



ClwydAlyn

# Annual Report and Financial Statements



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# Together to beat poverty

## 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 6,200 homes and employs around 750 staff, to deliver a range of housing management related services, which includes care, nursing care and supported housing, development, and repair and maintenance services across North Wales (Denbighshire, Flintshire, Conwy, Wrexham, Powys, Gwynedd 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.

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



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## Chair's Review

At the time of setting the budget last year we were in the early stages of managing the Covid pandemic and none of us anticipated that it would still be having such a significant impact on ClwydAlyn and the way we live our lives 12 months on. That said, I (and the board) am very proud of the way our staff teams have continued to deliver 24/7 services to very vulnerable residents in our Care Homes, Extra Care schemes and Homeless Hostels and Supported Housing. Where residents and staff have contracted the virus, we have contained and minimised infection transmission and fortunately, have had very few deaths. The pandemic has changed our business fundamentally in the short term and we are using this experience positively to shape how we work and what we prioritise for the future.

ClwydAlyn continues to be a financially strong, growing business, known positively for its dynamic vision and values-based approach to employment and service delivery. There is much we have achieved in the last 12 months which we are delighted about. Most notably, we completed a merger with Polish Housing Society, (a small Housing Association in Gwynedd which was failing); we received a Highly Commended Award for "Landlord of the Year" in the UK Housing awards, demonstrating our commitment to providing excellent services to our residents; we worked with Moody's (the Credit Rating agency) and they upgraded the credit rating for ClwydAlyn which is reflective of the confidence that the financial markets have in ClwydAlyn.

Our simplified Governance arrangements continue to serve us well; and we now have two members of our Staff Forum as People Committee members. Despite not being able to meet in person, we have held some successful Board and Committee days on Culture, Equality and Diversity, Horizon scanning, Budget, and Business Planning. We have seen the confidence and impact of the Resident Committee grow positively; and the launch of our new Resident Involvement Strategy #Influence us has seen over 100 new residents engaging with us and giving feedback, views, and insight to inform service change and improvement.

We continue with our business mission to address poverty. We reduced evictions by 85% in 2019/20, and had none in 2020/21, alongside a reduction in rent arrears: an amazing achievement. 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 directly ourselves to create employment and volunteering opportunities. Our next priority is to manage "Anti-social" behaviour in the same proactive, person centred supportive way. A restructure of our Housing Teams will take place to focus more time and resources on prevention (and less on following formal processes).

The Pandemic accelerated our journey to roll out agile working, but more importantly we used the opportunity to ask all teams to develop their own agreement for how their services could be delivered in a way which meets customer expectations but also supports staff who need more flexibility for home schooling/caring for family members or with team members who needed to self-isolate or shield. Some services have introduced new working patterns, others have found they have better outcomes for customers if they use technology rather than face to face support. We set out on a journey in 2020 to review Pay, Terms and



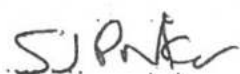
Conditions across the organisation to create a fair and consistent approach. Having implemented market median pay for all staff in Spring 2020, our new and consolidated staff terms and conditions have been agreed with significant input from our Staff Forum and staff right across the Group. We used the Team Agreements to inform the benefits package we need for staff rather than trying to fit a way of working into a model set of terms. Our work to embed our new values and introduce a more open culture and style continues positively; with increased attendance levels/ reduced turnover and stronger staff engagement.

Our approach to business resilience has supported us well during the pandemic and with a stronger and more embedded approach to value for money, procurement and Programme and Project Management we have delivered strong financial performance achieving an operating surplus of 25%.

Our development programme continues to be a high priority. We have had 163 property handovers in 20/21 and are on track to have delivered 1500 new homes by December 2023. We have drawn £15m of our bond in February 2021 and have a further £10m due in 2022. This will enable us to continue with our ambitious new build programme and our new Asset Management strategy, which gives more priority to investing in existing tenants' homes.

We are developing our approach to become a more sustainable business and were delighted to approve our Environmental Strategy recently. Over time, this will ensure that we reduce our carbon footprint both in providing homes which minimise carbon production and are affordable in use; and in the way that we operate as a business; so, this includes taking steps to reduce business travel; for travel and ways of working for our staff to be "greener" and for all areas of spend and influence to be considered through a lens of assessing its impact on the environment.

We are looking ahead now and with excitement for our future... If we can achieve so much during a pandemic then we can plan with ambition and confidence for our future, knowing we can be part of, and influence, the positive change we want to see for North Wales people in beating poverty.



Stephen Porter,  
Group Chair

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# Business Review

ClwydAlyn operates across 7 counties in North and Mid Wales. Our housing portfolio contains just under 4,200 general needs and sheltered properties, 404 leasehold, 332 group homes (where we provide housing for council to house tenants with specific needs), 119 intermediate homes, 330 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. During the year we disposed of 9 underperforming or surplus properties.

In addition to our housing stock we also operate 8 extra care schemes with 449 flats, 4 care homes with 159 beds and 16 supported living schemes which provide accommodation for 230 people and include a homeless shelter and domestic violence refuge.

## General Needs Homes

The past 12 months has seen our Housing Teams provide much needed support to our residents. During the first lockdown we contacted over 5,000 residents to check that they were ok and provided practical and emotional support. Of these residents 787 received ongoing regular support from our staff which involved – weekly calls to check that they were ok, assistance to collect prescriptions, food deliveries etc.

In the Summer we delivered 209 Wellbeing Packs to some of our most vulnerable tenants. The packs contained items for gardening, mental wellbeing, physical wellbeing.

In April 2020 we launched the new Resident Involvement Strategy #InfluenceUs. The revised focus on resident involvement is helping us to shape the future of our services. Over the past 12 months we have been able to keep in contact with residents via zoom, text, social media, phone calls, emails etc. We now have over 100 involved volunteers with numbers rising each week. Residents can choose the level to which they want to be involved with our services and provide feedback at a time that is convenient for them.

We completed 80 gardening projects with Groundworks – supporting residents in Flintshire and Denbighshire who were unable to maintain their garden. We funded 35 initiatives to meet the needs of our communities and residents – garden enhancement projects, VR/Digital Inclusion Sessions, Nature/Wildlife Projects. We secured £29k of funding to support and develop various community wellbeing projects and we came 3<sup>rd</sup> at TPAS awards for our Wellbeing work.

We maintained top/median quartile for resident satisfaction. Overall satisfaction from residents for services they receive is 91% and top quartile.

We welcomed 761 new residents:

245 – Supported Living

101 – Extra Care

364 – General Needs and Sheltered

4 – Shared Ownership

47 – Intermediate rent and Rent-to-Own



We had no evictions for the year and reduced the amount of Possession Notices (NOSPs) that we served from 267 in 19/20 to 5 in 20/21

128 residents were supported via our President Fund with a total spend of £28,770.

We generated £1,108,601 additional income for our residents via the work of our Welfare Rights Team, with 638 residents being supported. We also implemented a rent freeze for 1,232 tenancies based on a review of affordability.

We reduced the arrears from 3.59% to 3.44% but we struggled with our void performance last year due to the initial delays around lockdown restrictions and difficulties in securing materials for void works. Last year we lost £557k of potential rental income through void properties against a target of £372k.

It took us longer to let properties than we normally average. At the year-end our average time to let a property was 28.9 days – our target is 13.

## Assets

Our repairs service and our capital maintenance programmes were severely affected by Covid. Our focus on keeping residents and staff safe meant we drastically reduced our activities in the early part of the year. While we were able to catch up some lost ground in early autumn, the further lockdown in December again hampered progress. Despite this, we have still delivered significant improvements to residents' homes, spending £3.1m on improving existing homes and a further £4.1m in repairing and maintaining them.

During the year we installed:

- 152 Kitchens and bathrooms
- 152 Windows and doors –
- 249 New heating systems
- 129 Homes had adaptations carried out to help residents live well in their homes.
- 528 homes had specific energy saving works which we calculate will save 588 tonnes of carbon each year.

Also, during the year:

- We carried out 19,000 reactive works orders by our in-house repairs team.
- Refurbished 375 void properties.
- Invested £1m in environment works to homes, communal areas and communities.
- Our first-time fix rate was 89%

We remained 100% compliant with our gas certificates and 100% compliance with the Welsh Housing Quality Standards

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 89%.

In the coming year we will be establishing an energy advice partnership with Warm Wales.

During 2020/21 our board approved a new Environmental Vision, and we will begin delivering projects to support this throughout the service. This includes evaluating alternative fuelled vehicles for repairs team, increasing the environmental works in our local communities, and changing the specifications of our kitchens and bathrooms to improve sustainability.

