



ClwydAlyn

# Annual Report and Financial Statements

2021-22



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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.

The current cost of living pressures following on the heels of two years of pandemic disruption means the stresses and strains faced by everyone are becoming harder to deal with. ClwydAlyn accepts it has a very clear responsibility to its tenants to do what it can to support them through these difficult times.

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 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 1,000 new homes planned for the next 3 years across the region, using as many local companies as possible and enhancing the social value of every £ we spend.

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

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# Chair's Review

We have just completed the second year of our 2020-25 Medium Term Plan for ClwydAlyn.

The first two years of delivering our ambitious Plan could have understandably been overshadowed by the impacts of the Covid pandemic and prioritising protecting the safety and wellbeing of our Residents and staff. However, that has not been the case and we are able to report positive progress against our key objectives. The pandemic did change the way we needed to deliver services safely and we have taken the best of that in terms of hybrid/mobile and flexible working to shape how we work and what we prioritise for the future. This will be assisted greatly by the implementation of our new Housing Management System which is planned to go live at the end of May 2022.

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. We maintained our credit ratings with Moody's and S & P at a time of turbulence in the funding markets; we drew down £10m on our Bond in February and just before year end agreed a further 12-month deferred drawdown of £40m at an advantageous average interest rate of just over 3.3%; and a new Bond tap for £150m which will secure our Development Programme for the next few years.

We have seen growth across our Care & Support division. Conwy County Borough Council have commissioned ClwydAlyn to deliver a new Supported Living service that houses young homeless individuals. Additionally, we have received longer term funding from the health board to develop our ICAN centre in Rhyl that supports individuals suffering with their mental health. In partnership with Gwynedd County Council and the health board, we have also established a hospital discharge service at our Penrhos site in Pwllheli. Housing up to twelve individuals, the service provides intermediate care for people who don't need to be in hospital but aren't quite ready to go home. We have reached agreement with Wrexham County Borough Council to establish a new Mother and Baby service (Kingsland) that will open in Q4 2022. Good progress continues to be made on site at Neuadd Maldwyn the Group's newest Extra Care scheme in Welshpool. Two of our three Care Homes also received unannounced inspections from CIW, with both services being classed as compliant with no areas for improvement.

Despite delays and challenges in the planning system we now have 536 new homes on site; including a new scheme to replace a night shelter for street homeless people with apartment accommodation in Wrexham using 'off site' modern methods of construction to achieve 19 low carbon homes. There is a total of 202 new homes currently being built as low carbon housing using off site manufactured systems and most new homes are also to the new standard of EPC A and 'off gas' by using different types of heating and hot water systems. We are progressing well with our plans to redevelop the whole of the Penrhos site, following the merger with the Polish Housing Society, and are developing strong partnerships with Gwynedd Council and the Health Board in this regard.

We have developed a robust approach to asset management; prioritising our spend on properties with a sustainable future and those which are hardest to heat and keep warm. We dispose of a small number of assets each year where we believe that we cannot meet the high standards of accommodation and services we aspire to. We took a very difficult decision during the year to close a Residential Home for older people in the Wrexham area. The Home could not be modernised to meet the standards of care we wish to provide in a cost-effective way, and at the time we had sufficient vacancies (due to Covid) in Chirk Court; a modern high-quality Home nearby which meant we could offer all Residents and 95% of staff a move there. The closure was implemented with care and consideration and in keeping with our values. Residents and staff have settled well at Chirk.

Our simplified Governance arrangements continue to serve us well; and we now have Resident representation on each of our committees with the Chair of the Resident Committee joining the

**Trust**

**Kindness**

**Hope**

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Assurance Committee and the Vice-Chair joining the Property Committee. We were in the first tranche of the new Regulatory Assessment process introduced by Welsh Government and were delighted to receive the top rating for Financial Viability and Governance (including service delivery). The Lead Regulator remarked on the positive influence that Residents have at ClwydAlyn after observing a Board meeting. Our Residents' Portal was launched during the year, and we now have 1,700 Residents who have registered to use the system. 47% of registered users access the system at least once per month.

We continue with our business mission to address poverty. Our partnership with Well-Fed continues to grow. During the last year it delivered over 100,000 meals to those in need as well as launching two new mobile shops and began a pilot project with the South Denbighshire Partnership to distribute food across local communities more effectively. It also attracted over £300k of grant funding to allow it to develop new projects.

We have partnered with Warm Wales to support residents experiencing fuel poverty and have been successful in receiving a grant for the Energy Saving Trust Redress Fund of £476k alongside TGP Cymru (Supported Living Specialists) to deliver energy advice and support to our communities (3,000 visits, 5,000 People) for the next 2 years.

The implementation of our new compliance structure to prepare for the delivery of the new Safer Building regimen is underway with a new Head of Building Safety and Compliance being employed to oversee see this important business function.

The restructure of our housing service is providing more person-centred services and building trust between Tenants and their Housing Officer. We are introducing a new approach to tenancy conduct issues which does not involve threats of punitive action but instead offers support and actions to enable people to manage their tenancies well.

Over the past year we offered Employability Programmes in partnership with Project Search, We Mind the Gap, and Creating Enterprise. We also supported people through the Government Kick Start programme and partnered with our developers and trades partners to offer employment opportunities to residents. Overall, we supported 33 people through these different programmes. We took our learnings from this and consultation with staff and residents has shaped our Employability Strategy for the next two years.

Through our culture change journey, we continue to embed how we live and lead our values of Trust, Kindness, and Hope. We have replaced a number of our policies with guidance and continue to take an informal approach to resolving staff concerns; this approach continues to have a positive impact on our culture. We have progressed with our work to become a Trauma Informed Organisation, understanding that everyone has different life experiences that could impact their behaviour, how they respond to things and the opportunities they have access to. We have a programme of training for all staff over the next three years and are establishing a working party to ensure that this is embedded throughout the business.

Our approach to business resilience has been strengthened and with a stronger and more embedded approach to Value for Money, Procurement and Programme & Project Management we have delivered strong financial performance achieving an Operating Surplus of 20%.

We are developing our approach to become a more sustainable business and were delighted to approve our Environmental Strategy. The recent employment of Head of Innovation, Technical and Climate will help coordinate and manage the challenges associated with becoming a greener business. So, 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; over the last year we have introduced a small number of electric vehicles for trades, changed our environmental management in a number of locations to protect and develop natural habitats; undertaken reviews in a number of areas such as cleaning materials/digital services and changed what we buy and how we dispose of waste to minimise our carbon footprint.

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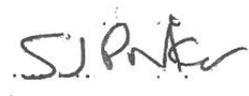
**Hope**

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We are excited about the possibilities of creating a joint venture with a similar local social housing provider to deliver the decarbonisation of our homes.

Following collaborative work with staff, board, and residents our Social Value Strategy and priorities have been developed. We have worked with meaning and purpose to agree our approach to measurement and outcomes. This plan will support much clearer engagement with suppliers and construction partners and will support our drive to end poverty.

Our resident satisfaction has dipped over the last 12 months and our focus for 2022 is going to be on making sure we get the basics right; catching up on the backlog of routine repairs which developed during the pandemic; and on improving communication with residents. As 2022 started we were horrified, like everyone to see the invasion of Ukraine; we are pleased that we can play a small part to support refugees by running a Welcome Centre on behalf of Welsh Government. We are equally concerned about the cost-of-living crisis and the impact it is having and going to have on our Residents and many of our staff. We will prioritise our time and resources in both influencing Government to address the causes of poverty and in supporting residents and staff wherever we can on managing the impacts.



Stephen Porter,  
Group Chair

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# Business Review

ClwydAlyn operates across 7 counties in North and Mid Wales. Our housing portfolio contains 4,024 operational general needs and sheltered properties, 392 leasehold, 294 group homes (where we provide housing for council to house tenants with specific needs), 134 intermediate homes, 353 rent to own / homebuy / shared ownership and 145 others. A further 82 properties / bed spaces have been taken out of stock pending demolition and rebuild, refurbishment or disposal. This includes 29 flats in one street and 26 beds in a care home that has closed. 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 a small number of underperforming or surplus properties.

In addition to our housing stock we also operate 9 extra care schemes with 512 flats and 3 care homes with 130 beds and during the year we closed one small (26-bed) care home that was not viable. We also have 16 supported living schemes which provide accommodation for 205 people and include a homeless shelter and domestic violence refuge.

## Housing Services

Over the past 12 months we have restructured our Housing Services to provide a more support focused service to our residents. Patch sizes for our Officers have been reduced to an average of 250 properties, enabling a relationship focused approach to the role of Housing Officer. Officers have taken on a generic role which includes providing support around tenancy management, rent accounts and anti-social behaviour.

As part of this new structure, we have prioritised visiting each tenant to introduce their Housing Officer. During these visits we are talking with residents about rising cost of living and exploring where and how we can support our residents with any difficulties that they are experiencing. To date we have completed 2,163 visits.

