Purchase consideration is allocated to assets and liabilities on the basis of fair value at the date of acquisition.

**1 ACCOUNTING POLICIES (Continued)**

**Turnover**

Turnover represents rents, service charge, net of empty property voids, revenue grants receivable in respect of tenanted properties, amortisation of grants and other sundry income. All turnover is derived from operations within Wales. Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

**Government grants**

Grants received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018 the useful economic lives of the housing property structure is 125 years which is in line with the rate of depreciation for housing structures as detailed in the depreciation table below. Where social housing grant funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants for revenue expenditure are recognised in comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government or received in advance are included as current assets or liabilities.

**Fixed asset investments - Homebuy loans**

Under the Homebuy Option the Association advances 30% of the value or cost of the property to a purchaser. The advance is secured by a second charge on the property. This loan is financed in full by SHG from the Welsh Government.

When a property is sold 30% of the sales proceeds or the loan (whichever is lower) are recovered and the equivalent grant repaid. The grant is held within creditors until repaid.

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.



**1 ACCOUNTING POLICIES (Continued)**

**Operating leases**

Rental payable under operating leases are charged on a straight-line basis over the term of the lease.

**Shared ownership sales – first tranche**

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as current asset and related sales proceeds included in turnover. The remaining element is included in completed housing property at cost. Sales of subsequent tranches are treated as a part disposal of property plant and equipment. Such stair-casing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

**Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the statement of comprehensive income.

**Retirement benefits**

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

**1 ACCOUNTING POLICIES (Continued)****Depreciation**

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in the periods in which economic benefits are expected to be consumed.

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

Depreciation of the structure is charged so as to write down the cost of freehold housing properties, other than freehold land, to their estimated residual value on a straight-line basis over their expected useful economic lives. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Structure	125 years
Roofs	75 years
Kitchens – general needs	25 years
Kitchens – supported needs	10 years
Kitchens – hostels & homeless	6 years
Bathrooms – general needs	25 years
Bathrooms – supported needs	15 years
Bathrooms – hostels & homeless	8 years
Doors – general needs / supported needs	25 years
Doors – hostels & homeless	20 years
Windows – general needs / supported needs	30 years
Windows – hostels & homeless	25 years
Fire Systems – general needs / supported needs	20 years
Fire Systems – hostels & homeless	10 years
Solar Panels	25 years

The group has an active asset management strategy whereby all units with voids over six weeks are reviewed. Impairment reviews have been undertaken on schemes where voids are known to be particularly high over a sustained period of time. The group looks at the net realisable value, under the options available, when considering the recoverable amount for the purpose of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit.



**1 ACCOUNTING POLICIES (Continued)**

The group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Depreciation on other fixed assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Offices	50 years
Fixtures and fittings	10 years
Computer equipment	5 years
Computer software	10 years
Vehicles	7 years

**Tangible fixed assets – Housing Properties**

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development. The directly attributable costs include the labour costs of the group's own employees which arise directly from the construction or acquisition of the property, along with the incremental costs which would have been avoided if the property had not been constructed or acquired.

Directly attributable costs of acquisition include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

**Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## 1 ACCOUNTING POLICIES (Continued)

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### **Debtors and creditors**

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

### **Cash and cash equivalents**

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

### **Recoverable amount of rental and other trade receivables**

The group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

### **Loans, investments and short term deposits**

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the group has determined that the difference between the historical cost and amortised cost basis is not material except for inflation indexed loans. Therefore, the non-indexed loans are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Stocks**

Stocks represent tools and equipment held for maintenance and repairs. Stock is stated at the lower of cost and net realisable value.

### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured as the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.



**1 ACCOUNTING POLICIES (Continued)**

**Contingent liabilities**

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. A contingent liability exists on grant repayment which is dependent on the disposal of related property.

**Accounting for the Social Housing Pension Scheme ('SHPS').**

The Board's view, considering the guidance issued in FRED 71 and guidance issued by the National Housing Federation, is that the difference between the deficit funding agreement previously recognised in relation to SHPS, and the net defined benefit deficit, should be recognised in Other Comprehensive Income. The relevant date to apply the adjustment is judged to be 1 April 2018, as TPT Retirement Solutions does not have data to provide sufficient information before the date 31 March 2018.

**2 JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the group's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of the assets where there are indicators of impairment based on EUV-SH (existing use value social housing) or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for sale. This judgement is also on the member's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the group either as a lessor or a lessee are classified as operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

**2 JUDGEMENTS IN APPLYING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)**

- The appropriate allocation of costs for mixed tenure developments; and furthermore, the allocation of costs relating to shared ownership between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The estimate for rental and other trade receivables relates to the recoverability of the balance outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method

- Clwyd Alyn has considered the impact of the Covid 19 outbreak on its assets.

The company is diverse and receives significant government and public sector financial support through housing benefit and contract payments for supported living and care placements. Less than 20% of the company's income is derived from rent payments from tenants of working age. This means that the company considers there would be no impairment of its revenue generating assets and that existing EUV-SH valuations for its housing stock are reasonable. While short term cost pressures have been seen in the care and nursing homes with higher than normal voids, the demand for places is high and there should be no long-term detriment to the valuations of these assets and current valuations are reasonable. The company has a number of 'Homebuy' properties that are held at historic cost which, in most cases, is significantly below current market valuations and means no impairment is necessary. The company does not build houses for market sale.