## Supported Housing

Our supported housing services and schemes combine accommodation with support. They are designed to meet the needs of particular groups, such as people with mental health issues, addiction issues, people at risk of domestic violence or teenage parents.

Some schemes and services are designed for people who need support to live independently. Others are short-term and designed to help people acquire the emotional and practical skills needed to move on into more mainstream housing.

The support given to our residents depends on their needs but can include:

- Access to treatment services for alcohol, drug, or health problems.
- Help with getting benefits.
- Developing independent living skills, such as budgeting and cooking.
- Increasing physical and mental wellbeing, including the ability to cope in a crisis.
- Encouragement to reconnect with family and friends or develop new social networks.
- Assistance in taking up education, training, and employment opportunities.

Over the course of the last year, our services have worked creatively with residents to ensure that their support needs have been met despite the challenges presented by Covid. In many instances, we have provided new services and additional support to our local authority partners to ensure individuals were not faced with the prospect of rough sleeping.

Some of the key achievements over the last 12 months include:

- 24 residents entered full time employment.
- 34 residents signed up to college and university courses.
- 17 residents attended courses and/or took up apprenticeships.
- 77 residents moved into their own permanent home following a period of support.
- 2 residents became part of the ClwydAlyn Residents Committee.



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## Extra Care

ClwydAlyn is a leading provider of Extra Care housing within Wales. Our schemes give older people the choice to live in their own home independently with access to innovative, high quality and flexible service provision. Purpose-built, our extra care housing is an alternative to conventional care homes.

The last year was particularly challenging given many of our residents were shielding due to Covid. The impact of having to close the scheme restaurants & communal facilities in addition to limiting visits has weighed heavily, but our staff teams have gone out of their way to support our residents and their wellbeing. Initiatives included:

- Bringing meals to everyone's home.
- Providing residents with wellbeing packs made up of games, puzzles, colouring and craft.
- Hosting sessions such as corridor bingo that enabled residents to participate in events from the safety of their own front door.
- Supporting residents in making Zoom calls to families and friends.
- Theme days with treats provided to residents to boost morale.

Extra Care remains a popular option for older adults, and we will shortly be starting work on a new scheme located in Welshpool town centre. This will be ready for occupancy in the latter half of 2022.

## Care & Nursing

The Group's four Homes provide a range of services that include dementia care, nursing care, general care for the elderly and mental health care for younger adults. In doing so, our fully trained staff support our residents in a caring, relaxed, and homely environment.

The last year has been particularly challenging given the Covid pandemic. Staff teams in all four Homes have worked tirelessly to protect our residents and keep them safe during this period. With both residents and staff now vaccinated, the outlook for the care sector is much improved and we look forward to a brighter outlook in 2021/22.

## Development

Since the commencement of the Development Programme in 2017-18, 630 new homes have been completed, 352 are currently on site and a further 576 are due to start on site over the next 15 months. In addition, a further 424 new homes are in the pipeline bringing a total investment of £330m in developing homes across our 7 Local Authority regions.

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

Specifically, in 2019-20, we completed 162 new homes at a total investment of £28m and 317 new homes started on site. Land was acquired for a further 343 homes.

Our 9<sup>th</sup> Extra Care project for older people was started in Welshpool, Powys, providing 66 new self-contained apartments with a range of on-site communal facilities. This project blends the restoration of a Grade II listed municipal building with a new build addition in partnership with the Council and Welsh Government. It is also supported by CADW, the body in Wales responsible for protecting buildings of significant historical interest, to bring an empty former office complex back into use.

During the year we continued to procure our projects with the right contractors including locally based companies who provide more local jobs, apprenticeships, and training opportunities as part of their activities. We also ensured that more supplies and labour were sourced from local communities and encouraged the use of materials which are sustainable and locally sourced. Following the completion of our first ultra-low carbon project in Denbighshire using Welsh grown timber from sustainable forestry, we commenced a further 115 new homes continuing this initiative. These will also be constructed using off-site manufacturing of a panelled system in a local town to provide the superstructure and timber products for the new homes. As a further pilot, we have partnered with our contractor on these schemes to train and utilise skills from HMP Berwyn in Wrexham to deliver elements of the construction in a factory setting to assist in the rehabilitation of people in the prison system.

In 2020-21 we added 23 more properties for the Rent to Own initiative to our stock bringing our total to 59 at an investment of £12m. A further 67 are in the pipeline for delivery in the next 15 months. 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.

## **Polish Housing Society**

During the year we took over the Polish Housing Society, a small organisation in Gwynedd. It operated a 43-bed care home and 95 sheltered homes on a single 20-acre site in Gwynedd. It had financial and regulatory problems and as a consequence the care home closed. The Welsh Government asked ClwydAlyn to intervene. In September 2020, ClwydAlyn acquired the organisation and supported the careful closure of the care home and took on management of the sheltered houses. We are now working with the Council, Welsh Government and NHS on plans to provide a new care facility and redevelopment of the sheltered housing to provide a much better quality of service.

The society had been making losses, but the closure of the home and cost saving measures meant that it returned a small surplus at the end of the year. The site added around £2m to the value of our assets. The redevelopment of the site is likely to begin in 2022 and take several years.



# Corporate Social Responsibility – Environmental, Social and Governance Report

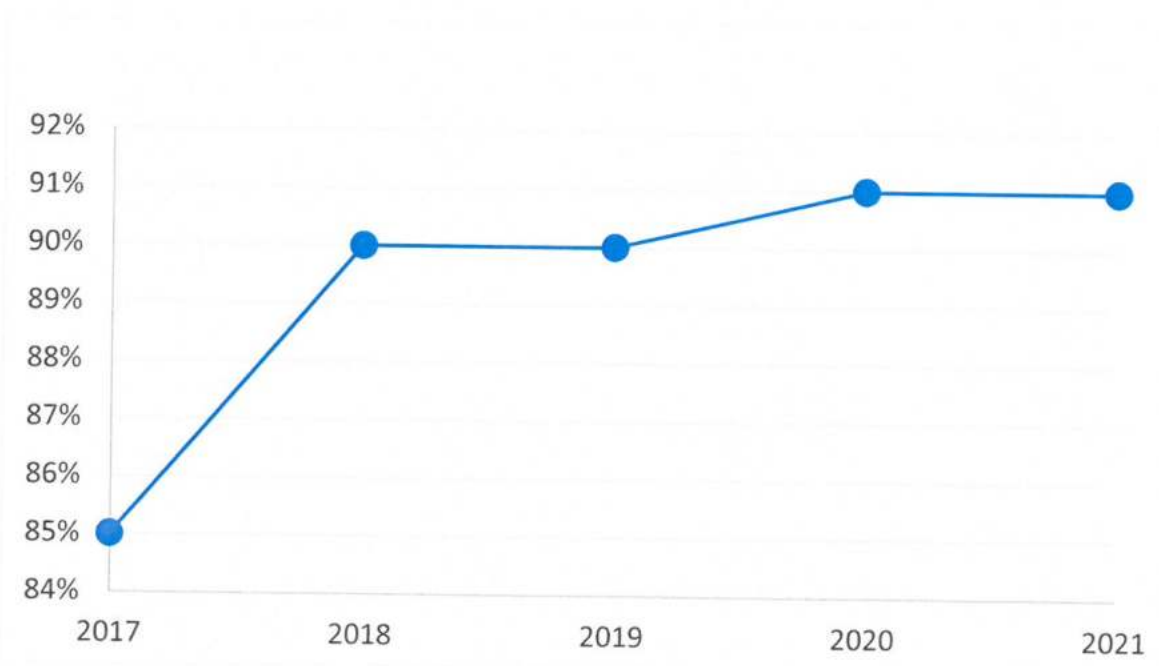
ClwydAlyn takes its Environmental, Social and Governance (ESG) responsibilities very seriously. Last year we produced a Corporate Social Responsibility Report detailing the efforts we were making to improve our communities. This year we have signed up as 'Early Adopters' to the Sustainability Reporting Standard for Social Housing. This means we will produce a separate report on our ESG impact. The report will contain information about activities we have undertaken and assesses our performance against 48 criteria. During the year we also launched our new Environmental Vision detailing our aspirations to improve our environmental impact over the medium term.

## Customer Satisfaction

The combined results from the four 'STAR' surveys carried out in 2020/21 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 remained at 91%. 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 upper quartile.