During the year we welcomed 659 new residents:

- 317 – General needs and sheltered
- 179 – Supported Living
- 100 – Extra Care
- 6 – Shared Ownership
- 57 – Intermediate and Rent to Own

Our Welfare and Money Advice Officers have supported residents to maximise their income and during the past year supported 632 residents and achieved financial gains of £858,360.

Each of our 3 area housing Teams has a dedicated Early Intervention Officer to provide support to new tenants and assist current tenants with low level rent arrears. During the year the Officers supported 485 tenants.

During the year we were members of a Welsh pilot project looking at provision of flooring for tenants moving into their first tenancies. Where we could keep existing carpets in place we ensured that they were cleaned, and where there was no flooring we provided

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carpets/vinyl for residents who were unable to afford to provide this themselves. During the year we spent £17,307 on new flooring.

In addition, for any residents setting up home for the first time and with limited financial resources, we provided a furniture pack to cover the essential items within the home. We spent £5,000 on packs during the year.

We collaborated with North Wales Police in the West Rhyl area to work on the 'Safer Streets' initiative. Our Officers volunteered to fit additional security measures to 93 homes in the area. This included fitting window alarms, letter box guards, door chains, dummy CCTV, sensor alarms and external security for sheds and gates.

During the Summer of 2021 we taught 43 children to swim via our dedicated courses in partnership with Denbighshire and Flintshire Leisure Services. All children received swimming bags and certificates of achievement.

## Assets

We delivered significant improvements to residents' homes, spending £3.5m on improving existing homes and a further £5.7m in repairing and maintaining them. A further £1.5m was spent on ensuring our homes were safe and compliant to live in.

During the year we installed:

- 363 Kitchens and bathrooms
- 200 Windows and doors
- 292 New heating systems
- 270 Homes had adaptations carried out to help residents live well in their homes.
- 566 homes had specific energy saving works which we calculate will save 279 tonnes of carbon each year

Also, during the year:

- We carried out 19,311 reactive works orders by our in-house repairs team
- Refurbished 427 void properties
- Generated £20,000 for community Initiatives from Material Purchases
- Our first-time fix rate was 89%

In addition, we undertook emergency structural works at one of our extra care homes, the total cost of which will be in excess of £1m, with around £250k being charged into 2021/22.

We remained 100% compliance with the Welsh Housing Quality Standards.

We launched our energy advice partnership with Warm Wales which commenced in February. To date 186 referrals been received and residents supported.

We have worked with residents on our services, we have launched "Engineer on the way" texts for our repair services and brought back community working with face-to-face access for our residents to staff.

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## 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:

- We have led North Wales's response to the Ukrainian refugee crisis. In partnership with Gwynedd County Council, we have established a Welcome Centre for refugees coming to the UK. The service now provides a home to 80 Ukrainians.
- Homelessness continues to be a huge societal issue and in partnership with Conwy Council we have established a new service 'The Bell' which houses 6 young homeless individuals.
- Located in Wrexham Borough County we have developed a brand-new mother and baby service to improve outcomes for young homeless mothers that find themselves homeless.
- We have developed our Woman's Aid service that operates in Flintshire County Council. In addition to new support roles, we have established a brand-new crisis house for women in need. Additionally, we have extended the bathrooms in our existing refuge to accommodate mothers and children at the same time.
- In partnership with the Betsi Cadwaladr Health Board, we have established an ICAN Hub in Rhyl, Denbighshire. The hub is a non-medicalized support service that assists citizens who are suffering with their mental health.
- In partnership with Shelter Cymru, we have established a brand new service aimed at preventing homelessness in Denbighshire County Council.

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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 two years have been particularly challenging given the Covid pandemic, however, with restrictions lifting, services in our schemes are now open again. This includes facilities such as restaurants, hair salons and activity rooms.

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

Over the last year, we have also established a step-down service in partnership with Besti Cadwaladr University Health Board. Patients that do not need to be in hospital but aren't quite ready to go home, are transferred to our Extra Care scheme in Pwllheli, Gwynedd. Whilst on site, individuals are able to access the onsite care provision, restaurant and activities. To date, the service has proved very popular and is saving the NHS considerable funds when compared with the cost of care in an acute setting.

## Care & Nursing

ClwydAlyn's Care and Nursing 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.

During the year we reviewed our care and nursing portfolio. This resulted in the decision to close our smallest care home as the impact of Covid, changing regulations and the need for significant investment made it no longer viable. We also made the decision to withdraw from the nursing home market. We only operated one nursing home and this meant it was not core to our business purpose and required significant additional management resources to operate. We accepted an offer from a private company that already operates 80 nursing homes including several in North Wales. The TUPE transfer of staff and final sale is expected to complete during the summer of 2022. The closure and sale have resulted in impairment losses of circa £500k. This will leave two care homes in the group.

The last two years has been particularly challenging given the Covid pandemic. Staff teams in all our homes have worked tirelessly to protect our residents and keep them safe during this period. With restrictions now lifting, residents have been able to enjoy a range of social events and activities including the recent Queen's Jubilee.

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## Development

Since the commencement of the Development Programme in 2017-18, 703 new homes have been completed, 636 are currently on site and a further 442 are due to start on site over the next 20 months. In addition, a further 300 to 400 new homes are in the pipeline in new opportunities being pursued, bringing a total investment of £370m in developing homes across our 7 Local Authority regions.

ClwydAlyn's updated 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.

Our 9<sup>th</sup> Extra Care project for older people is on site in Welshpool, Powys, providing 66 new self-contained apartments with a range of on-site communal facilities. The project is planned to complete in the later part of 2023.

Of the projects on site, 201 of the new homes are ultra-low carbon and using off site manufactured systems for their construction. The remaining homes on site are all EPCa standard with most 'off gas' using air source technology in place of gas boilers. This, supplemented with solar panels will make the new homes more energy efficient and cheaper to run for our tenants.

We have 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 continued to ensure that more supplies and labour were sourced from local communities and encouraged the use of materials which are sustainable and locally sourced including Welsh Timber for the construction on many of the homes.

The inclusion of social value in our projects is now benefiting local communities and also, with the setting up a factory in HMP Berwyn Wrexham building superstructure panels, is helping rehabilitate offenders and growing construction skills.

The Development Team has been increased to deliver the substantial number of homes in the Programme and the inclusion of a new role, The Head of Technical Innovation & Climate, will move us forward in our ambition to lowering carbon, not just in building but across the business.

In 2021-22 ClwydAlyn drew down £29m from Welsh Government in capital grant to build new homes, the highest figure since the Development Programme commenced in 2017.

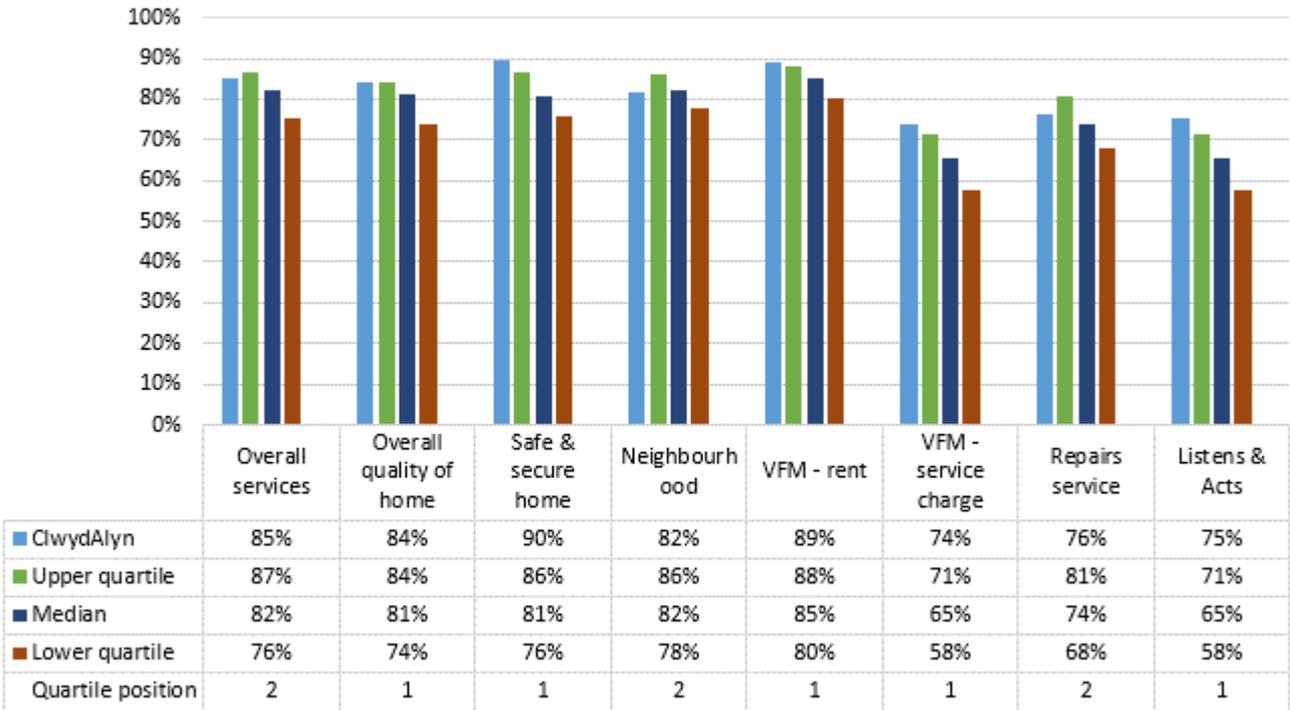
## Corporate Social Responsibility – Environmental, Social and Governance Report

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. Last year we signed up as 'Early Adopters' to the Sustainability Reporting Standard for Social Housing. And produced our first ESG Report containing information about activities we have undertaken and assesses our performance against the relevant criteria.