The company has concluded that there is no impact on its bad debt provision or arrears for 2019/20. It has also concluded that the impact of CV19 will act as a drag on performance through 2020/21 and 2021/22. As such it expects arrears and bad debts to gradually increase before returning to current levels. At the time of preparing these accounts (July 2020), there had been no material increase in either.



**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2020

3. <b>GROUP</b>	<b>3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS / (DEFICIT)</b>					
	<b>2020</b>		<b>2019</b>			
	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating surplus/ (deficit)</b>	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating surplus/ (deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social housing lettings (Note 4)</b>	<b>45,006</b>	<b>(35,142)</b>	<b>9,864</b>	<b>41,463</b>	<b>(32,822)</b>	<b>8,641</b>
<b>Other social housing activities</b>						
First tranche property sales	48	(15)	33	-	-	-
Sales and marketing	16	-	16	28	-	28
Development overheads written off	-	(30)	(30)	-	(22)	(22)
Other	453	-	453	514	-	514
<b>Non-social housing activities</b>						
Lettings	378	(256)	122	223	(337)	(114)
Other	164	(200)	(36)	1,185	(832)	353
<b>Total</b>	<b>46,065</b>	<b>(35,643)</b>	<b>10,422</b>	<b>43,413</b>	<b>(34,013)</b>	<b>9,400</b>

Operating surplus in Statement of Comprehensive Income of £11.362m includes gain of £940k (2019: £409k) on disposal of housing properties.

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2020

3. COMPANY	2020		2019			
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social housing lettings (Note 4)</b>	<b>45,006</b>	<b>(35,143)</b>	<b>9,863</b>	<b>41,463</b>	<b>(32,822)</b>	<b>8,641</b>
<b>Other social housing activities</b>						
First tranche property sales	48	(15)	33	-	-	-
Sales and marketing	16	-	16	28	-	28
Development Services	931	(917)	14	884	(871)	13
Development overheads written off	-	(30)	(30)	-	(22)	(22)
Other	453	-	453	514	-	514
<b>Non-social housing activities</b>						
Lettings	228	(36)	192	223	(337)	(114)
Other	164	(213)	(49)	1,186	(846)	340
<b>Total</b>	<b>46,846</b>	<b>(36,354)</b>	<b>10,492</b>	<b>44,298</b>	<b>(34,898)</b>	<b>9,400</b>

Operating surplus in Statement of Comprehensive Income of £11.432m includes gain of £940k (2019: £409k) on disposal of housing properties.



**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

**4. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

**GROUP and COMPANY**

	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	2020 Total £'000	2019 Total £'000
<b>Income</b>					
Rents receivable	24,827	939	1,483	27,249	25,058
Service charges receivable	4,147	1,705	6,260	12,112	10,673
Income for support services	0	3,258	249	3,507	3,439
Other income from lettings	437	72	2	512	595
Amortised grants	1,498	63	64	1,625	1,698
<b>Turnover from social housing lettings</b>	<b>30,909</b>	<b>6,038</b>	<b>8,058</b>	<b>45,006</b>	<b>41,463</b>
<b>Cost</b>					
Management costs	4,401	382	1,243	6,026	5,712
Service costs	6,251	4,809	6,062	17,122	15,407
Routine maintenance	5,490	227	216	5,933	6,098
Major repairs expenditure	965	-	15	980	1,022
Bad debts	244	87	38	369	219
Depreciation of housing properties	4,217	262	233	4,712	4,365
<b>Operating costs on social housing activities</b>	<b>21,568</b>	<b>5,766</b>	<b>7,808</b>	<b>35,142</b>	<b>32,821</b>
<b>Operating surplus on social housing lettings</b>	<b>9,341</b>	<b>272</b>	<b>251</b>	<b>9,864</b>	<b>8,640</b>
<b>Void Losses</b>					
Rent loss due to voids	216	42	359	616	425
Service charge loss due to voids	45	70	1	116	85
<b>Total Void Loss</b>	<b>261</b>	<b>112</b>	<b>360</b>	<b>732</b>	<b>510</b>

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

**5. SALES OF FIXED ASSET PROPERTIES**

	Shared ownership further tranches	Right to Buy & to Acquire & Other	Total 2020	Total 2019
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Proceeds of sales	1,644	170	1,814	973
Cost of sales: NBV	(737)	(137)	(874)	(564)
Surplus	<u>907</u>	<u>33</u>	<u>940</u>	<u>409</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
Bank loans, overdrafts, and other loans:		
- by instalments	7,234	7,256
- other than by instalments	179	167
Unwinding of the pension deficit (note 19)	1	1
Interest on DB pension scheme liabilities	225	214
	<u>7,639</u>	<u>7,638</u>
Less: Capitalised	(69)	(481)
<b>Total Interest Payable</b>	<u><u>7,570</u></u>	<u><u>7,157</u></u>

The sum for capitalised interest relates to loans which are fixed rate. The average rate for the period was 3.53% (2019 3.56%).