Graph 1: Overall Customer Satisfaction with ClwydAlyn

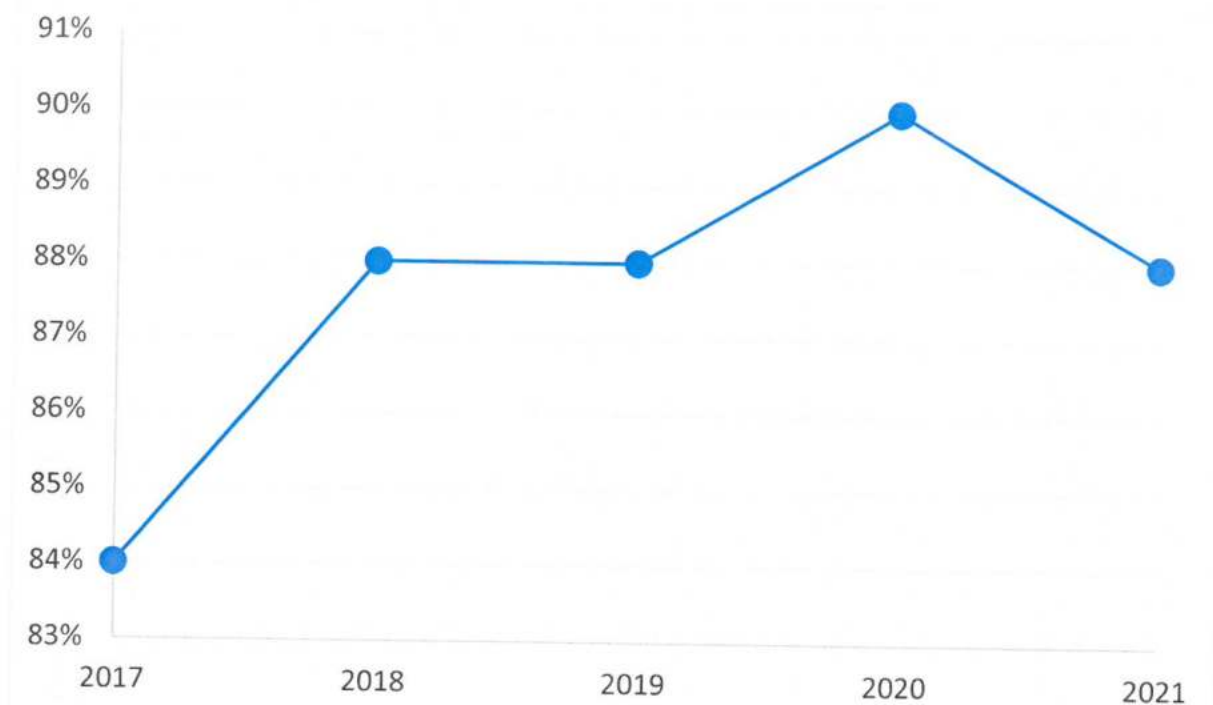


Graph 2: Customer Satisfaction with Value for Money – Rent

Trust

Kindness

Hope



## Governance

There are three active companies within the ClwydAlyn 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, is 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 resident board member and nine 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

### Executive Directors:

Clare Budden	Group Chief Executive
Paul McGrady	Executive Director Resources
Craig Sparrow	Executive Director Development
Dave Lewis	Executive Director Asset Management
Elaine Gilbert	Executive Director People, Marketing, and Communications
Suzanne Mazzone	Executive Director of Housing Services
Edward Hughes	Executive Director of Care and Support

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

### Board Members

Name	Board/Committee	Appointed	Stood Down
Mr Stephen Porter	Chair ClwydAlyn, PenArian, TirTai Board and People and Property Committee	March 2015	
Mr Paul Robinson	Vice Chair ClwydAlyn and PenArian Board and Chair Assurance Committee	January 2015	
Eileen Smith-Hughes	ClwydAlyn Board and People Committee	August 2016	
Frazer Jones	ClwydAlyn Board and Assurance Committee	January 2015	
Mike Hornsby	ClwydAlyn, PenArian, TirTai Board and Chair Property Committee	November 2012	
Nia Wynne Hughes	ClwydAlyn and TirTai Board and Assurance Committee	October 2019	

Trust

Kindness

Hope

Rob Morton	ClwydAlyn Board, Assurance and Property Committee	April 2020	
Roger Rowett	ClwydAlyn Board and People Committee	May 2020	
Sandy Mewies	ClwydAlyn Board and Property Committee	October 2016	
Sara Mogel	ClwydAlyn Board and Chair, People Committee	January 2015	
Clare Budden	ClwydAlyn, TirTai, PenArian Board	April 2018	
Edward Hughes	ClwydAlyn Board	November 2020	
Owen Watkins	ClwydAlyn Board	April 2016	Sept 2020
Susan Todd	ClwydAlyn Board and Resident Committee	March 2020	Mar 2021

### Independent Committee Members

Name and Committee	Appointed
Hayley Hulme – Property Committee	January 2021
Kathy Jones – Assurance Committee	September 2020
Debbie Attwood – People Committee	November 2019
Eileen Wood – Assurance Committee	November 2019
Owen Watkins – Assurance Committee	April 2015

### Residents' Committee Members

Name	Appointed
Peter Smith-Hughes, Chair	January 2018
Carol Quinn	September 2019
Gemma Minards	September 2019
Susan Wilson	September 2019
Sandra Baughan	September 2019
Brian Strefford	January 2018
Karolyn Lee	January 2020
Tasmin Roberts	January 2020
Michelle Griffiths	March 2020
Susan Todd, Resident Board Member	Appointed March 2020 – Resigned March 2021



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 March 2021 and was 'Standard' for both governance and financial management, which is the highest assurance you can receive.

## Staff

At the end of the financial year, we employed 779 staff.

Our Corporate plan sets out our vision for 2025; 'We are creating an exciting, innovative, inspiring and fun company for our employees who will all share our values'.

'Our employees will continue to have opportunities to grow and develop with us. We will reward staff appropriately for their work and we will encourage and support their health and wellbeing. We are developing an inclusive, diverse workforce; with role models and Leaders at all levels to encourage growth and ambition.' During this financial year, despite being plunged into a global pandemic, we have made some fantastic progress.

In support of our cultural change, we have developed two behavioral frameworks to continue to embed our values of Trust, Kindness and Hope. The starting point came about by asking "what behaviours and mindsets do we need to change to create an environment of trust where we resolve people issues positively. Some of the key themes included viewing conflict as a positive opportunity for a meaningful conversation, having the confidence to have brave conversations early on, feeling empowered to make decisions, moving towards a person-centred approach across the organisation. To support this, we have introduced values-based recruitment, and we now have meaningful conversations with candidates to find out what motivates them, and we ask them to share experiences from both their personal and work lives. Our role as an interviewer is to make them feel comfortable, bring the best out of them and to showcase the great work we do.



Putting people at the heart of everything we do led us to decide to become one of the first Trauma aware housing associations in Wales which will ensure that all staff understand the impact that adverse childhood experiences have and develop the necessary skills to support our staff and residents.

We've joined other Housing Associations in Wales to sign up to Tai Pawb's 'Deeds Not Words' Pledge to address racial inequality. This forms part of a series of conversations about what belonging and inclusion means within ClwydAlyn. We have created the role of 'Inclusion Specialist' to support our staff and we are

gathering feedback from staff through personal stories focus groups to influence our approach to Inclusion.

We continue to be members of 'Working Families' who are the UK's work-life balance charity. Their mission is to remove the barriers that people with caring responsibilities face in the workplace. Through their annual survey, our benchmark has increased by 144 points and our strongest area of improvement was in the flexibility that we offer staff as demonstrated through our Team Agreements which have changed the way we do our work.

In April 2020 we offered all staff the opportunity to move away from their existing pay arrangements and on to market median pay. We continue to be a Living Wage employer with the lowest rate of pay being £9.30 per hour during this period. In turn, this had an impact on our gender pay gap as a number of our traditionally male dominated roles were behind the market. Our mean gender pay gap is 18.93%. This has increased slightly when compared with our 2019 data which was 18.16%. Our median gender pay gap is 22.20%. This has increased when compared with our 2019 data which was 11.39%.

We have commenced a comprehensive review of Terms and Conditions of employment to introduce a consistent approach across the organisation.

In September, we welcomed 73 new colleagues from Polish Housing Society to ClwydAlyn through our merger with Polish Housing Society. In what was a difficult time with the closure of the Care Home being announced prior to the merger, significant support was provided to the staff who were joining us.

Throughout the year, we have continually looked for ways to engage with our staff. During a recent staff survey, 92% of staff said they felt happy at work. We are delighted to see that our staff turnover reduced from 16.89% to 10.22% during the year and days lost due to sickness absence also reduced by 26% in comparison to the previous year.