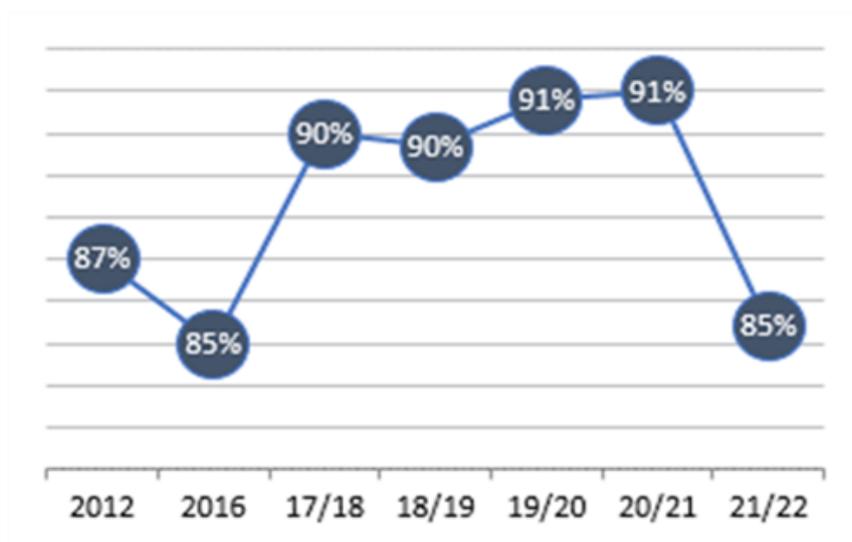
# Customer Satisfaction

The results from the 'STAR' surveys carried out in 21/22 demonstrate that there remain high levels 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, residents feel safe and secure in their homes and the quality of the home. Overall satisfaction with landlord services at ClwydAlyn has fallen to 85% which covers a period when the company was still dealing with significant restraints on service provision due to Covid and compares well to the rest of the sector.

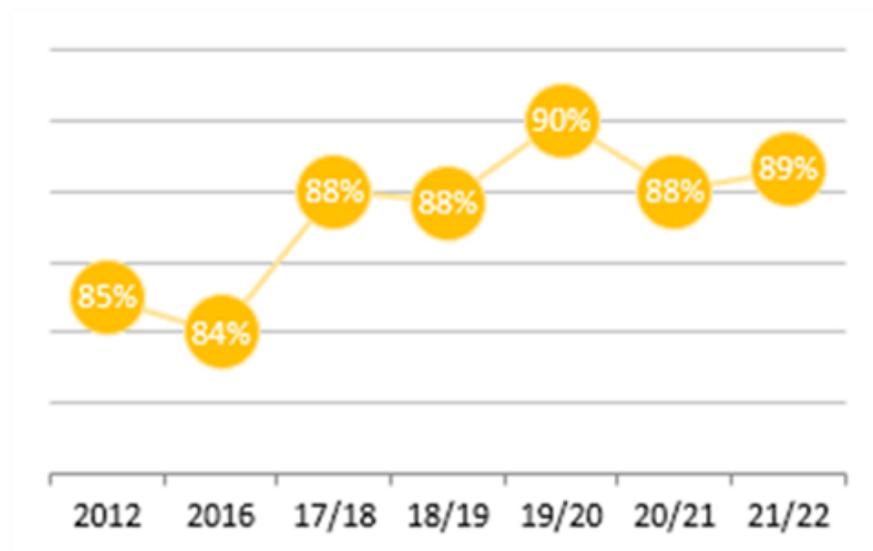
When the results are compared against 252 other landlords (using Housemark's benchmarking) ClwydAlyn has a strong performance with five of the key measures in the top quartile with the remaining three in the second quartile.



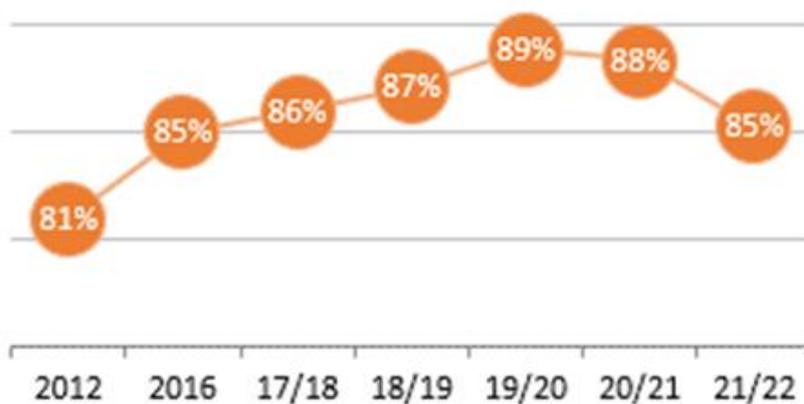
Graph 1: Overall Customer Satisfaction with ClwydAlyn



Graph 2: Customer Satisfaction with Value for Money – Rent



Graph 3: Customer Satisfaction with the Quality of the Home



## 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.

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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	September 2021
Nia Wynne Hughes	ClwydAlyn and TirTai Board and Assurance Committee	October 2019	
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	
Sheila Powell	ClwydAlyn Board	May 2021	
Hayley Hulme	ClwydAlyn Board	September 2021	
Susan Todd	ClwydAlyn Board and Resident Committee	March 2020	April 2021

## Independent Committee Members

Name and Committee	Appointed
Kathy Jones – Assurance Committee	September 2020
Debbie Attwood – People Committee	November 2019
Eileen Wood – Assurance Committee	November 2019
Michael Larkin – Property Committee	June 2021
Jonathan Williams – People Committee	February 2021

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## Residents' Committee Members

Name	Appointed
Peter Smith-Hughes, Chair (Also Assurance Committee Member)	January 2018
Carol Quinn	September 2019
Gemma Minards	September 2019
Susan Wilson	September 2019
Sandra Baughan	September 2019
Brian Strefford, Vice Chair (Also Property Committee Member)	January 2018
Karolyn Lee	January 2020
Tasmin Roberts	January 2020
Michelle Griffiths	March 2020
Sheila Powell (Also Resident Board Member)	May 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. During the year, the Welsh Government introduced a new framework for regulation with revised scoring and categories. ClwydAlyn went through this new process during the year and was ranked as 'Green' for both financial management and governance, the highest assurance available under the framework.

## 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, as we emerged from the pandemic, we have continued to make fantastic progress.

As we continue our cultural change, we are seeing our Values of Trust, Kindness and Hope come to life. Through creating an environment of trust and being less reliant on policies and processes we are comfortable to have open and honest conversations. Supporting staff creatively has become our way of doing things now. Managers are much more confident in thinking about overcoming problems in a supportive way that minimises the need to go down a formal process – it's become quite natural this year. 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

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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.

We have progressed with our work to become a Trauma Informed Organisation understanding everyone has different life experiences that could impact their behaviour, how they respond to things and the opportunities they have access to. We have a programme of training for staff over the next three years and are establishing a working party to ensure that this approach is embedded throughout our business.

Our Inclusion plan was developed and agreed by our Board this year and we have appointed a specialist to lead this work.

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, we were delighted to achieve Top 30 status this year reflecting the work we have done to increase flexibility and support working families.

We have implemented a single pay framework and one set of Terms and Conditions, with over 400 staff moving onto the new arrangements within the first year.

As the cost-of-living crisis increased, we sought feedback from our staff to determine what concerned them most. Unsurprisingly, paying energy bills and buying food were some of their priorities; as the year drew to a close we were launching our food offer which is a hot meal for all staff when they are on shift, at no cost to our employees. Initial feedback has been very positive.

Throughout the year, we monitor our attendance and retention figures and compare our performance against other Housing Associations across Wales. Our target for attendance this year was 96.6% and we ended the year on 97.32%, our target for retention was 87.5% and we ended the year on 88.55%.

During the year, we continued with three initiatives to support people into employment. We've worked with employability partners including Project Search and We Mind the Gap to support people from our communities into sustained and positive employment. We also participated in the Government's KickStart Programme. We've successfully supported 33 people through our programmes this year.

Our social media profile has been positive again this year with the highest engagement rate across other North Wales Housing Associations.