**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

**7. TAXATION**

	<b>2020</b>	2019
<b>GROUP</b>	<b>£'000</b>	£'000
UK Corporation tax charge for the year	5	5
Adjustments in respect of prior years	5	(2)
<b>Total current tax charge for the year</b>	<b>10</b>	<b>3</b>
Deferred tax charge / (credit) for the year	(16)	295
Deferred tax adjustments in respect of prior years	-	23
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	<b>(16)</b>	<b>318</b>
<b>Total tax charge for the year</b>	<b>(6)</b>	<b>321</b>
<b>Factors affecting the current tax charge for the year:</b>		
(Loss) / profit for the year before taxation	4,273	3,105
Tax on (loss) / profit on ordinary activities at 19% (2019: 19%)	812	590
Fixed assets differences	764	794
Income / expenses not deductible for tax purposes	7,385	6,777
Adjust deferred tax to average rate	(8,896)	(8,019)
Amounts charged/(credited) directly to STRGL or transferred	(59)	(261)
Other permanent differences	-	-
Adjustments in respect of prior years	5	(2)
Deferred tax not recognised	(24)	406
Adjust closing deferred tax to average rate	-	26
Adjust opening deferred tax to average rate	24	(13)
Deferred tax adjustments in respect of prior years	(16)	23
<b>Total tax charge for the year</b>	<b>(6)</b>	<b>321</b>
<b>COMPANY</b>		
UK Corporation tax at 19% (2019 19%)	-	-
Adjustments in respect of prior years	-	(2)
<b>Total current tax charge for the year</b>	<b>-</b>	<b>(2)</b>
Deferred tax origination and reversal of timing differences	(16)	318
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	<b>(16)</b>	<b>318</b>
<b>Total tax charge for the year</b>	<b>(16)</b>	<b>316</b>
<b>Factors affecting the current tax charge for the year:</b>		
Profit for the year before taxation	4,342	3,104
Current tax payable at 19% (2019: 19%)	825	590

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

<b>7. TAXATION (Continued)</b>	<b>2020</b>	2019
	<b>£'000</b>	£'000
Fixed asset differences	764	717
Expenses not deductible for tax purposes	7,321	6,123
Income not deductible for tax purposes	<b>(8,897)</b>	(7,315)
Amounts (charged)/credited to STRGL or transferred	-	(238)
Adjust deferred tax in respect of prior years	<b>(16)</b>	22
Adjust closing deferred tax to average rate of 19%	-	26
Adjust opening deferred tax to average rate of 19%	<b>24</b>	(13)
Deferred tax not recognised	<b>(37)</b>	406
Adjustments in respect of prior years	-	(2)
	<u>(16)</u>	<u>316</u>
	<u>(16)</u>	<u>316</u>
<b>8. AUDITOR REMUNERATION</b>		
	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>GROUP</b>		
In their capacity as auditor (excluding VAT)	<b>34</b>	34
In respect of other services (excluding VAT)	<b>3</b>	3
	<u>37</u>	<u>37</u>
<b>COMPANY</b>		
In their capacity as auditor (excluding VAT)	<b>17</b>	29
In respect of other services (excluding VAT)	<b>3</b>	3
	<u>20</u>	<u>32</u>
	<u>20</u>	<u>32</u>
<b>9. STAFF COSTS</b>		
	<b>2019</b>	2019
	<b>£'000</b>	£'000
<b>GROUP and COMPANY</b>		
Staff costs including directors:		
Wages and salaries	<b>15,961</b>	14,203
Social security costs	<b>1,298</b>	1,142
Other pension costs	<b>786</b>	532
Defined benefit pension deficit recovery charge (note 19)	<b>(1)</b>	(1)
	<u>18,044</u>	<u>15,876</u>
	<u>18,044</u>	<u>15,876</u>
Average number of full-time equivalent persons (including executive directors) employed during the year:		
	<b>Number</b>	Number
Office staff	<b>98</b>	87
Housing staff	<b>32</b>	32
Care staff	<b>518</b>	491
Maintenance	<b>109</b>	108
	<u>757</u>	<u>718</u>
Total employees	<u>757</u>	<u>718</u>
	<u>757</u>	<u>718</u>
Total employees at the year end	<u>753</u>	<u>737</u>
	<u>753</u>	<u>737</u>



# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 10. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise the executive and non-executive directors.  
Total remuneration amounted to £910k, (2019: £781k).

<b>GROUP AND COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Remuneration for executive directors for the year ended 31 March 2020</b>	<b>910</b>	<b>786</b>

The remuneration for executive directors disclosed above include pension contributions.

<b>Non-executive Board Member remuneration for the year ended 31 March 2020:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Sandy Mewies	5	4
Stephen Porter	9	9
Mike Hornsby	6	6
Sarah Horrocks	5	6
Paul Robinson	7	6
Peter Lewis (Resigned 21/5/19)	1	5
Frazer Jones	5	4
Sara Mogel	5	4
Aaron Osborne-Taylor (Resigned 31/3/19)	0	4
Peter Smith-Hughes (Resigned 31/3/19)	0	4
Eileen Smith-Hughes	4	4
Owen Watkins	5	2
Nia Hughes (Appointed 1/10/19)	2	0
Rob Morton (Co-opted 29/4/19, Appointed 1/4/20)	3	0
Susan Todd (Appointed 24/3/20)	0	0
	<b>64</b>	<b>65</b>

Non-executive Board Members receive remuneration for services only and there is no pension liability. On 31<sup>st</sup> March 2019, the group underwent a restructure which merged various companies within the group. The list above shows a comparison between those that were on the board of the previous parent company (Pennaf) with the new parent company (ClwydAlyn Housing).