87% of staff said that they trust ClwydAlyn in our latest pulse survey, this is 10% more than an earlier survey in the year.

The Covid-19 pandemic has impacted all of our people in one way or another. It gave us an opportunity to show that we will support our people – whether you're a member of staff or one of our residents. Approximately 10% of our staff volunteered to take up different roles in our critical services to support our residents. Our staff teams worked tirelessly throughout this period; we recognised this through thankyou's and individual payments for the fantastic support they are providing through such challenging circumstances.

During the year, we continued with three initiatives to support people into employment. We've worked with employability partners including Crest and Project Search to support people from our communities into sustained and positive employment. We've successfully supported 36 people through our programmes this year.

Our social media profile has increased this year is increases in engagement seen across Twitter, Facebook, LinkedIn and Instagram.



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## 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 revised resilience plan agreed with the Board in 2021. 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

## 1. Strategic FINANCE Owner Paul McGrady

## 2. Strategic REPUTATIONAL Owner Elaine Gilbert

## 3. Strategic FALL IN INCOME OR RISE IN EXPENDITURE Owners Ed Hughes & Suzanne Mazzone

## 4. Strategic GOVERNANCE FAILURE Owner Craig Sparrow

## 5. Strategic FAILURE TO DECARBONISE AND RESPOND TO CLIMATE CHANGE Owner Dave Lewis



### Operational

1. Cash crisis & inability to access finance.
2. Non-compliance with funding arrangements.
3. Failure to meet credit rating requirements.
4. Treasury Strategy that fails to support the Business Plan.
5. Capital / Development delays impacting on income and future investment.
6. Fundamental changes to grant funding.
7. Lack of properties to secure borrowing against.
8. Impact of a strategic change i.e. rent cuts.

### Operational

1. Successful equal pay claim or failure to address the Gender Pay Gap.
2. Proposals to change pay, terms and conditions not accepted by staff and damages trust and confidence.
3. Failure to safeguard employees, residents and contractors from accident or injury.
4. Values based culture not embedded, leading to failure to deliver the Group mission.
5. Reduced Tenant and Stakeholder satisfaction.
6. Failure to respond well to a crisis.

### Operational

1. Increase in arrears as a result of benefit changes and bad debts.
2. Cuts to capital and revenue grants.
3. Increase in property void and repair costs.
4. Negative Brexit impact leads to increase in costs.
5. Unaffordable rents and service charges impact on demand.
6. Impairment, cost of delivering the asset strategy and asset disposal.
7. Expenditure in supported Living and Care/Nursing Homes exceeds income.
8. Increase in staff, agency and relief staff costs.
9. Government Policy change as a result of a new political party.

### Operational

1. General data protection regulation breach.
2. Welsh Government regulatory compliance breach.
3. Non-compliance with Anti-money laundering, FCA and Bribery and Corruption Law.
4. Health & safety failure.
5. Poor regulatory report from CIW.
6. Safeguarding failure.
7. Business continuity failure.
8. Data Integrity.
9. Board effectiveness including resident scrutiny.
10. Failure to respond to changing governance requirements i.e. Welsh Government Compliance or changes in Government Policy or legislation.
11. Ineffective Business Planning and strategic plan.

### Operational

1. Insufficient funding to meet future carbon reduction requirements.
2. Business practices have a detrimental impact on the climate and the environment.
3. Impact of extreme weather, flooding and excessive hot weather leading to an inability to deliver services and protect residents.
4. Tools and resources provided to address climate change but no behaviour changes from residents and staff.
5. Impact of any new external challenges, innovation or changes.
6. Failure to embed the need to decarbonise through lack of understanding.

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# Financial Summary

The group's financial highlights for the year

- Retained 'A Stable' credit rating with Standard and Poor's
- Received credit rating upgrade to A3 (previously Baa1) from Moody's (this is an unsolicited rating)
- Retained Welsh Government highest financial viability rating of 'standard'
- Maintained Operating Margin from at 25%
- Drew down £15m from deferred sale of corporate bond.
- Finalised additional £10m Revolving Credit Facility with Barclays moving from £25m to £35m.
- Completed the acquisition of the Polish Housing Society with £2m assets added to our balance sheet.
- 162 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 2021 ClwydAlyn's cash and investments totalled £32m. 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 2020 this was renegotiated with a new facility secured in May 2021 to extend the facility back to 5 years, increase the amount available to £35m and reduce the rate to 1.1% above Libor. The pending move to the SONIA benchmark will require this agreement to be revised.

During 2019/20 ClwydAlyn agreed a deferred sale of part of its retained corporate bond. £15m was received in February 2021 with a further £10m due in February 2022. The deferred sale and the extension of our RCF were undertaken as part of a strategy to ensure sufficient liquidity in a time of significant uncertainty with both the Covid pandemic and Brexit affecting the country during this financial year.

In line with the Association's Treasury procedures, Barclays, Santander, Lloyds, and Nationwide have been used to deposit excess funds during the year. 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. As the year progressed and the need for immediate access to funds diminished, we returned to operating these accounts as normal. Grant funding from the Welsh Government for our development plan, plus receipts from asset sales and the delays to our capital works programmes, meant that we ended the year in a very strong cash position.

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

<b>Loan facility</b>	<b>2020 £'000</b>	<b>2021 £'000</b>
Fixed rate	204,768	225,817
Variable rate	0	0
<b>Total</b>	<b>204,768</b>	<b>225,817</b>
<b>Available unused facilities</b>	<b>25,000</b>	<b>35,000</b>
<b>Average interest rate</b>	<b>3.53%</b>	<b>3.67%</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	Outturn
Interest Cover (RCF/SLI)	>110% Covenant >120% Golden rule	RCF 158% SLI 124%
Gearing (RCF)	<65% Covenant <55% Golden rule	45%
Liquidity (short term)	£5m cash available	£31.981m cash held at year end
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)	120.88%
Debt / EBITDA MRI	Credit Agency <20 and reducing	18.8
Debt to Revenue	Credit Agency <5 and reducing	4.6

## 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.



## 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 launched a tenant portal to allow residents to pay rent, check balances and report repair requests on-line. We also carried out procurements of new gas and electricity contracts and have begun procurement for new cleaning materials and in collaboration with other Housing Associations are procuring a new building materials contract.

## Covid19

Towards the end of 2019/20, the Covid pandemic was confirmed in the UK. The overall short-term impact on the group's financial position in 2020/21 has been minimal. This is due to the fact we were able to access additional support from local councils and Welsh Government, as well as some support through the UK government's furlough scheme. In addition, delays to works and cost savings such as a vacancy freeze, significantly reduced our expenditure and meant we achieved our target of a 25% operating margin. Arrears were stable throughout the year, and no increase in bad debts was seen. We will continue to monitor arrears carefully over the coming year and offer support to any residents that are struggling.

We will also have to reprofile our capital investment programme to attempt to catch up

**The Strategic Report was approved by the Board on 26<sup>th</sup> July 2021 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 6 Executive Directors (as at 31<sup>st</sup> March 2021).

## Audit

Beevers and Struthers provides external audit services and RSM performs internal audit services. 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 (2020: none). The Group made donations to charitable organisations of £100k (2020: £125k)

## 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**

In April 2020 we offered all staff the opportunity to move away from their existing pay arrangements and on to market median pay. We continue to be a Living Wage employer with the lowest rate of pay being £9.30 per hour during this period. In turn, this had an impact on our gender pay gap as a number of our traditionally male dominated roles were behind the market. Our mean gender pay gap is 18.93%. This has increased slightly when compared with our 2019 data which was 18.16%. Our median gender pay gap is 22.20%. This has increased when compared with our 2019 data which was 11.39%.

We've joined other Housing Associations in Wales to sign up to Tai Pawb's 'Deeds Not Words' Pledge to address racial inequality. This forms part of a series of conversations about what belonging and inclusion means within ClwydAlyn. We have created the role of 'Inclusion Specialist' to support our staff and we are gathering feedback from staff through personal stories focus groups to influence our approach to Inclusion.

## **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 2021.



# 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).

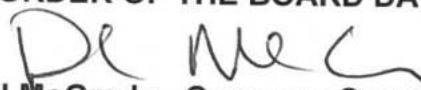
## Disclosure of Information to the Auditor

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: 26<sup>th</sup> July 2021

  
Paul McGrady - Company Secretary

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# 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 2021 which comprise the Group and Association Statement of Comprehensive Income, Group and Association Statement of Financial Position, Group and Association Statement of Changes in Reserves, Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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



### **Other information**

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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:

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

### **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 23 to 24, 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 25, 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 has 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.

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.



Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### **Use of our report**

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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: 16 September 2021

# CLWYDALYN HOUSING LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>TURNOVER</b>	3	47,974	46,065
Operating costs	3	(36,632)	(35,643)
Surplus on sale of fixed asset properties	5	5 975	<del>580</del>
<b>OPERATING SURPLUS</b>		<b>12,317</b>	<b>11,362</b>
Interest receivable and similar income		225	170
Interest payable and similar charges	6	(7,215)	(7,570)
Transfer of engagements	32	2,201	0
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>7,528</b>	<b>3,962</b>
Tax on surplus on ordinary activities	7	0	6
<b>SURPLUS FOR THE YEAR</b>		<b>7,528</b>	<b>3,968</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial loss in respect of pension scheme	19	(6,032)	5,335
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,496</b>	<b>9,303</b>

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

### GROUP STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2019	587	587
Surplus and total comprehensive income for the year	9,303	9,303
At 31 March 2020	9,890	9,890
Surplus and total comprehensive expenditure for the year	1,496	1,496
<b>At 31 March 2021</b>	<b>11,386</b>	<b>11,386</b>

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*P. Robinson*

Mr P McGrady - Secretary

*P McGrady*

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# CLWYDALYN HOUSING LIMITED

## COMPANY STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>TURNOVER</b>	3	<b>48,994</b>	46,846
Operating costs	3	(37,723)	(36,354)
Surplus on sale of fixed asset properties	5	975	<del>528</del>
<b>OPERATING SURPLUS</b>		<b>12,246</b>	11,432
Interest receivable and similar income		225	170
Interest payable and similar charges	6	(7,215)	(7,570)
Gift Aid Receivable		150	310
Transfer of engagement	32	2,201	
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>7,606</b>	4,342
Tax on surplus on ordinary activities	7	0	16
<b>SURPLUS FOR THE YEAR</b>		<b>7,606</b>	4,358
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial loss in respect of pension scheme	19	(6,032)	5,334
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,574</b>	9,692

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

### COMPANY STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2019	2,019	2,019
Surplus and total comprehensive income for the year	9,692	9,692
At 31 March 2020	11,711	11,711
Deficit and total comprehensive expenditure for the year	1,574	1,607
At 31 March 2021	<b>13,285</b>	<b>13,319</b>

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*P. Robinson*

Mr P McGrady - Secretary

*P McGrady*

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## CLWYDALYN HOUSING LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

IP 22360R

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	491,456	469,498
- Depreciation	11	(64,583)	(60,250)
		<u>426,873</u>	<u>409,248</u>
Other tangible fixed assets	12	4,873	4,680
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,080	3,218
		<u>434,826</u>	<u>417,146</u>
<b>CURRENT ASSETS</b>			
Stocks	14	10,246	636
Debtors – due after one year	15	3,443	2,349
Debtors – due within one year	15	3,583	4,101
Investments	16	65	65
Cash at bank and cash equivalents		31,981	16,779
		<u>49,318</u>	<u>23,930</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(13,306)	(11,470)
<b>NET CURRENT ASSETS</b>		<u>36,012</u>	<u>12,460</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>470,838</u>	<u>429,606</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(450,238)	(415,612)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(9,214)	(4,104)
<b>DEFERRED TAXATION</b>	22	-	-
<b>NET ASSETS</b>		<u>11,386</u>	<u>9,890</u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital		-	-
Reserves	23	11,386	9,890
		<u>11,386</u>	<u>9,890</u>

The financial statements on pages 30 to 66 were approved by the Board of Management on 26<sup>th</sup> July 2021 and were signed on its behalf by:

Mr S Porter - Chair

Mr P Robinson - Vice Chair

Mr P McGrady - Secretary

*S Porter*  
*P. Robinson*  
*P McGrady*

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## CLWYDALYN HOUSING LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

IP 22360R

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	493,457	471,341
- Depreciation	11	(64,583)	(60,250)
		<u>428,874</u>	<u>411,091</u>
Other tangible fixed assets	12	4,873	4,680
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,080	3,218
Investments	27	50	50
		<u>436,877</u>	<u>419,039</u>
<b>CURRENT ASSETS</b>			
Stocks	14	10,246	636
Debtors – due after one year	15	3,443	2,349
Debtors – due within one year	15	3,462	4,343
Investments	16	65	65
Cash at bank and cash equivalents		31,693	16,429
		<u>48,909</u>	<u>23,822</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(12,495)	(9,647)
<b>NET CURRENT ASSETS</b>		<u>36,414</u>	<u>14,175</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>473,291</u>	<u>433,214</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(450,791)	(417,399)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(9,214)	(4,104)
<b>DEFERRED TAXATION</b>	22	-	-
<b>NET ASSETS</b>		<u>13,286</u>	<u>11,711</u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital		-	-
Reserves	23	13,286	11,711
		<u>13,286</u>	<u>11,711</u>

The financial statements on pages 30 to 66 were approved by the Board of Management on 26<sup>th</sup> July 2021 and were signed on its behalf by:

Mr S Porter - Chair  
 Mr P Robinson - Vice Chair  
 Mr P McGrady - Secretary

*S. Porter*  
*P. P. Robinson*  
*P. McGrady*

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**CLWYDALYN HOUSING LIMITED**
**GROUP CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2021**

	2021	2020
	£'000	£'000
<b>Cash from operating activities</b>		
Surplus / (deficit) for the financial year	1,496	9,303
Depreciation of fixed assets	5,390	5,082
Impairment losses	-	-
Amortised grant	(1,624)	(1,731)
Interest payable	7,215	7,639
Interest received	(225)	(170)
Tax on surplus for the year	-	(6)
(Increase) / decrease in trade and other debtors	(577)	(459)
Increase / (decrease) in trade and other creditors	1,751	(867)
(Increase) / decrease in stocks	(9,610)	(445)
Increase / (decrease) in provisions	5,110	(6,094)
Add back deficit / (surplus) on sale of fixed assets	(975)	(940)
Difference between pension expense / cash contribution	-	(1)
<b>Cash from operations</b>	<b>7,952</b>	<b>11,311</b>
<b>Taxation paid</b>	<b>(5)</b>	<b>(5)</b>
<b>Net cash generated from operating activities</b>	<b>7,947</b>	<b>11,306</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets – housing properties	(23,108)	(26,692)
Purchase of fixed assets – other	(758)	(888)
Proceeds from sale of fixed assets	1,960	1,176
Grants received	17,083	8,373
Grants repaid	(226)	(59)
Interest received	225	170
<b>Net cash from investing activities</b>	<b>(4,824)</b>	<b>(17,920)</b>
<b>Cash flows from financing activities</b>		
Interest paid and loan breakage costs	(7,517)	(7,639)
New loans	19,929	-
Loans repaid	(432)	(939)
Debt issue costs incurred	100	57
<b>Net cash used in financing activities</b>	<b>12,080</b>	<b>(8,521)</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,203</b>	<b>(15,135)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16,779</b>	<b>31,914</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>31,982</b>	<b>16,779</b>
<b>Free cash flow</b>		
<b>Net cash generated from operating activities,</b>	<b>7,947</b>	<b>11,183</b>
Interest paid	(7,517)	(7,639)
Interest received	225	170
<b>Adjustments for reinvestment in existing properties:</b>		
Component replacements	(1,963)	(3,521)
<b>Free cash generated before loan repayments</b>	<b>(1,308)</b>	<b>193</b>
Loans repaid	(432)	(939)
<b>Free cash generated after loan repayments</b>	<b>(1,740)</b>	<b>(746)</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 2021.

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 2021.

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 and properties acquired as part of the Welsh Governments Rent to Own scheme, an initiative to support first time buyers by retaining 25% of rental income for use as a deposit for future purchase. 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.

**2 JUDGEMENTS IN APPLYING POLICIES**

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.
- 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 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

**3 KEY SOURCES OF ESTIMATION UNCERTAINTY**

- 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 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.
- 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 2020/21 and it does not expect any impact during 2021/22.



**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

**3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS / (DEFICIT)**

GROUP	2021			2020		
	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>46,980</b>	<b>(36,432)</b>	<b>10,548</b>	<b>45,006</b>	<b>(35,142)</b>	<b>9,864</b>
<b>Other social housing activities</b>						
First tranche property sales	-	-	-	48	(15)	33
Sales and marketing	7	-	7	16	-	16
Development overheads written off	-	(43)	(43)	-	(30)	(30)
Other	683	-	683	453	-	453
<b>Non-social housing activities</b>						
Lettings	299	(46)	253	378	(256)	122
Other	5	(111)	(106)	164	(200)	(36)
<b>Total</b>	<b>47,974</b>	<b>(36,632)</b>	<b>11,342</b>	<b>46,065</b>	<b>(35,643)</b>	<b>10,422</b>

Operating surplus in Statement of Comprehensive Income of £12.317m includes gain of £975k (2020: £940k) on disposal of housing properties.