## **Strategic and Operational Risks**

### **Key Business Risks**

The current business environment for housing providers is unprecedented in the challenges ahead; the continuing impact of Covid 19, the cost-of-living crisis and the war in Ukraine continues to test the robustness of financial plans. Pressures on income and expenditure if not managed well, could ultimately challenge the Group's viability, without adequate steps to mitigate the risks.

ClwydAlyn has a comprehensive and robust risk management process and the Board ensure that the framework is appropriate and regularly reviewed. Some risks

**Trust**

**Kindness**

**Hope**

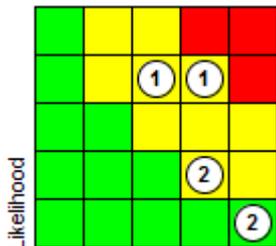
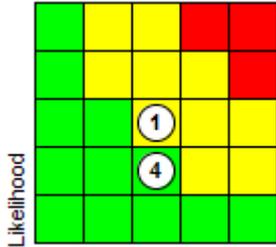
faced by the Group are not fully controllable, such as the Russia/Ukraine war which carries huge risks for the economy. Still to recover from the pandemic with high inflation and soaring energy costs, households and businesses are under more and more financial pressure and having to make decisions on how they budget in the short to medium term. 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.

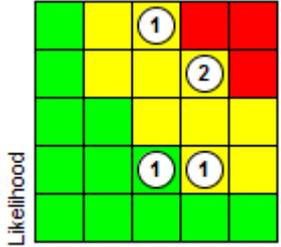
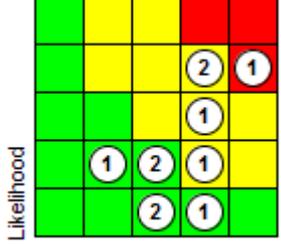
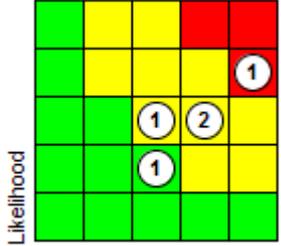
Risks are categorised as ‘Strategic’ or ‘Operational’ and are monitored and reviewed quarterly by the Board and Assurance Committee.

The Strategic and Operational risks affecting the Group are summarised below. Risks are categorised based on the likelihood of them occurring and the potential impact should they do so.

There are detailed risk maps supporting each of the strategic risks with specific interventions to mitigate the risk. The underlying key issues to managing the 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 Risks RAG Summary

Strategic Risk and Operational Risks	Assessment of Risk	Risk Score	Number and Status of Operational Risks
<p><b>Treasury</b></p> <p>Cash Crisis and Inability to Access Finance</p> <p>Non-compliance with Funding Arrangements</p> <p>Failure to meet credit rating requirements</p> <p>Capital/Development delays impacting on income and future investment</p> <p>Treasury Strategy that fails to support the Business Plan</p> <p>Fundamental changes to grant funding and rent increases</p>	Medium		 <p>Likelihood</p> <p>Impact</p>
<p><b>Failure to Deliver the Corporate Plan</b></p> <p>Reduced Satisfaction - Staff, Residents and Stakeholders</p> <p>Failure to Deliver the Corporate Plan</p> <p>Social Value Implementation and Outcomes not achieved</p> <p>Poverty Priorities not achieved</p> <p>Equality, Diversity, Inclusion, Welsh Language and Culture not embedded</p>	Low		 <p>Likelihood</p> <p>Impact</p>

<p><b>Material Fall in Income or rise in Expenditure</b></p> <p>Increase in arrears</p> <p>Inability to let vacant properties</p> <p>Cost of delivering the Asset Strategy</p> <p>Expenditure in Care and Support exceeds income</p> <p>Failure to deliver the Supported Living Review</p>	<p>Medium</p>		
<p><b>Governance Failure</b></p> <p>General Data Protection Regulation (GDPR) Compliance</p> <p>WG Regulatory Compliance</p> <p>Non-compliance with Anti-money laundering, FCA and Bribery and Corruption Law</p> <p>Cyber Security</p> <p>Poor regulatory report from CIW</p> <p>Safeguarding failure</p> <p>Poor Business Continuity Planning</p> <p>Data Integrity</p> <p>Board effectiveness including resident scrutiny</p> <p>Failure to meet Regulatory and Legal Standards through not complying with Health and Safety requirements</p> <p>Geopolitics and Cost of Living Crisis</p>	<p>Medium</p>		
<p><b>Failure to Decarbonise and Respond to Climate Change</b></p> <p>Insufficient funding to meet carbon reduction requirements leading to failure to embed the need to decarbonise</p> <p>Business practices and Culture have a detrimental impact on the climate and the environment</p> <p>Impact of extreme weather leading to an inability to deliver services, protect residents and damage to physical assets</p> <p>Lack of skills, knowledge, tools and resources to deliver the climate agenda</p> <p>Impact of Governmental Priority and Policy</p>	<p>Medium</p>		

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# Financial Summary

The group's financial highlights for the year

- Retained 'A Stable' credit rating with Standard and Poor's
- Retained A3 rating from Moody's (this is an unsolicited rating)
- Retained Welsh Government highest financial viability rating of 'Green'
- Despite disruption from Covid we achieved an Operating Margin of just over 20%
- Drew down £10m from deferred sale of corporate bond
- Agreed a further deferred drawdown of the bond with £20m due in May 2023 and £20m in November 2023

## 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 is 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 2022 ClwydAlyn's cash and investments totalled £36m. The company also has access to a £35m revolving credit facility with Barclays Bank.

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 in February 2022.

The Corporate Bond was initially issued in June 2017 and had a 5-year life attached to it. This meant that any undrawn funds would not be available after this date. As at 31<sup>st</sup> March 2022, £185m had been drawn on the bond, leaving £65m undrawn. During 2021/22 ClwydAlyn agreed a further £40m deferred drawdown with £20m due in May 23 and £20m in November 23. This meant that £25m would be left undrawn on the bond.

The board agreed to apply to have the end date of the bond removed and this was done in April 2022 with the agreement of the bond trustee. The board also began the process of carrying out a £150m 'tap' on the bond which would increase its value from £250m to £400m. With the remaining £25m, this means that ClwydAlyn will still be able to draw a further £175m to support its new-build programme in future years.

The board also reviewed and approved a revised Treasury Policy in May 2022.

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

<b>Loan facility</b>	<b>2021 £'000</b>	<b>2022 £'000</b>
Fixed rate	225,817	235,412
Variable rate	0	0
<b>Total</b>	<b>225,817</b>	<b>235,412</b>
<b>Available unused facilities</b>	<b>35,000</b>	<b>35,000</b>
<b>Average interest rate</b>	<b>3.67%</b>	<b>3.64%</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 126% SLI 124%
Gearing (RCF)	<65% Covenant <55% Golden rule	42%
Liquidity (short term)	£5m cash available	£36.363m 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)	148.48%
Debt / EBITDA MRI	Credit Agency <20 and reducing	21.1
Debt to Revenue	Credit Agency <5 and reducing	4.7

## 30 Year Business Plan and Stress Testing

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

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

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## Value for Money

Value for money is key to what we do. If we can ensure that every pound is spent as effectively as possible then we will be able to have a bigger impact on our communities. During the year, the board approved a new Social Value Strategy to provide direction on our social priorities. During the year we undertook further reviews of our office space requirements, agreeing to lease excess space to the local health board's dietetics service and ambulance service. Further leases are currently being negotiated with Sport North Wales, Groundworks and a social services training consultancy to take other vacant space. We have continued to invest in IT systems with the CX Housing Management System being implemented along with Glantus invoice payment system. Work is also under way with the Eco-Online health and safety system and Civica payroll and HR system. These should all improve efficiency and generate saving during the year. We brought a proportion of legal service in-house and this has led to improved services and reduced costs. Further legal services will be brought in-house during 2022.

## Covid19

During the year Covid 19 had a significant impact on operations. The company incurred significant additional costs, coupled with higher void rates and staff absence. However it also received additional funding from the Welsh Government and local councils to support our care and extra care homes. Staff were also awarded additional one-off payments funded by the Welsh Government. This additional funding meant that the net financial position was not greatly affected.

By the end of the year we still faced a large backlog of capital schemes as we had not been able to access people's homes for much of the year. As lockdowns were eased, we also faced a spike in demand for repairs services that tenants had held back. It is likely to take at least the next financial year to enable us to catch up on outstanding works.

**The Strategic Report was approved by the Board on 13<sup>th</sup> September 2022 and signed on its behalf by:**



**P McGrady  
Company 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 2022).

## 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 (2021: none). The Group made donations to charitable organisations of £100k (2021: £100k).

## Employee engagement

We have an established Staff Forum that represents staff views on a variety of matters, the Forum is comprised of Staff Representatives and Staff Champions and has been established for two years; we recognise the role of the group has changed over that time. As we move into next year, we will work with our staff representatives to ensure the arrangements meet the needs of our staff moving forward.