The highest paid executive excluding pension contributions.	<b>126</b>	<b>116</b>
-------------------------------------------------------------	------------	------------

The Chief Executive took up her post during 2018/19 and therefore the increase in pay between the two years shown above appears higher than is actually the case. The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

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### 10. KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

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

	2020	2019
£60,000 - £69,999	-	1
£80,000 - £89,999	1	3
£90,000 - £99,999	1	-
£100,000 - £109,999	1	1
£110,000 - £119,999	1	-
£120,000 - £129,999	1	1
£150,000 - £159,999	1	-
£160,000 - £169,999	1	-

Remuneration of senior personnel includes the employer contribution to pension costs plus a contribution towards the deficit in the closed Defined Benefit pension scheme. Remuneration also includes any expenses or termination payments. Comparison with prior year is not straightforward as two new officers joined during 2019 and one existing officer left during 2020.



**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

**11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

<b>GROUP and COMPANY</b>	<b>Housing properties held for lettings £'000</b>	<b>Housing properties in the course of construction £'000</b>	<b>Completed shared ownership housing properties £'000</b>	<b>Shared Ownership properties in the course of construction £'000</b>	<b>Total £'000</b>
<b>COST</b>					
At 1 April 2019	408,008	13,228	22,465	-	443,700
Additions – components	3,521	-	-	-	3,521
Additions	-	22,626	-	614	23,240
Disposals components	(800)	-	-	-	(800)
Disposals - other	(163)	-	-	-	(163)
Schemes completed	4,458	(4,458)	205	(205)	-
At 31 March 2020	<u>415,023</u>	<u>31,396</u>	<u>22,670</u>	<u>409</u>	<u>469,498</u>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 April 2019	52,824	-	3,551	-	56,375
Charge for the year	4,387	-	216	-	4,604
Impairment Losses	-	-	-	-	-
Disposals	(729)	-	-	-	(729)
At 31 March 2020	<u>56,483</u>	<u>-</u>	<u>3,767</u>	<u>-</u>	<u>60,250</u>
<b>NET BOOK VALUE</b>					
At 31 March 2020	<u>358,540</u>	<u>31,396</u>	<u>18,903</u>	<u>409</u>	<u>409,248</u>
At 31 March 2019	<u>355,184</u>	<u>13,228</u>	<u>18,913</u>	<u>-</u>	<u>387,325</u>

All housing properties are freehold.

Maintenance expenditure of £3.52m was capitalised to existing properties in the year (2019 £2.788m).

Total maintenance expenditure to existing properties of £6.924m (2019 £7.119m) was charged to the Income and Expenditure account in the year.

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. The cumulative interest and finance charges included in housing properties at cost amounted to £3.341m (2019 £3.272m).

The carrying amount of the housing properties that have been pledged as security for the housing loans (including undrawn facilities) is £259million (2019 £274 million).

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

**12. TANGIBLE FIXED ASSETS – OTHER**

<b>GROUP and COMPANY</b>	<b>Freehold offices £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Computer Equipment &amp; software £'000</b>	<b>Vehicles £'000</b>	<b>Total £'000</b>
<b>COSTS</b>					
At 1 April 2019	3,545	328	4,255	1,280	9,408
Additions	164	68	595	62	888
Disposal	-	-	-	(25)	(25)
At 31 March 2020	<u>3,709</u>	<u>396</u>	<u>4,850</u>	<u>1,317</u>	<u>10,271</u>
<b>DEPRECIATION</b>					
At 1 April 2019	876	277	3,312	672	5,137
Charge for year	72	29	220	156	478
Disposals	-	-	-	(24)	(24)
At 31 March 2020	<u>948</u>	<u>306</u>	<u>3,532</u>	<u>805</u>	<u>5,591</u>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2020</b>	<u><b>2,760</b></u>	<u><b>90</b></u>	<u><b>1,317</b></u>	<u><b>513</b></u>	<u><b>4,680</b></u>
At 31 March 2019	<u>2,669</u>	<u>51</u>	<u>943</u>	<u>608</u>	<u>4,272</u>

**13. FIXED ASSET INVESTMENTS – HOMEBUY LOANS**

<b>GROUP and COMPANY</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>COSTS</b>		
At 1 April	<b>3,218</b>	3,231
Additions in year	-	-
Disposals	-	(13)
<b>At 31 March</b>	<u><b>3,218</b></u>	<u>3,218</u>

See note 21 for details of homebuy grant received from the Welsh Government which was used to fund the homebuy loans.