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2021

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS / (DEFICIT)						
COMPANY	2021			2020		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 4)	46,980	(36,432)	10,548	45,006	(35,143)	9,863
Other social housing activities						
First tranche property sales	-	-	-	48	(15)	33
Sales and marketing	7	-	7	16	-	16
Development Services	1,089	(1,073)	16	931	(917)	14
Development overheads written off	-	(59)	(59)	-	(30)	(30)
Other	683	-	683	453	-	453
Non-social housing activities						
Lettings	230	(46)	184	228	(36)	192
Other	5	(113)	(108)	164	(213)	(49)
Total	48,994	(37,723)	11,271	46,846	(36,354)	10,492

Operating surplus in Statement of Comprehensive Income of £12.246m includes gains of £975k (2020: £940k) on disposal of housing properties.



## CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## 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	2021 Total £'000	2020 Total £'000
<b>Income</b>					
Rents receivable	25,302	965	1,274	27,541	27,249
Service charges receivable	4,282	1,803	6,944	13,029	12,112
Income for support services	0	3,146	559	3,705	3,507
Other income from lettings	112	409	477	998	512
Amortised grants	1,580	63	64	1,707	1,625
Turnover from social housing lettings	31,276	6,386	9,318	46,980	45,006
<b>Cost</b>					
Management costs	4,410	366	1,303	6,079	6,026
Service costs	6,911	4,843	6,787	18,541	17,122
Routine maintenance	5,349	240	318	5,906	5,933
Major repairs expenditure	919	-	5	924	980
Bad debts	10	82	64	156	369
Depreciation of housing properties	4,330	262	233	4,826	4,712
Operating costs on social housing activities	21,929	5,794	8,710	36,433	35,142
Operating surplus on social housing lettings	9,347	593	608	10,547	9,864
<b>Void Losses</b>					
Rent loss due to voids	272	33	825	1,131	616
Service charge loss due to voids	97	62	2	160	116
<b>Total Void Loss</b>	369	95	827	1,291	732

## 5. SALES OF FIXED ASSET PROPERTIES

	Shared ownership further tranches	Right to Buy & to Acquire & Other	Total 2021	Total 2020
GROUP and COMPANY	£'000	£'000	£'000	£'000
Proceeds of sales	945	1,174	2,119	1,814
Cost of sales: NBV	(250)	(894)	(1,144)	(874)
Surplus	695	280	975	940

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
GROUP and COMPANY	£'000	£'000
Bank loans, overdrafts, and other loans:		
- by instalments	7,285	7,234
- other than by instalments	172	179
Unwinding of the pension deficit (note 19)	-	1
Interest on DB pension scheme liabilities	85	225
	7,542	7,639
Less: Capitalised	(327)	(69)
Total Interest Payable	7,215	7,570

The sum for capitalised interest relates to loans which are fixed rate. The average rate for the period was 3.67% (2020: 3.53%).



## 7. TAXATION

	2021 £'000	2020 £'000
<b>GROUP</b>		
UK Corporation tax charge for the year	-	5
Adjustments in respect of prior years	-	5
<b>Total current tax charge for the year</b>	-	10
Deferred tax charge / (credit) for the year	-	(16)
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	-	(16)
<b>Total tax charge for the year</b>	-	(6)
<b>Factors affecting the current tax charge for the year:</b>		
(Loss) / profit for the year before taxation	7,527	4,273
Tax on (loss) / profit on ordinary activities at 19% (2020: 19%)	1,430	812
Fixed assets differences	810	764
Income / expenses not deductible for tax purposes	(2,195)	7,385
Adjust deferred tax to average rate	-	(8,896)
Amounts charged/(credited) directly to STRGL or transferred	(29)	(59)
Other permanent differences	1	-
Adjustments in respect of prior years	-	5
Group relief surrendered/(claimed)	(1)	-
Deferred tax not recognised	(16)	(24)
Adjust closing deferred tax to average rate	-	-
Adjust opening deferred tax to average rate	-	24
Deferred tax adjustments in respect of prior years	-	(16)
<b>Total tax charge for the year</b>	-	(6)
<b>COMPANY</b>		
UK Corporation tax at 19% (2020: 19%)	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax charge for the year</b>	-	-
Deferred tax origination and reversal of timing differences	-	(16)
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	-	(16)
<b>Total tax charge for the year</b>	-	(16)
<b>Factors affecting the current tax charge for the year:</b>		
Profit for the year before taxation	7,527	4,342
Current tax payable at 19% (2020: 19%)	1,430	825

**CLWYDALYN HOUSING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the year ended 31 March 2021**
**7. TAXATION (Continued)**

	2021	2020
	£'000	£'000
Fixed asset differences	810	764
Expenses not deductible for tax purposes	7,472	7,321
Income not deductible for tax purposes	(9,697)	(8,897)
Amounts (charged)/credited to STRGL or transferred	-	-
Adjust deferred tax in respect of prior years	-	(16)
Adjust closing deferred tax to average rate of 19%	-	-
Adjust opening deferred tax to average rate of 19%	-	24
Deferred tax not recognised	(7)	(37)
Group relief surrendered/(claimed)	(8)	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>(16)</b>

**8. AUDITOR REMUNERATION**

	2021	2020
	£'000	£'000
<b>GROUP</b>		
In their capacity as auditor (excluding VAT)	36	34
In respect of other services (excluding VAT)	3	3
<b>COMPANY</b>		
In their capacity as auditor (excluding VAT)	26	17
In respect of other services (excluding VAT)	3	3

**9. STAFF COSTS**

	2021	2020
	£'000	£'000
<b>GROUP and COMPANY</b>		
Staff costs including directors:		
Wages and salaries	17,357	15,961
Social security costs	1,439	1,298
Other pension costs	780	786
Defined benefit pension deficit recovery charge (note 19)	-	(1)
	<b>19,576</b>	<b>18,044</b>

Average number of full-time equivalent persons (including executive directors) employed during the year:

	Number	Number
Office staff	107	98
Housing staff	37	32
Care staff	514	518
Maintenance	112	109
<b>Total employees</b>	<b>770</b>	<b>757</b>
<b>Total employees at the year end</b>	<b>779</b>	<b>753</b>

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**10. KEY MANAGEMENT PERSONNEL REMUNERATION**

Key management personnel comprise the executive and non-executive directors.  
Total remuneration amounted to £833k, (2020: £910k).

<b>GROUP AND COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Remuneration for executive directors for the year ended 31 March 2021</b>	<b>750</b>	<b>846</b>

The remuneration for executive directors disclosed above include pension contributions.

<b>Non-executive Board Member remuneration for the year ended 31 March 2021:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Sandy Mewies	5	5
Stephen Porter	10	9
Mike Hornsby	6	6
Sarah Horrocks	0	5
Paul Robinson	6	7
Peter Lewis (Resigned 21/5/19)	0	1
Roger Rowett	17	0
Frazer Jones	5	5
Peter Smith-Hughes (Resigned 31/3/19)	0	6
Sara Mogel	6	5
Eileen Smith-Hughes	5	5
Owen Watkins	3	5
Nia Hughes	5	2
Rob Morton	5	3
Susan Todd	5	0
	<b>78</b>	<b>64</b>

Non-executive Board Members receive remuneration for services only and there is no pension liability.

The highest paid executive excluding pension contributions.	<b>128</b>	<b>126</b>
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The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

**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:

	2021	2020
£60,000 - £69,999	-	-
£80,000 - £89,999	2	1
£90,000 - £99,999	2	1
£100,000 - £109,999	0	1
£110,000 - £119,999	1	1
£120,000 - £129,999	1	1
£150,000 - £159,999	1	1
£160,000 - £169,999	0	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.



**CLWYDALYN HOUSING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the year ended 31 March 2021**
**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 2020	415,023	31,396	22,670	409	469,498
Additions – components	1,963	-	-	-	1,963
Additions	-	20,405	-	1,066	21,472
Disposals components	(326)	-	-	-	(326)
Disposals - other	(878)	-	(273)	-	(1,151)
Schemes completed	29,354	(29,354)	1,475	(1,475)	-
At 31 March 2021	445,136	22,448	23,872	-	491,456
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 April 2020	56,483	-	3,767	-	60,250
Charge for the year	4,610	-	216	-	4,826
Impairment Losses	-	-	-	-	-
Disposals	(453)	-	(40)	-	(493)
At 31 March 2021	60,640	-	3,943	-	64,583
<b>NET BOOK VALUE</b>					
<b>At 31 March 2021</b>	<b>382,257</b>	<b>24,687</b>	<b>19,929</b>	<b>-</b>	<b>426,873</b>
At 31 March 2020	358,540	31,396	18,903	409	409,248

All housing properties are freehold.