## Ethical business

The Group is committed to conducting its business in an ethical and responsible manner. This involves making decisions which are not purely based on economic considerations, but also social and environmental impacts. Our Poverty priorities of Food, Fuel, Digital Inclusion and Employability are key considerations when we work with our Development Partners and Suppliers. During the year we issued our first ESG report reflecting the work we have done round our wider Environmental, Social and Governance agenda.

We understand the requirements under the Modern Slavery Act are likely to be strengthened, during the year we have been working with our larger suppliers to understand how they manage this risk within their business. We are also working with

Business Wales to raise awareness of this area <https://www.clwydalyn.co.uk/modern-slavery-statement/>

## **Equality and diversity**

During the year our Inclusion plan was agreed by our Board and we have recruited an inclusion specialist to lead this 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 for roles within our structure being £9.50 per hour during this period. Positive work has been undertaken to address our Gender Pay Gap, we now have 9 women undertaking trainee or apprenticeships in roles that traditionally will have been fulfilled by men. We also employ a number of care staff who are primarily female, whilst they are paid above the market this does influence our overall pay gap. Our mean gender pay gap in April 2021 was 17.29%. Our median gender pay gap was 20.13%.

## **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 2022 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 it 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 group has recently carried out a £150m tap on its bond and agreed a £40m deferred drawdown. These will ensure sufficient liquidity for the coming 18 months. The company has reviewed its business plan and carried out stress tests to ensure it can meet its obligations under various difficult scenarios. Its core business is stable, and the group receives around 50% of its income from government sources such as housing benefit and local authority care fees, along with long-term supported living contracts with local councils. While the company relies on income from sales of shared ownership, it does not build houses for sale.

## 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: 13<sup>th</sup> September 2022**



**Paul McGrady**

**Company Secretary**

# Independent Auditor's Report to 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 2022 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 2022 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.

# Independent Auditor's Report to ClwydAlyn Limited (continued)

## 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 24 to 25, 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.

# Independent Auditor's Report to ClwydAlyn Limited (continued)

## **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

# Independent Auditor's Report to ClwydAlyn Limited (continued)

- 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: 14/09/2022

# CLWYDALYN HOUSING LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	3	<b>49,132</b>	47,974
Operating costs	3	<b>(40,474)</b>	(36,632)
Surplus on sale of fixed asset properties	5	<b>1,174</b>	975
<b>OPERATING SURPLUS</b>		<b>9,832</b>	12,317
Interest receivable and similar income		<b>134</b>	225
Interest payable and similar charges	6	<b>(7,913)</b>	(7,215)
Transfer of engagements	32	-	2,201
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,053</b>	7,528
Tax on surplus on ordinary activities	7	-	-
<b>SURPLUS FOR THE YEAR</b>		<b>2,053</b>	7,528
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain / (loss) in respect of pension scheme	19	<b>3,238</b>	(6,032)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,291</b>	1,496

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 2020	1,496	1,496
Surplus and total comprehensive income for the year	9,890	9,890
At 31 March 2021	11,386	11,386
Surplus and total comprehensive expenditure for the year	5,291	5,291
<b>At 31 March 2022</b>	<b>16,677</b>	<b>16,677</b>

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*D P Robinson*

Mr P McGrady - Secretary

*Pd McGrady*

Trust

Kindness

Hope

# CLWYDALYN HOUSING LIMITED

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	3	<b>50,290</b>	48,994
Operating costs	3	<b>(41,633)</b>	(37,723)
Surplus on sale of fixed asset properties	5	<b>1,174</b>	975
<b>OPERATING SURPLUS</b>		<b>9,831</b>	12,246
Interest receivable and similar income		<b>134</b>	225
Interest payable and similar charges	6	<b>(7,913)</b>	(7,215)
Gift Aid Receivable		<b>424</b>	150
Transfer of engagement	32	-	2,201
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,476</b>	7,606
Tax on surplus on ordinary activities	7	-	-
<b>SURPLUS FOR THE YEAR</b>		<b>2,476</b>	7,606
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain / (loss) in respect of pension scheme	19	<b>3,238</b>	(6,032)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>5,714</b>	1,574

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 2020	11,711	11,711
Surplus and total comprehensive income for the year	1,574	1,574
At 31 March 2021	13,286	13,286
Deficit and total comprehensive expenditure for the year	5,714	5,714
<b>At 31 March 2022</b>	<b>19,000</b>	<b>19,000</b>

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*D P Robinson*

Mr P McGrady - Secretary

*P McGrady*

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**CLWYDALYN HOUSING LIMITED**

**GROUP STATEMENT OF FINANCIAL POSITION**

As at 31 March 2022

IP 22360R

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	542,246	491,456
- Depreciation	11	(69,467)	(64,583)
		<u>472,779</u>	<u>426,873</u>
Other tangible fixed assets	12	5,333	4,873
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	2,931	3,080
		<u>481,043</u>	<u>434,826</u>
<b>CURRENT ASSETS</b>			
Stocks	14	354	10,246
Debtors – due after one year	15	3,338	3,443
Debtors – due within one year	15	5,854	3,583
Investments	16	66	65
Cash at bank and cash equivalents		36,363	31,981
		<u>45,975</u>	<u>49,318</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	<u>(19,289)</u>	<u>(13,306)</u>
<b>NET CURRENT ASSETS</b>		<u>26,686</u>	<u>36,012</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>507,729</u>	<u>470,838</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	<u>(485,900)</u>	<u>(450,238)</u>
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(5,153)	(9,214)
<b>DEFERRED TAXATION</b>	22	-	-
<b>NET ASSETS</b>		<u><u>16,676</u></u>	<u><u>11,386</u></u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital	23	-	-
Reserves		16,676	11,386
		<u><u>16,676</u></u>	<u><u>11,386</u></u>

The financial statements on pages 31 to 67 were approved by the Board of Management on 13th September 2022 and were signed on its behalf by:

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*D P Robinson*

Mr P McGrady - Secretary

*Pd McGrady*

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**CLWYDALYN HOUSING LIMITED**

**GROUP CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	544,663	493,457
- Depreciation	11	(69,467)	(64,583)
		475,196	428,874
Other tangible fixed assets	12	5,333	4,873
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	2,931	3,080
Investments	27	50	50
		483,511	436,877
<b>CURRENT ASSETS</b>			
Stocks	14	354	10,246
Debtors – due after one year	15	3,338	3,443
Debtors – due within one year	15	5,747	3,462
Investments	16	66	65
Cash at bank and cash equivalents		36,298	31,693
		45,803	48,909
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(19,085)	(12,495)
<b>NET CURRENT ASSETS</b>		26,718	36,414
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		510,229	473,291
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(486,076)	(450,791)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability		(5,153)	(9,214)
<b>DEFERRED TAXATION</b>	22	-	-
<b>NET ASSETS</b>		19,000	13,286
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital	23	-	-
Reserves		19,000	13,286
		19,000	13,286

The financial statements on pages 31 to 67 were approved by the Board of Management on 13th September 2022 and were signed on its behalf by:

Mr S Porter - Chair

*S Porter*

Mr P Robinson - Vice Chair

*D P Robinson*

Mr P McGrady - Secretary

*Pd McGrady*

**Trust**

**Kindness**

**Hope**

# CLWYDALYN HOUSING LIMITED

## GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022	2021
	£'000	£'000
<b>Cash from operating activities</b>		
Surplus / (deficit) for the financial year	5,291	1,496
Depreciation of fixed assets	5,849	5,390
Impairment losses	532	-
Amortised grant	(1,707)	(1,624)
Interest payable	7,914	7,215
Interest received	(134)	(225)
Tax on surplus for the year	-	-
(Increase) / decrease in trade and other debtors	(2,166)	(577)
Increase / (decrease) in trade and other creditors	5,814	1,751
(Increase) / decrease in stocks	9,890	(9,610)
Increase / (decrease) in provisions	(4,061)	5,110
Add back deficit / (surplus) on sale of fixed assets	(1,174)	(975)
Difference between pension expense /cash contribution	(16)	-
<b>Cash from operations</b>	<b>26,032</b>	<b>7,952</b>
<b>Taxation paid</b>	<b>-</b>	<b>(5)</b>
<b>Net cash generated from operating activities</b>	<b>26,032</b>	<b>7,947</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets – housing properties	(55,071)	(23,108)
Purchase of fixed assets – other	(1,096)	(758)
Proceeds from sale of fixed assets	4,749	1,960
Grants received	27,754	17,083
Grants repaid	(266)	(226)
Interest received	134	225
<b>Net cash from investing activities</b>	<b>(23,796)</b>	<b>(4,824)</b>
<b>Cash flows from financing activities</b>		
Interest paid and loan breakage costs	(8,069)	(7,517)
New loans	10,590	19,929
Loans repaid	(486)	(432)
Debt issue costs incurred	110	100
<b>Net cash used in financing activities</b>	<b>2,145</b>	<b>12,080</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,381</b>	<b>15,203</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>31,982</b>	<b>16,779</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>36,363</b>	<b>31,982</b>
<b>Free cash flow</b>		
<b>Net cash generated from operating activities,</b>	<b>26,032</b>	<b>7,947</b>
Interest paid	(8,069)	(7,517)
Interest received	134	225
<b>Adjustments for reinvestment in existing properties:</b>		
Component replacements	(4,735)	(1,963)
Free cash generated before loan repayments	(1,308)	(1,308)
Loans repaid	(486)	(432)
<b>Free cash generated after loan repayments</b>	<b>12,876</b>	<b>(1,740)</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 2022.