**14. STOCKS**

<b>GROUP and COMPANY</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Stock of tools & repairs equipment and 1 <sup>st</sup> tranche properties held for resale	<b>636</b>	190

**15. DEBTORS**

<b>GROUP</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>2,349</b>	2,490

**Amounts falling due within one year:**

Rental debtors	<b>1,991</b>	1,573
Less: provisions for bad debts	<b>(614)</b>	(506)

Grants receivable	<b>1,377</b>	1,067
Trade debtors	<b>118</b>	44
Loans to employees	<b>1,025</b>	790
Prepayments and accrued income	<b>41</b>	41
	<b>1,540</b>	1,559

	<b>4,101</b>	3,501
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<b>COMPANY</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>2,349</b>	2,490

**Amounts falling due within one year:**

Rental debtors	<b>1,991</b>	1,573
Less: provisions for bad debts	<b>(614)</b>	(506)

Grants receivable	<b>1,377</b>	1,067
Loans to employees	<b>118</b>	44
Trade debtors	<b>41</b>	40
Amounts due from subsidiary undertakings	<b>977</b>	708
Prepayments and accrued income	<b>290</b>	978
	<b>1,540</b>	1,559

	<b>4,343</b>	4,396
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**16. CURRENT ASSET INVESTMENTS**

<b>GROUP and COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Money market and term deposits	<b>65</b>	65

Included above are deposits as security for certain loans of £65k (2019 £65k).

**17. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	<b>434</b>	1,000
Trade creditors	<b>1,100</b>	1,461
Rent in advance	<b>1,124</b>	970
Corporation tax	<b>10</b>	5
Other taxation and social security costs	<b>279</b>	65
Pension contributions	-	-
Other creditors	<b>9</b>	9
Pension Payable	<b>20</b>	-
Pension deficit contributions	<b>5</b>	6
Deferred capital grant (note 20)	<b>1,624</b>	1,731
Accruals and deferred income	<b>3,983</b>	4,982
Fund held in trust	<b>2,882</b>	2,706
	<b>11,470</b>	12,935

<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	<b>434</b>	1,000
Trade creditors	<b>1,100</b>	1,461
Rent in advance	<b>1,124</b>	970
Corporation tax	<b>0</b>	0
Other taxation and social security costs	<b>121</b>	65
Other creditors	<b>9</b>	9
Pension Payable	<b>20</b>	-
Pension deficit contributions	<b>5</b>	6
Deferred capital grant (note 20)	<b>1,624</b>	1,731
Accruals and deferred income	<b>2,303</b>	3,065
Fund held in trust	<b>2,882</b>	2,706
Amounts due to Group undertaking	<b>25</b>	1,121
	<b>9,647</b>	12,134



**18. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

<b>GROUP</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans	44,333	44,650
Housing loans - Bond issue	160,000	160,000
Recycled Capital Grant Fund	2,081	1,707
Deferred capital grant (note 20)	205,960	199,643
Pension Deficit Contribution (note 19)	19	23
Homebuy grant (note 21)	3,218	3,218
	<u>415,611</u>	<u>409,241</u>

<b>COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans	46,121	46,402
Housing loans - Bond issue	160,000	160,000
Recycled Capital Grant Fund	2,081	1,707
Deferred capital grant (note 20)	205,960	199,643
Pension Deficit Contribution (note 19)	19	23
Amounts due to group undertaking – unpaid share capital	-	38
Homebuy grant (note 21)	3,218	3,218
	<u>417,399</u>	<u>411,031</u>

**Housing loans - Group**

Amounts repayable by instalments:	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Not wholly repayable within five years:		
Repayable between one and two years	3,433	542
Repayable between two and five years	3,662	4,797
Repayable after five years	192,238	192,311
	<u>199,334</u>	<u>197,650</u>
Amounts repayable otherwise than by instalments:		
Repayable after five years	5,000	7,000
	<u>204,334</u>	<u>204,650</u>
Amounts repayable by instalments repayable within one year	434	1,000
<b>Total housing loans - Group</b>	<u>204,768</u>	<u>205,650</u>

## 18. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

### Housing loans – Company

Amounts repayable by instalments:	<b>2020</b>	2019
	<b>£'000</b>	£'000
Not wholly repayable within five years:		
Repayable between one and two years	<b>3,433</b>	542
Repayable between two and five years	<b>3,662</b>	4,797
Repayable after five years	<b>194,026</b>	194,063
	<u><b>201,121</b></u>	<u>199,402</u>
Amounts repayable otherwise than by instalments:		
Repayable after five years	<b>5,000</b>	7,000
	<u><b>206,121</b></u>	<u>206,402</u>
Amounts repayable by instalments repayable within one year	<b>434</b>	1,000
	<u><b>206,555</b></u>	<u>207,402</u>
<b>Total housing loans - Group</b>	<u><b>206,555</b></u>	<u>207,402</u>

Housing loans are secured by specific charges on the Group's housing properties and bear interest at rates ranging from 3.212% to 11.09%.

At 31 March 2020 100% of the loans were fixed (2019 100%). The fixed loans bore interest ranging from 3.212% to 11.09%, with a weighted average of 3.53% (2019 3.212% to 11.09%, weighted average 3.56%).

At the year end 0% of the loans were variable (2019 0%).