Surpluses totalling £2m generated by Tir Tai (development subsidiary) though recharges to ClwydAlyn (parent company) have been consolidated out of the Group's housing property costs.

Maintenance expenditure of £1.96m was capitalised to existing properties in the year (2020 £3.52m).

Total maintenance expenditure to existing properties of £6.830m (2020 £6.924m) 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 £3.668m (2020 £3.341m).

The carrying amount of the housing properties that have been pledged as security for the housing loans (including undrawn facilities) is £259m (2020 £259m).

**Trust**

**Kindness**

**Hope**

**CLWYDALYN HOUSING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the year ended 31 March 2021**
**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 2020	3,709	396	4,850	1,317	10,271
Additions	22	10	634	91	758
Disposal	-	-	-	(17)	(17)
At 31 March 2021	3,731	406	5,484	1,391	11,012
<b>DEPRECIATION</b>					
At 1 April 2020	948	306	3,532	805	5,591
Charge for year	76	21	310	158	565
Disposals	-	-	-	(17)	(17)
At 31 March 2021	1,024	327	3,842	946	6,139
<b>NET BOOK VALUE</b>					
At 31 March 2021	2,706	79	1,642	445	4,873
At 31 March 2020	2,760	90	1,317	513	4,680

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

<b>GROUP and COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>COSTS</b>		
At 1 April	3,218	3,218
Additions in year	-	-
Disposals	(138)	-
<b>At 31 March</b>	<b>3,080</b>	<b>3,218</b>

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>2021 £'000</b>	<b>2020 £'000</b>
Stock of tools & repairs equipment and 1 <sup>st</sup> tranche properties held for resale	<b>10,246</b>	636

## 15. DEBTORS

<b>GROUP</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>3,443</b>	2,349

**Amounts falling due within one year:**

Rental debtors	<b>1,523</b>	1,991
Less: provisions for bad debts	<b>(507)</b>	(614)

	<b>1,016</b>	1,377
Grants receivable	<b>80</b>	118
Trade debtors	<b>965</b>	1,025
Loans to employees	<b>41</b>	41
Prepayments and accrued income	<b>1,481</b>	1,540

<b>3,583</b>	<b>4,101</b>
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<b>COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>3,443</b>	2,349

**Amounts falling due within one year:**

Rental debtors	<b>1,523</b>	1,991
Less: provisions for bad debts	<b>(507)</b>	(614)

<b>1,016</b>	<b>1,377</b>
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Grants receivable	<b>80</b>	118
Loans to employees	<b>41</b>	41
Trade debtors	<b>844</b>	977
Amounts due from subsidiary undertakings	<b>-</b>	290
Prepayments and accrued income	<b>1,481</b>	1,540

<b>3,462</b>	<b>4,343</b>
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**16. CURRENT ASSET INVESTMENTS**

<b>GROUP and COMPANY</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Money market and term deposits	<b>65</b>	<b>65</b>

Included above are deposits as security for certain loans of £65k (2020 £65k).

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

<b>GROUP</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	<b>411</b>	<b>434</b>
Trade creditors	<b>1,608</b>	<b>1,100</b>
Rent in advance	<b>1,314</b>	<b>1,124</b>
Corporation tax	<b>5</b>	<b>10</b>
Other taxation and social security costs	<b>129</b>	<b>279</b>
Pension contributions	<b>-</b>	<b>-</b>
Other creditors	<b>9</b>	<b>9</b>
Pension Payable	<b>9</b>	<b>20</b>
Pension deficit contributions	<b>5</b>	<b>5</b>
Deferred capital grant (note 20)	<b>1,707</b>	<b>1,624</b>
Accruals and deferred income	<b>4,385</b>	<b>3,983</b>
Fund held in trust	<b>3,724</b>	<b>2,882</b>
	<b>13,306</b>	<b>11,470</b>

<b>COMPANY</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	<b>411</b>	<b>434</b>
Trade creditors	<b>1,608</b>	<b>1,100</b>
Rent in advance	<b>1,314</b>	<b>1,124</b>
Corporation tax	<b>0</b>	<b>0</b>
Other taxation and social security costs	<b>128</b>	<b>121</b>
Other creditors	<b>9</b>	<b>9</b>
Pension Payable	<b>9</b>	<b>20</b>
Pension deficit contributions	<b>5</b>	<b>5</b>
Deferred capital grant (note 20)	<b>1,707</b>	<b>1,624</b>
Accruals and deferred income	<b>2,695</b>	<b>2,303</b>
Fund held in trust	<b>3,724</b>	<b>2,882</b>
Amounts due to Group undertaking	<b>885</b>	<b>25</b>
	<b>12,495</b>	<b>9,647</b>



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

<b>GROUP</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans	48,815	44,333
Housing loans - Bond issue	175,000	160,000
Recycled Capital Grant Fund	2,500	2,081
Deferred capital grant (note 20)	220,828	205,960
Pension Deficit Contribution (note 19)	15	19
Homebuy grant (note 21)	3,080	3,218
	<u>450,238</u>	<u>415,611</u>

<b>COMPANY</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans	49,368	46,121
Housing loans - Bond issue	175,000	160,000
Recycled Capital Grant Fund	2,500	2,081
Deferred capital grant (note 20)	220,828	205,960
Pension Deficit Contribution (note 19)	15	19
Amounts due to group undertaking – unpaid share capital	-	-
Homebuy grant (note 21)	3,080	3,218
	<u>450,791</u>	<u>417,399</u>

**Housing loans - Group**

Amounts repayable by instalments:	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Not wholly repayable within five years:		
Repayable between one and two years	480	3,433
Repayable between two and five years	3,769	3,662
Repayable after five years	214,566	192,238
	<u>218,815</u>	<u>199,334</u>
Amounts repayable otherwise than by instalments:		
Repayable after five years	5,000	5,000
	<u>223,815</u>	<u>204,334</u>
Amounts repayable by instalments repayable within one year	411	434
<b>Total housing loans - Group</b>	<u><b>224,226</b></u>	<u><b>204,768</b></u>

**18. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**  
(Continued)**Housing loans – Company**

Amounts repayable by instalments:	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Not wholly repayable within five years:		
Repayable between one and two years	<b>480</b>	3,433
Repayable between two and five years	<b>3,769</b>	3,662
Repayable after five years	<b>215,119</b>	194,026
	<b>219,368</b>	201,121
Amounts repayable otherwise than by instalments:		
Repayable after five years	<b>5,000</b>	5,000
	<b>224,368</b>	206,121
Amounts repayable by instalments repayable within one year	<b>411</b>	434
<b>Total housing loans – Group</b>	<b>224,779</b>	206,555

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 2021 100% of the loans were fixed (2020 100%). The fixed loans bore interest ranging from 3.212% to 11.09%, with a weighted average of 3.67% (2020 3.212% to 11.09%, weighted average 3.53%).

At the year end 0% of the loans were variable (2020 0%).

The loan liability includes a £9.3m 45 year lease and leaseback arrangement with Aviva PLC. From an accounting perspective it has been assessed that, in substance, this is a basic loan arrangement secured on the properties of the association. Interest on the Aviva arrangement is payable quarterly and linked to CPI, the interest rate is therefore calculated as the effective rate of interest to discount the future cash flows to the amortised cost of the loan.

<b>Recycled Capital Grant Fund</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Recycled Capital Grant Fund at 1 April	<b>2,081</b>	1,707
Received in the year	<b>273</b>	273
Recycled in the year	<b>146</b>	101
Recycled Capital Grant Fund at 31 March	<b>2,500</b>	2,081



**19a. PENSION DEFICIT CONTRIBUTION LIABILITY**

	2021 £'000	2020 £'000
<b>GROUP and COMPANY</b>		
At 1 April	24	29
Re-measurements		
- Amendments to contribution schedule	-	-
- Impact of change in assumptions	1	-
Unwinding of discount finance charge	-	-
Deficit contributions paid	(5)	(5)
At 31 March	20	24
Amounts falling due:		
Within one year (note 17)	5	5
Between one and two years	5	5
Between two and five years	10	14
In five years or more	-	-
In more than one year (note 18)	15	19
<b>Total pension creditor</b>	<b>20</b>	<b>24</b>

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2020 updated to 31 March 2021 by a qualified independent actuary.