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 2022.

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 2021/22 and it does not expect any impact during 2022/23.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

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

GROUP	2022			2021		
	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>48,365</b>	<b>(40,298)</b>	<b>8,067</b>	46,980	(36,432)	10,548
<b>Other social housing activities</b>						
First tranche property sales	-	-	-	-	-	-
Sales and marketing	12	-	12	7	-	7
Development overheads written off	-	32	32	-	(43)	(43)
Other	493	-	493	683	-	683
<b>Non-social housing activities</b>						
Lettings	223	(88)	135	299	(46)	253
Other	39	(120)	(81)	5	(111)	(106)
<b>Total</b>	<b>49,132</b>	<b>(40,474)</b>	<b>8,658</b>	47,974	(36,632)	11,342

Operating surplus in Statement of Comprehensive Income of £9.832m includes gain of £1.174m (2021: £975k) on disposal of housing properties.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

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

COMPANY	2022			2021		
	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>48,365</b>	<b>(40,298)</b>	<b>8,067</b>	46,980	(36,432)	10,548
<b>Other social housing activities</b>						
First tranche property sales	-	-	-	-	-	-
Sales and marketing	12	-	12	7	-	7
Development Services	1,159	(1,142)	17	1,089	(1,073)	16
Development overheads written off	-	32	32	-	(59)	(59)
Other	493	-	493	683	-	683
<b>Non-social housing activities</b>						
Lettings	222	(88)	134	230	(46)	184
Other	39	(137)	(97)	5	(113)	(108)
<b>Total</b>	<b>50,290</b>	<b>(41,633)</b>	<b>8,657</b>	48,994	(37,723)	11,271

Operating surplus in Statement of Comprehensive Income of £9.831m includes gains of £1.174m (2021: £975k) on disposal of housing properties.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**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	2022 Total £'000	2021 Total £'000
<b>Income</b>					
Rents receivable	26,072	964	1,505	28,540	27,541
Service charges receivable	4,400	1,903	6,383	12,686	13,029
Income for support services	79	3,331	268	3,677	3,705
Other income from lettings	49	597	957	1,604	998
Amortised grants	1,729	63	65	1,857	1,707
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from social housing lettings	32,329	6,858	9,178	48,365	46,980
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cost</b>					
Management costs	4,576	341	1,457	6,374	6,079
Service costs	7,488	5,081	6,106	18,675	18,541
Routine maintenance	6,466	297	269	7,032	5,906
Major repairs expenditure	2,088	-	8	2,096	924
Bad debts	229	82	64	376	156
Depreciation of housing properties	4,719	262	233	5,214	4,826
Impairment of housing properties	0	0	532	532	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs on social housing activities	25,566	6,063	8,669	40,298	36,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus on social housing lettings	6,763	795	508	8,067	10,547
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Void Losses</b>					
Rent loss due to voids	380	41	905	1,326	1,131
Service charge loss due to voids	153	75	5	233	160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Void Loss</b>	533	116	910	1,559	1,291

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

**5. SALES OF FIXED ASSET PROPERTIES**

	Shared ownership further tranches	Right to Buy & to Acquire & Other	Total 2022	Total 2021
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Proceeds of sales	2,005	838	2,843	2,119
Cost of sales: NBV	(987)	(682)	(1,669)	(1,144)
	<u>1,018</u>	<u>156</u>	<u>1,174</u>	<u>975</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2022	2021
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
Bank loans, overdrafts, and other loans:		
- by instalments	7,705	7,285
- other than by instalments	173	172
Interest on DB pension scheme liabilities	191	85
	<u>8,069</u>	<u>7,542</u>
Less: Capitalised	(155)	(327)
<b>Total Interest Payable</b>	<u><u>7,914</u></u>	<u><u>7,215</u></u>

The sum for capitalised interest relates to loans which are fixed rate. The average rate for the period was 3.64% (2021: 3.67%).

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

**7. TAXATION**

	<b>2022</b>	2021
<b>GROUP</b>	<b>£'000</b>	£'000
UK Corporation tax charge for the year	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax charge for the year</b>	<b>-</b>	<b>-</b>
Deferred tax charge / (credit) for the year	-	-
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	<b>-</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>Factors affecting the current tax charge for the year:</b>		
(Loss) / profit for the year before taxation	<b>2,053</b>	7,527
Tax on (loss) / profit on ordinary activities at 19% (2021: 19%)	<b>390</b>	1,430
Fixed assets differences	<b>925</b>	810
Income / expenses not deductible for tax purposes	<b>(1,257)</b>	(2,195)
Adjust deferred tax to average rate	-	-
Amounts charged/(credited) directly to STRGL or transferred	<b>(79)</b>	(29)
Other permanent differences	<b>23</b>	1
Adjustments in respect of prior years	-	-
Group relief surrendered/(claimed)	-	(1)
Deferred tax not recognised	<b>(2)</b>	(16)
Adjust closing deferred tax to average rate	-	-
Adjust opening deferred tax to average rate	-	-
Deferred tax adjustments in respect of prior years	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>COMPANY</b>		
UK Corporation tax at 19% (2021 19%)	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax charge for the year</b>	<b>-</b>	<b>-</b>
Deferred tax origination and reversal of timing differences	-	-
<b>Total deferred tax charge / (credit) for the year (note 22)</b>	<b>-</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>Factors affecting the current tax charge for the year:</b>		
Profit for the year before taxation	<b>2,964</b>	7,527
Current tax payable at 19% (2021: 19%)	<b>563</b>	1,430

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

<b>7. TAXATION (Continued)</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Fixed asset differences	925	810
Expenses not deductible for tax purposes	8,222	7,472
Income not deductible for tax purposes	(9,732)	(9,697)
Amounts (charged)/credited to STRGL or transferred	-	-
Other permanent differences	23	-
Adjust closing deferred tax to average rate of 19%	-	-
Adjust opening deferred tax to average rate of 19%	-	-
Deferred tax not recognised	(1)	(7)
Group relief surrendered/(claimed)	-	(8)
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>8. AUDITOR REMUNERATION</b>		
	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>GROUP</b>		
In their capacity as auditor (excluding VAT)	35	36
In respect of other services (excluding VAT)	3	3
	<hr/> <hr/>	<hr/> <hr/>
<b>COMPANY</b>		
In their capacity as auditor (excluding VAT)	25	26
In respect of other services (excluding VAT)	3	3
	<hr/> <hr/>	<hr/> <hr/>
<b>9. STAFF COSTS</b>		
	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>GROUP and COMPANY</b>		
Staff costs including directors:		
Wages and salaries	17,786	17,357
Social security costs	1,510	1,439
Other pension costs	874	780
	<hr/>	<hr/>
	<b>20,170</b>	19,576
	<hr/> <hr/>	<hr/> <hr/>
Average number of full-time equivalent persons (including executive directors) employed during the year:		
	<b>Number</b>	Number
Office staff	117	107
Housing staff	46	37
Care staff	497	514
Maintenance	108	112
	<hr/>	<hr/>
Total employees	<b>768</b>	770
	<hr/> <hr/>	<hr/> <hr/>
Total employees at the year end	<b>761</b>	<b>779</b>
	<hr/> <hr/>	<hr/> <hr/>

**10. KEY MANAGEMENT PERSONNEL REMUNERATION**

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £850k, (2021: £833k).

<b>GROUP AND COMPANY</b>	<b>2022</b> <b>£'000</b>	2021 £'000
<b>Remuneration for executive directors for the year ended 31 March 2022</b>	<b>786</b>	750

The remuneration for executive directors disclosed above include pension contributions.