<b>Recycled Capital Grant Fund</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Recycled Capital Grant Fund at 1 April	<b>1,707</b>	1,889
Received in the year	<b>273</b>	150
Recycled in the year	<b>101</b>	(332)
	<u><b>2,081</b></u>	<u>1,707</u>
Recycled Capital Grant Fund at 31 March	<u><b>2,081</b></u>	<u>1,707</u>



**19a. PENSION DEFICIT CONTRIBUTION LIABILITY**

<b>GROUP and COMPANY</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 April (as previously reported)	29	5,517
Adjustment to DB accounting	-	(5,473)
At 1 April (restated)	29	44
Re-measurements		
- Amendments to contribution schedule	-	(11)
- Impact of change in assumptions	-	-
Unwinding of discount finance charge	-	1
Deficit contributions paid	(5)	(5)
At 31 March	<u>24</u>	<u>29</u>
Amounts falling due:		
Within one year (note 17)	5	5
Between one and two years	5	5
Between two and five years	14	16
In five years or more	-	3
In more than one year (note 18)	<u>19</u>	<u>24</u>
<b>Total pension creditor</b>	<u><b>24</b></u>	<u><b>29</b></u>

**19b. DEFINED BENEFIT PENSION OBLIGATIONS****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

<b>KEY ASSUMPTIONS</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Discount Rate	2.37	2.32
Inflation (RPI)	2.60	3.28
Inflation (CPI)	1.60	2.28
Salary Growth	2.60	3.28

**19b. DEFINED BENEFIT PENSION OBLIGATIONS (continued)**

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

Life expectancy	At age 65 years
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

	2020	2019
	£'000	£'000
<b>GROUP ASSETS</b>		
Global Equity	4,400	4,884
Absolute Return	1,568	2,511
Distressed Opportunities	579	528
Credit Relative Value	825	532
Alternative Risk Premia	2,104	1,674
Fund of Hedge Funds	17	131
Emerging Markets Debt	911	1,001
Risk Sharing	1,016	877
Insurance-Linked Securities	924	832
Property	663	654
Infrastructure	2,239	1,522
Private Debt	606	389
Corporate Bond Fund	1,715	1,354
Liquid Credit	12	-
Long Lease Property	520	427
Secured Income	1,141	1,039
Liability Driven Investment	9,984	10,616
Net Current Assets	129	55
Total Assets	<b>30,081</b>	<b>29,026</b>

None of the fair value 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.



**19b. DEFINED BENEFIT PENSION OBLIGATIONS (continued)****GROUP and COMPANY**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Analysis of the amount charges to operating expenditure in the Statement of Comprehensive Income</b>		
Employer service cost	(33)	(30)
Past service cost	-	-
	<hr/>	<hr/>
<b>Total Operating Charge</b>	<b>(33)</b>	(30)
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	678	724
Interest on pension liabilities	(904)	(938)
	<hr/>	<hr/>
<b>Amounts charged/credited to finance costs</b>	<b>(226)</b>	(214)
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	85	626
Actuarial gains/(losses) on scheme liabilities	5,249	(2,731)
	<hr/>	<hr/>
<b>Actuarial gain/(loss) recognised</b>	<b>5,334</b>	(2,105)
	<hr/>	<hr/>
<b>GROUP</b>	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Movement in surplus/(deficit) during year</b>		
<b>Surplus/(deficit) in scheme at 1 April</b>		(5,473)
<b>Movement in year:</b>		
Remove opening SHPS deficit		5,473
Opening Defined Benefit pension liability	(10,197)	(8,743)
Employer service cost	(33)	(11)
Employer contributions	1,019	895
Past service cost	0	(19)
Net interest/return on assets	(226)	(214)
Remeasurements	5,334	(2,105)
	<hr/>	<hr/>
<b>(Deficit)/Surplus in scheme at 31 March</b>	<b>(4,103)</b>	<b>(10,197)</b>
	<hr/>	<hr/>

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**19b. DEFINED BENEFIT PENSION OBLIGATIONS (continued)**

<b>GROUP and COMPANY</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Asset and Liability Recognition</b>		
<b>Recognition of Liabilities</b>		
<b>Liabilities at start of period</b>	39,223	37,201
Service cost	-	-
Interest cost	904	938
Employee contributions	-	-
Remeasurements	(5,249)	2,731
Benefits paid	(727)	(1,677)
Past service cost	33	30
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>34,184</b>	<b>39,223</b>
<b>Recognition of Assets</b>		
<b>Assets at start of period</b>	29,026	28,458
Return on plan assets	678	724
Remeasurements	85	626
Employer contributions	1,019	895
Employee contributions	0	0
Benefits paid	(727)	(1,677)
<b>Assets at end of period</b>	<b>30,081</b>	<b>29,026</b>

The actual return on the plan assets (including any changes in share of assets) for the Group over the year ended 31 March 2020 was £763k (2019: £1.35m)



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**20. DEFERRED CAPITAL GRANT**

	<b>2020</b>	2019
<b>GROUP and COMPANY</b>	<b>£'000</b>	£'000
At 1 April	<b>201,375</b>	187,481
Grant received during year	<b>8,806</b>	15,819
Housing property disposals	<b>(973)</b>	(226)
Amortisation for the year	<b>(1,624)</b>	(1,699)
	<hr/>	<hr/>
Net grant creditor 31 March	<b>207,584</b>	201,375
	<hr/> <hr/>	<hr/> <hr/>
The grants are amortised as follows:		
Amounts falling due:		
Within one year (note 17)	<b>1,624</b>	1,731
	<hr/>	<hr/>
Between one and two years	<b>1,624</b>	1,761
Between two and five years	<b>4,873</b>	5,288
In five years or more	<b>199,463</b>	192,599
	<hr/>	<hr/>
In more than one year (note 18)	<b>205,960</b>	199,643
	<hr/>	<hr/>
<b>Total grant creditor</b>	<b>207,589</b>	201,374
	<hr/> <hr/>	<hr/> <hr/>

Gross capital grant received is £237,038k (2019: £229,205k).