	2021 £'000	2020 £'000
<b>KEY ASSUMPTIONS</b>		
Discount Rate	2.19	2.37
Inflation (RPI)	3.26	2.60
Inflation (CPI)	2.87	1.60
Salary Growth	3.87	2.60

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

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

**Life expectancy**

	At age 65 years
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

	2021	2020
	£'000	£'000
<b>GROUP ASSETS</b>		
Global Equity	5,500	4,400
Absolute Return	1,905	1,568
Distressed Opportunities	997	579
Credit Relative Value	1,086	825
Alternative Risk Premia	1,300	2,104
Fund of Hedge Funds	4	17
Emerging Markets Debt	1,393	911
Risk Sharing	1,256	1,016
Insurance-Linked Securities	829	924
Property	717	663
Infrastructure	2,301	2,239
Private Debt	823	606
Opportunistic Illiquid Credit	877	728
High Yield	1,034	-
Opportunistic Credit	946	-
Corporate Bond Fund	2,039	1,715
Liquid Credit	412	12
Long Lease Property	676	520
Secured Income	1,435	1,141
Liability Driven Investment	8,771	9,984
Net Current Assets	210	129
<b>Total Assets</b>	<b>34,511</b>	<b>30,081</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

	2021 £'000	2020 £'000
<b>Analysis of the amount charges to operating expenditure in the Statement of Comprehensive Income</b>		
Employer service cost	(22)	(33)
Past service cost	-	-
<b>Total Operating Charge</b>	<b>(33)</b>	<b>(33)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	717	678
Interest on pension liabilities	(802)	(904)
<b>Amounts charged/credited to finance costs</b>	<b>(85)</b>	<b>(226)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	3,350	85
Actuarial gains/(losses) on scheme liabilities	(9,381)	5,249
<b>Actuarial gain/(loss) recognised</b>	<b>(6,031)</b>	<b>5,334</b>

## GROUP and COMPANY

	2021 £'000	2020 £'000
<b>Surplus/(deficit) in scheme at 1 April</b>		
<b>Movement in year:</b>		
Opening Defined Benefit pension liability	(4,103)	(10,197)
Employer service cost	(33)	(33)
Employer contributions	1,039	1,019
Past service cost	0	0
Net interest/return on assets	(85)	(226)
Remeasurements	(6,031)	5,334
<b>(Deficit)/Surplus in scheme at 31 March</b>	<b>(9,213)</b>	<b>(4,103)</b>

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

GROUP and COMPANY	2021 £'000	2020 £'000
<b>Asset and Liability Recognition</b>		
<b>Recognition of Liabilities</b>		
<b>Liabilities at start of period</b>	34,184	39,223
Service cost	-	-
Interest cost	802	904
Employee contributions	-	-
Remeasurements	9,381	(5,249)
Benefits paid	(676)	(727)
Past service cost	33	33
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>43,724</b>	<b>34,184</b>
<b>Recognition of Assets</b>		
<b>Assets at start of period</b>	30,081	29,026
Return on plan assets	717	678
Remeasurements	3,350	85
Employer contributions	1,039	1,019
Employee contributions	0	0
Benefits paid	(676)	(727)
<b>Assets at end of period</b>	<b>34,511</b>	<b>30,081</b>

The actual return on the plan assets (including any changes in share of assets) for the Group over the year ended 31 March 2021 was £4.068m (2020: £763k)



**20. DEFERRED CAPITAL GRANT**

<b>GROUP and COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
At 1 April	207,584	201,375
Grant received during year	17,062	8,806
Housing property disposals	(403)	(973)
Amortisation for the year	(1,707)	(1,624)
Net grant creditor 31 March	<u>222,536</u>	<u>207,584</u>
The grants are amortised as follows:		
Amounts falling due:		
Within one year (note 17)	<u>1,749</u>	<u>1,624</u>
Between one and two years	1,749	1,624
Between two and five years	5,248	4,873
In five years or more	<u>213,788</u>	<u>199,463</u>
In more than one year (note 18)	<u>220,786</u>	<u>205,960</u>
<b>Total grant creditor</b>	<u><b>222,536</b></u>	<u><b>207,584</b></u>

Gross capital grant received is £253.6m (2020: £237m)

**21. HOMEBUY GRANT**

<b>GROUP and COMPANY</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
At 1 April	3,218	3,218
Additions in the year	-	-
Disposals in the year	(138)	-
At 31 March	<u>3,080</u>	<u>3,218</u>

## 22. DEFERRED TAXATION

## GROUP

	2021 £'000	2020 £'000
At beginning of year	-	16
Deferred tax charge/(credit) for the period	-	(16)
At end of year	-	-
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	-	-
Short term timing differences	-	-
Tax losses and other deductions	-	-
	-	-

## COMPANY

	2021 £'000	2020 £'000
At beginning of year	-	16
Deferred tax charge/(credit) for the period	-	(16)
At end of year	-	-
The provision for deferred taxation is made up as follows;		
Accelerated capital allowances	-	-
Short term timing differences	-	-
Losses and other deductions	-	-
	-	-

## 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>2021 £'000</b>	<b>2020 £'000</b>
Capital expenditure contracted for but not provided for in the financial statements.	<b>13,589</b>	<b>5,398</b>
Capital expenditure authorised but not yet contracted for in the financial statements.	<b>54,582</b>	<b>68,219</b>
<b>COMPANY</b>		
Capital expenditure contracted for but not provided for in the financial statements.	<b>218</b>	<b>1,013</b>

The capital expenditure is to be financed by a combination of grants (including Social Housing Grant) of £32.4 million and the balance of £35.8 million from the existing cash balance of £31.3 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 £10 million of retained bonds in 21-22 which will generate £11 million.

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

At 31 March 2021 the association had no lease payments under non-cancellable operating leases.

	<b>Leasehold Offices</b>		<b>Vehicles &amp; Equipment</b>	
	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Operating leases minimum lease payments</b>				
Within 1 year	-	15	-	-
Within 2 to 5 years	-	13	-	-
After 5 years	-	-	-	-
	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>
Operating lease payments recognised as an expense in the year	-	15	-	5

**26. ACCOMMODATION IN MANAGEMENT**

<b>GROUP and COMPANY</b>	<b>2021 Number</b>	<b>2020 Number</b>
General needs and other rented	4,144	4,052
Sheltered & Extra Care	752	660
Supported Housing	234	250
Low cost home ownership	532	541
Residential / Care Homes	159	159
Managed on behalf of others	40	40
Homebuy & D.I.Y.H.O	190	191
Intermediate rental	189	155
	<b>6,240</b>	<b>6,048</b>

**27. SUBSIDIARY ENTITIES**

As at 1 April 2020 and 31 March 2021

<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 (2020: £50,002). Note most subsidiaries are limited by guarantee and do not have any issued share capital.

**28. 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 £120k (2020 £129k) and would be treated as a prior year tax charge.



**29. 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 £1,089,597 (2020: £930,916)
- TaiElwy Limited (£69,577) (2020: £nil)

**At the year ended 31 March 2021 had the following intragroup balances outstanding: -**

- Tai Elwy Limited a debtor balance of £nil (2020: £161,148)
- Tir Tai Limited a debtor balance of £282,813 (2020: creditor balance of £25,400)
- PenArian Housing Finance PLC a creditor balance of £1,167,882 (2020: debtor balance of £128,960)

**30. MOVEMENT IN NET DEBT**

	At 31 March 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
Cash and bank balances	16,778	15,203	31,981
Bank overdrafts	(-)	(-)	(-)
	<u>16,778</u>	<u>15,203</u>	<u>31,981</u>
Housing loans	(204,767)	(19,458)	(224,226)
Current assets investment	65	-	65
	<u>(187,924)</u>	<u>(4,255)</u>	<u>(192,179)</u>

**CLWYDALYN HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2021****31. Transfer of engagements**

On 22 September 2020, the net assets and operations of the former Polish Housing Society were transferred to the association. The below reconciliation shows the impact on the reserves of the Association at the date of the transfer.

	22 September 2021
	£000
<b>Fixed assets</b>	
Housing properties cost	2,300
<b>Total fixed assets</b>	<b>2,300</b>
<b>Current assets</b>	
Cash at bank	473
<b>Total current assets</b>	<b>473</b>
<b>Liabilities</b>	
Other creditors, provisions and accruals	(444)
Housing Loans	(128)
<b>Total liabilities</b>	<b>(572)</b>
<b>Total net assets</b>	<b>2,201</b>
<b>Capital and reserves</b>	
Share capital	-
Reserves (unrestricted)	2,201
<b>Total capital and reserves</b>	<b>2,201</b>





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