<b>Non-executive Board Member remuneration for the year ended 31 March 2022:</b>	<b>2022</b> <b>£'000</b>	2021 £'000
Sandy Mewies	5	5
Stephen Porter	10	10
Mike Hornsby	3	6
Paul Robinson	6	6
Frazer Jones	5	5
Sara Mogel	6	6
Eileen Smith-Hughes	5	5
Owen Watkins	0	3
Nia Hughes	5	5
Rob Morton	5	5
Susan Todd	0	5
Hayley Hulme	5	-
Roger Rowett	5	17
Sheila Powell	5	-
	<b>65</b>	78

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

The highest paid executive excluding pension contributions.	<b>134</b>	128
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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:

	<b>2022</b>	2021
£80,000 - £89,999	<b>1</b>	2
£90,000 - £99,999	<b>2</b>	2
£100,000 - £109,999	<b>1</b>	0
£110,000 - £119,999	<b>1</b>	1
£120,000 - £129,999	<b>1</b>	1
£150,000 - £159,999	<b>1</b>	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 2022

### 11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

GROUP and COMPANY	Housing properties held for lettings £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	Shared Ownership properties in the course of construction £'000	Total £'000
<b>COST</b>					
At 1 April 2021	445,136	22,448	23,872	-	491,456
Additions – components	3,463	885	414	-	4,761
Additions	9,754	38,383	-	-	48,138
Intergroup transfer	1,367	-	(1,367)	-	0
Disposals components	(641)	-	(25)	-	(666)
Disposals - other	(424)	-	(1,019)	-	(1,443)
Schemes completed	7,846	(7,846)	-	-	-
At 31 March 2022	<u>466,501</u>	<u>53,870</u>	<u>21,875</u>	<u>-</u>	<u>542,246</u>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 April 2021	60,640	-	3,943	-	64,583
Charge for the year	4,999	-	215	-	5,214
Impairment Losses	532	-	-	-	532
Disposals	(763)	-	(99)	-	(862)
At 31 March 2022	<u>65,408</u>	<u>-</u>	<u>4,059</u>	<u>-</u>	<u>69,467</u>
<b>NET BOOK VALUE</b>					
At 31 March 2022	<u>401,093</u>	<u>53,870</u>	<u>17,816</u>	<u>-</u>	<u>472,779</u>
At 31 March 2021	<u>382,257</u>	<u>24,687</u>	<u>19,929</u>	<u>-</u>	<u>426,873</u>

All housing properties are freehold.

Surpluses totalling £2.417m 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 £4.961m was capitalised to existing properties in the year (2021 £1.96m).

Total maintenance expenditure to existing properties of £9.074m (2021 £6.830m) 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 £3.827m (2021 £3.668m).

The carrying amount of the housing properties that have been pledged as security for the housing loans (including undrawn facilities) is £285m (2021 £259m).

Trust

Kindness

Hope

## CLWYDALYN HOUSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

During the year ClwydAlyn closed its Plas Bod Llwyd 29-bed care home and subsequently agreed a sale of the vacant property. The home required substantial investment to meet the company's aspirations. However, Covid significantly reduced demand for the beds there and it was unlikely that the home would recover from this and so the residents and staff were transferred to another of ClwydAlyn's care homes nearby and it was closed. The home had a historic cost of £600k.

Also, during the year, ClwydAlyn received an offer to buy its only nursing home, Merton Place. Given that this was the company's only nursing home and was not a core part of the business, the decision was made to accept the offer. The sale will complete during 2022/23. The historic cost of the home is £5.4m.

#### 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 2021	3,731	406	5,484	1,391	11,012
Additions	13	17	709	356	1,095
Disposal	-	-	-	(29)	(29)
At 31 March 2022	<u>3,744</u>	<u>423</u>	<u>6,193</u>	<u>1,718</u>	<u>12,078</u>
<b>DEPRECIATION</b>					
At 1 April 2021	1,024	327	3,842	946	6,139
Charge for year	76	17	386	156	635
Disposals	-	-	-	(29)	(29)
At 31 March 2022	<u>1,100</u>	<u>344</u>	<u>4,228</u>	<u>1,073</u>	<u>6,745</u>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2022</b>	<u><b>2,643</b></u>	<u><b>79</b></u>	<u><b>1,965</b></u>	<u><b>645</b></u>	<u><b>5,333</b></u>
At 31 March 2021	<u>2,706</u>	<u>79</u>	<u>1,642</u>	<u>445</u>	<u>4,873</u>

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2022

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

<b>GROUP and COMPANY</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>COSTS</b>		
At 1 April	<b>3,080</b>	3,218
Additions in year	-	-
Disposals	<b>(149)</b>	(138)
<b>At 31 March</b>	<b>2,931</b>	<b>3,080</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>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Stock of tools & repairs equipment and 1 <sup>st</sup> tranche properties held for resale	<b>354</b>	10,246

**15. DEBTORS**

<b>GROUP</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>3,338</b>	3,443
<b>Amounts falling due within one year:</b>		
Rental debtors	<b>1,547</b>	1,523
Less: provisions for bad debts	<b>(652)</b>	(507)
	<b>895</b>	1,016
Grants receivable	<b>87</b>	80
Trade debtors	<b>3,180</b>	965
Loans to employees	<b>53</b>	41
Prepayments and accrued income	<b>1,639</b>	1,481
	<b>5,854</b>	<b>3,583</b>

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

	<b>2022</b>	2021
<b>COMPANY</b>	<b>£'000</b>	£'000
<b>Amounts falling due after one year:</b>		
Grants receivable	<b>3,338</b>	3,443
<b>Amounts falling due within one year:</b>		
Rental debtors	<b>1,547</b>	1,523
Less: provisions for bad debts	<b>(652)</b>	(507)
	<b>895</b>	1,016
Grants receivable	<b>87</b>	80
Loans to employees	<b>53</b>	41,844
Trade debtors	<b>3,073</b>	
Amounts due from subsidiary undertakings	<b>-</b>	-
Prepayments and accrued income	<b>1,639</b>	1,481
	<b>5,747</b>	3,462

**16. CURRENT ASSET INVESTMENTS**

<b>GROUP and COMPANY</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Money market and term deposits	<b>66</b>	65

Included above are deposits as security for certain loans of £66k (2021 £65k).

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

<b>GROUP</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Housing loans (note 18)	<b>434</b>	411
Trade creditors	<b>2,547</b>	1,608
Rent in advance	<b>1,636</b>	1,314
Corporation tax	<b>5</b>	5
Other taxation and social security costs	<b>131</b>	129
Pension contributions	<b>-</b>	-
Other creditors	<b>9</b>	9
Pension Payable	<b>-</b>	9
Pension deficit contributions (note 19)	<b>1</b>	5
Deferred capital grant (note 20)	<b>1,857</b>	1,707
Accruals and deferred income	<b>8,733</b>	4,385
Fund held in trust	<b>3,936</b>	3,724
	<b>19,289</b>	13,306

**CLWYDALYN HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

<b>COMPANY</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Housing loans (note 18)	434	411
Trade creditors	2,547	1,608
Rent in advance	1,636	1,314
Corporation tax	0	0
Other taxation and social security costs	131	128
Other creditors	9	9
Pension Payable	0	9
Pension deficit contributions	1	5
Deferred capital grant (note 20)	1,857	1,707
Accruals and deferred income	4,067	2,695
Fund held in trust	3,936	3,724
Amounts due to Group undertaking	4,467	885
	<b>19,085</b>	12,495

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

<b>GROUP</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Housing loans	48,859	48,815
Housing loans - Bond issue	185,000	175,000
Recycled Capital Grant Fund	3,205	2,500
Deferred capital grant (note 20)	245,903	220,828
Pension Deficit Contribution (note 19)	3	15
Homebuy grant (note 21)	2,931	3,080
	<b>485,900</b>	450,238

<b>COMPANY</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Housing loans	49,036	49,368
Housing loans - Bond issue	185,000	175,000
Recycled Capital Grant Fund	3,205	2,500
Deferred capital grant (note 20)	245,903	220,828
Pension Deficit Contribution (note 19)	3	15
Amounts due to group undertaking – unpaid share capital	-	-
Homebuy grant (note 21)	2,931	3,080
	<b>486,077</b>	450,791

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

**Housing loans - Group**

Amounts repayable by instalments:	<b>2022</b>	2021
	<b>£'000</b>	£'000
Not wholly repayable within five years:		
Repayable between one and two years	<b>2,456</b>	480
Repayable between two and five years	<b>2,231</b>	3,769
Repayable after five years	<b>224,172</b>	214,566
	<b>228,859</b>	218,815
Amounts repayable otherwise than by instalments:		
Repayable after five years	<b>5,000</b>	5,000
	<b>233,859</b>	223,815
Amounts repayable by instalments repayable within one year	<b>434</b>	411
<b>Total housing loans - Group</b>	<b>234,292</b>	224,226

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

#### Housing loans – Company

Amounts repayable by instalments:	<b>2022</b>	2021
	<b>£'000</b>	£'000
Not wholly repayable within five years:		
Repayable between one and two years	<b>2,456</b>	480
Repayable between two and five years	<b>2,231</b>	3,769
Repayable after five years	<b>224,349</b>	215,119
	<b>229,036</b>	219,368
Amounts repayable otherwise than by instalments:		
Repayable after five years	<b>5,000</b>	5,000
	<b>234,036</b>	224,368
Amounts repayable by instalments repayable within one year	<b>434</b>	411
<b>Total housing loans – Group</b>	<b>234,469</b>	224,779

Housing loans are secured by specific charges on the Group's housing properties and bear interest at rates ranging from 2.96% to 11.18%.

At 31 March 2022 100% of the loans were fixed (2021 100%). The fixed loans bore interest ranging from 2.96% to 11.18%, with a weighted average of 3.64% (2021 3.212% to 11.09%, weighted average 3.67%).

At the year end 0% of the loans were variable (2021 0%).