**21. HOMEBUY GRANT**

	<b>2020</b>	2019
<b>GROUP and COMPANY</b>	<b>£'000</b>	£'000
At 1 April	<b>3,218</b>	3,231
Additions in the year	-	-
Disposals in the year	-	(13)
	<hr/>	<hr/>
At 31 March	<b>3,218</b>	3,218
	<hr/> <hr/>	<hr/> <hr/>

## 22. DEFERRED TAXATION

<b>GROUP</b>	<b>2020</b>	2019
	<b>£'000</b>	£'000
At beginning of year	<b>16</b>	(302)
Deferred tax charge/(credit) for the period	<b>(16)</b>	318
	<u>-</u>	<u>16</u>
	<u><u>-</u></u>	<u><u>16</u></u>
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	-	162
Short term timing differences	-	-
Tax losses and other deductions	-	(146)
	<u>-</u>	<u>16</u>
	<u><u>-</u></u>	<u><u>16</u></u>
 <b>COMPANY</b>	 <b>2020</b>	2019
	<b>£'000</b>	£'000
At beginning of year	<b>16</b>	(302)
Deferred tax charge/(credit) for the period	<b>(16)</b>	318
	<u>-</u>	<u>16</u>
	<u><u>-</u></u>	<u><u>16</u></u>
The provision for deferred taxation is made up as follows;		
Accelerated capital allowances	-	162
Short term timing differences	-	-
Losses and other deductions	-	(146)
	<u>-</u>	<u>16</u>
	<u><u>-</u></u>	<u><u>16</u></u>

## 23. NON EQUITY SHARE CAPITAL

The shares of the Association, each of £1 nominal value, carry no rights to a dividend or provision for redemption or a distribution on winding up. The members are entitled to a vote at annual and special meetings of the Association.



**24. CAPITAL COMMITMENTS**

<b>GROUP</b>	<b>2020</b> <b>£'000</b>	2019 £'000
Capital expenditure contracted for but not provided for in the financial statements.	<b>5,398</b>	19,149
Capital expenditure authorised but not yet contracted for in the financial statements.	<b>68,219</b>	31,610
<b>COMPANY</b>		
Capital expenditure contracted for but not provided for in the financial statements.	<b>1,013</b>	3,438

The capital expenditure is to be financed by a combination of social housing grants of £30.3 million and the balance of £43.3 million from the existing cash balance of £16 million and additional lending already in place. The group has access to the revolving credit facility of £35 million and has agreed a sale of £15 million of retained bonds in 20-21 which will generate £17 million

**25. OPERATING LEASES****GROUP and COMPANY**

At 31 March 2020 the association had minimum lease payments under non-cancellable operating leases as set out below

	<b>Leasehold Offices</b>		<b>Vehicles &amp; Equipment</b>	
	<b>2020</b> <b>£'000</b>	2019 £'000	<b>2020</b> <b>£'000</b>	2019 £'000
<b>Operating leases minimum lease payments</b>				
Within 1 year	15	15	-	5
Within 2 to 5 years	13	28	-	-
After 5 years	-	-	-	-
	<b>28</b>	43	-	5
Operating lease payments recognised as an expense in the year	15	15	5	10

**26. ACCOMMODATION IN MANAGEMENT**

<b>GROUP and COMPANY</b>	<b>2020 Number</b>	<b>2019 Number</b>
General needs and other rented	<b>4,052</b>	4,030
Sheltered & Extra Care	<b>660</b>	660
Supported Housing	<b>250</b>	230
Low cost home ownership	<b>541</b>	563
Residential / Care Homes	<b>159</b>	159
Managed on behalf of others	<b>40</b>	40
Homebuy & D.I.Y.H.O	<b>191</b>	194
Intermediate rental	<b>155</b>	122
	<b>6,048</b>	5,998
	<b>6,048</b>	5,998

**27. SUBSIDIARY ENTITIES**

As at 1 April 2019 and 31 March 2020

<b>Entity</b>	<b>Nature of business</b>
Tir Tai Limited	Project construction
Tai Elwy Limited	Property management
PenArian Housing Finance PLC	Special purpose lending vehicle

All subsidiaries are incorporated or registered in England and Wales. All subsidiaries are 100% controlled by ClwydAlyn Limited. Investment in subsidiaries are held at the nominal value of the issued share capital of £50,002 (2019: £50,002). Note most subsidiaries are limited by guarantee and do not have any issued share capital.

**29. CONTINGENT LIABILITIES**

During the previous financial year there has been correspondence with HMRC with reference to the taxable status of income generated by solar panels owned by the ClwydAlyn Group. At present a response is awaited and the ClwydAlyn Group has obtained advice that a reasonable position has been taken. In the event that there was an adverse finding then tax would become payable of £129k (2019 £129k) and would be treated as a prior year tax charge.



**30. RELATED PARTY TRANSACTIONS**

During the year the following transactions took place between entities in the ClwydAlyn Group (note these transactions and balances are eliminated on consolidation):-

**Received intragroup management income as follows:-**

- Tir Tai Limited £930,916 (2019: £884,467)

**At the year ended 31 March 2020 had the following intragroup balances outstanding: -**

- Tai Elwy Limited a debtor balance of £161,148 (2019: £nil)
- Tir Tai Limited a creditor balance of £25,400 (2019: debtor balance of £155,083)
- PenArian Housing Finance PLC a debtor balance of £128,960 (2019: creditor balance of £37,500)

**31. MOVEMENT IN NET DEBT**

	At 31 March 2019 £'000	Cash flows £'000	At 31 March 2020 £'000
Cash and bank balances	31,914	(15,136)	16,778
Bank overdrafts	(-)	(-)	(-)
	<u>31,914</u>	<u>(15,136)</u>	<u>16,778</u>
Housing loans	(205,649)	882	(204,767)
Current assets investment	65	-	65
	<u>(173,670)</u>	<u>(14,254)</u>	<u>(187,924)</u>

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**32. GROUP RECONSTRUCTION**

On 1 April 2019, Pennaf Limited, Clwyd Alyn Housing Association Limited and Ty Glas Housing Society Limited undertook a group reconstruction to form ClwydAlyn Housing Limited. This group reconstruction has been accounted for using the merger method.

Analysis of the previous year's total comprehensive income

	<b>Clwyd Alyn Housing Association</b>	<b>Ty Glas Housing Society</b>	<b>Pennaf</b>	<b>Amalgamation Adjustments</b>	<b>ClwydAlyn Housing Limited</b>
	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	38,674	3,699	7,486	(5,561)	<b>44,298</b>
Operating Expenditure	(30,852)	(2,537)	(7,071)	5,561	<b>(34,899)</b>
Gain on disposal of properties	409	-	-	-	<b>409</b>
<b>Operating Surplus</b>	<b>8,231</b>	<b>1,162</b>	<b>415</b>	<b>-</b>	<b>9,808</b>
Interest receivable	332	7	-	(12)	<b>327</b>
Interest payable and financing costs	(5,861)	(1,252)	(57)	12	<b>(7,157)</b>
Gift Aid Received	-	120	-	-	<b>120</b>
<b>Surplus before tax</b>	<b>2,702</b>	<b>38</b>	<b>358</b>	<b>-</b>	<b>3,098</b>
Taxation	-	-	(316)	-	<b>(316)</b>
<b>Surplus for the year after tax</b>	<b>2,702</b>	<b>38</b>	<b>42</b>	<b>-</b>	<b>2,782</b>
Actuarial (loss) / gain in respect of pension schemes	(3,999)	(111)	(1,255)	-	<b>(5,365)</b>
<b>Total comprehensive income for the year</b>	<b>(1,297)</b>	<b>(73)</b>	<b>(1,213)</b>	<b>-</b>	<b>(2,583)</b>



**CLWYDALYN HOUSING LIMITED**

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**32. GROUP RECONSTRUCTION (continued)**

The carrying value of the net assets at the date of the group reconstruction are as follows:

	Clwyd Alyn Housing Association	Ty Glas Housing Society	Pennaf	Amalgamation Adjustments	Total
	£000	£000	£000	£000	£000
<b>Fixed assets</b>					
Housing properties	332,442	56,776	-	(385)	388,833
Other tangible fixed assets	3,319	-	953	-	4,272
Homebuy loans receivable	3,218	-	-	-	3,218
Investments	-	-	50	-	50
	338,979	56,776	1,003	(385)	396,376
<b>Current assets</b>					
Stocks	190	-	-	-	190
Debtors due after one year	2,490	-	-	-	2,490
Debtors due within one year	3,772	252	1,471	(1,098)	4,396
Investments	65	-	-	-	65
Cash and cash equivalents	26,970	4,607	305	-	31,882
	33,487	4,859	1,776	(1,098)	39,024
<b>Less: Creditors:</b> amounts falling due within one year	(8,341)	(3,011)	(1,880)	1,098	(12,134)
<b>Net current assets / (liabilities)</b>	25,146	1,848	(104)	-	26,940
<b>Total assets less current liabilities</b>	364,125	58,624	899	(385)	423,263
<b>Creditors:</b> amounts falling due after more than one year	(351,442)	(59,552)	(37)	-	(411,031)
<b>Provisions for liabilities</b>					
Pension provision	(7,346)	(258)	(2,593)	-	(10,197)
Deferred Taxation	-	-	(16)	-	(16)
<b>Total net assets</b>	5,337	(1,186)	(1,747)	(385)	2,019
<b>Reserves</b>					
Non-equity share capital	-	-	-	-	-
Income and expenditure reserve	5,337	(1,186)	(1,747)	(385)	2,019
<b>Total reserves</b>	5,337	(1,186)	(1,747)	(385)	2,019

There have been no adjustments required to align accounting policies.

The amalgamation adjustments relate to historical transfer of properties and transactions between the amalgamated entities.



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