The loan liability includes a £9.7m 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>2022</b>	2021
	<b>£'000</b>	£'000
Recycled Capital Grant Fund at 1 April	<b>2,500</b>	2,081
Received in the year	<b>5</b>	273
Recycled in the year	<b>699</b>	146
Recycled Capital Grant Fund at 31 March	<b>3,205</b>	2,500

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 19a. PENSION DEFICIT CONTRIBUTION LIABILITY

	<b>2022</b>	2021
<b>GROUP and COMPANY</b>	<b>£'000</b>	£'000
At 1 April	<b>20</b>	24
Re-measurements		
- Amendments to contribution schedule	-	-
- Impact of change in assumptions	<b>(11)</b>	1
Unwinding of discount finance charge	-	-
Deficit contributions paid	<b>(5)</b>	(5)
	<hr/>	<hr/>
At 31 March	<b>4</b>	20
	<hr/> <hr/>	<hr/> <hr/>
Amounts falling due:		
Within one year (note 17)	<b>1</b>	5
	<hr/>	<hr/>
Between one and two years	<b>2</b>	5
Between two and five years	<b>1</b>	10
In five years or more	-	-
	<hr/>	<hr/>
In more than one year (note 18)	<b>3</b>	15
	<hr/>	<hr/>
<b>Total pension creditor</b>	<b>4</b>	20
	<hr/> <hr/>	<hr/> <hr/>

### 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 2022 by a qualified independent actuary.

	<b>2022</b>	2021
<b>KEY ASSUMPTIONS</b>	<b>£'000</b>	£'000
Discount Rate	<b>2.79</b>	2.19
Inflation (RPI)	<b>3.54</b>	3.26
Inflation (CPI)	<b>3.17</b>	2.87
Salary Growth	<b>4.17</b>	3.87

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

#### Life expectancy

	At age 65 years
Male retiring in 2021	21.1
Female retiring in 2021	23.7
Male retiring in 2041	22.4
Female retiring in 2041	25.2

	2022	2021
	£'000	£'000
<b>GROUP ASSETS</b>		
Global Equity	7,010	5,500
Absolute Return	1,465	1,905
Distressed Opportunities	1,307	997
Credit Relative Value	1,214	1,086
Alternative Risk Premia	1,205	1,300
Fund of Hedge Funds	-	4
Emerging Markets Debt	1,063	1,393
Risk Sharing	1,203	1,256
Insurance-Linked Securities	852	829
Property	986	717
Infrastructure	2,602	2,301
Private Debt	936	823
Opportunistic Illiquid Credit	1,227	877
High Yield	315	1,034
Opportunistic Credit	130	946
Corporate Bond Fund	2,437	2,039
Cash	124	-
Liquid Credit	-	412
Long Lease Property	940	676
Secured Income	1,361	1,435
Liability Driven Investment	10,193	8,771
Currency Hedging	(143)	-
Net Current Assets	101	210
	<hr/>	<hr/>
Total Assets	36,528	34,511
	<hr/>	<hr/>

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.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

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

**GROUP and COMPANY**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income</b>		
Employer service cost	(33)	(33)
Past service cost	-	-
	<hr/>	<hr/>
<b>Total Operating Charge</b>	<b>(33)</b>	(33)
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	757	717
Interest on pension liabilities	(948)	(802)
	<hr/>	<hr/>
<b>Amounts charged/credited to finance costs</b>	<b>(191)</b>	(85)
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	1,057	3,350
Actuarial gains/(losses) on scheme liabilities	2,170	(9,381)
	<hr/>	<hr/>
<b>Actuarial gain/(loss) recognised</b>	<b>3,227</b>	(6,031)
	<hr/>	<hr/>
<b>GROUP and COMPANY</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Surplus/(deficit) in scheme at 1 April</b>		
<b>Movement in year:</b>		
Opening Defined Benefit pension liability	(9,213)	(4,103)
Employer service cost	(33)	(33)
Employer contributions	1,057	1,039
Past service cost	0	0
Net interest/return on assets	(191)	(85)
Remeasurements	3,227	(6,031)
	<hr/>	<hr/>
<b>(Deficit)/Surplus in scheme at 31 March</b>	<b>(5,153)</b>	<b>(9,213)</b>
	<hr/>	<hr/>

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2022

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

<b>GROUP and COMPANY</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Asset and Liability Recognition</b>		
<b>Recognition of Liabilities</b>		
<b>Liabilities at start of period</b>	43,724	34,184
Service cost	-	-
Interest cost	948	802
Employee contributions	-	-
Remeasurements	(2,170)	9,381
Benefits paid	(854)	(676)
Past service cost	33	33
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>41,681</b>	<b>43,724</b>
<b>Recognition of Assets</b>		
<b>Assets at start of period</b>	34,511	30,081
Return on plan assets	757	717
Remeasurements	1,057	3,350
Employer contributions	1,057	1,039
Employee contributions	0	0
Benefits paid	(854)	(676)
<b>Assets at end of period</b>	<b>36,528</b>	<b>34,511</b>

The actual return on the plan assets (including any changes in share of assets) for the Group over the year ended 31 March 2022 was £1.814m (2021: £4.086m)

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**20. DEFERRED CAPITAL GRANT**

	<b>2022</b>	2021
<b>GROUP and COMPANY</b>	<b>£'000</b>	£'000
At 1 April	<b>222,536</b>	207,584
Grant received during year	<b>27,708</b>	17,062
Housing property disposals	<b>(627)</b>	(403)
Amortisation for the year	<b>(1,857)</b>	(1,707)
Net grant creditor 31 March	<b>247,760</b>	222,536
The grants are amortised as follows:		
Amounts falling due:		
Within one year (note 17)	<b>1,857</b>	1,749
Between one and two years	<b>1,857</b>	1,749
Between two and five years	<b>5,572</b>	5,248
In five years or more	<b>238,474</b>	213,788
In more than one year (note 18)	<b>245,903</b>	220,786
<b>Total grant creditor</b>	<b>247,760</b>	222,536

Gross capital grant received is £280.5m (2021: £253.6m)

**21. HOMEBUY GRANT**

	<b>2022</b>	2021
<b>GROUP and COMPANY</b>	<b>£'000</b>	£'000
At 1 April	<b>3,080</b>	3,218
Additions in the year	-	-
Disposals in the year	<b>(149)</b>	(138)
At 31 March	<b>2,931</b>	3,080

## CLWYDALYN HOUSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

#### 22. DEFERRED TAXATION

There was no deferred taxation.

#### 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>2022</b>	2021
<b>GROUP</b>	<b>£'000</b>	£'000
Capital expenditure contracted for but not provided for in the financial statements.	<b>32,196</b>	13,589
Capital expenditure authorised but not yet contracted for in the financial statements.	<b>93,887</b>	54,582
<b>COMPANY</b>		
Capital expenditure contracted for but not provided for in the financial statements.	<b>131</b>	218

The capital expenditure is to be financed by a combination of grants (including Social Housing Grant) of £55.3 million and the balance of £38.6 million from the existing cash balance of £36.4 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 £40 million of retained bonds in 2023-24.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**25. OPERATING LEASES**

**GROUP and COMPANY**

At 31 March 2022 the association had no lease payments under non-cancellable operating leases.

	Leasehold Offices		Vehicles & Equipment	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Operating leases minimum lease payments</b>				
Within 1 year	-	-	-	-
Within 2 to 5 years	-	-	-	-
After 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating lease payments recognised as an expense in the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**26. ACCOMMODATION IN MANAGEMENT**

**GROUP and COMPANY**

	2022 Number	2021 Number
General needs and other rented	4,244	4,144
Sheltered & Extra Care	723	752
Supported Housing	229	234
Low cost home ownership	521	532
Residential / Care Homes	130	159
Managed on behalf of others	40	40
Homebuy & D.I.Y.H.O	191	190
Intermediate rental	218	189
	<u>6,296</u>	<u>6,240</u>
	<u>6,296</u>	<u>6,240</u>

**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. SUBSIDIARY ENTITIES**

As at 1 April 2021 and 31 March 2022

<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 (2021: £50,002). Note most subsidiaries are limited by guarantee and do not have any issued share capital.

**28. CONTINGENT LIABILITIES**

In previous years 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 £109k (after 2021 £120k) 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 £1,158,926 (2021: £1,089,597)
- TaiElwy Limited £nil (2021: -£69,577)

**At the year ended 31 March 2022 had the following intragroup balances outstanding: -**

- Tir Tai Limited a creditor balance of £2,772,507 (2021: debtor balance of £282,813)
- PenArian Housing Finance PLC a creditor balance of £1,694,347 (2021: creditor balance of £1,167,882)

**CLWYDALYN HOUSING LIMITED**  
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For the year ended 31 March 2022

**30. MOVEMENT IN NET DEBT**

	At 31 March 2021 £'000	<b>Cash flows £'000</b>	At 31 March 2022 £'000
Cash and bank balances	31,981	<b>4,382</b>	<b>36,363</b>
Bank overdrafts	(-)	(-)	(-)
	<u>31,981</u>	<u><b>4,382</b></u>	<u><b>36,363</b></u>
Housing loans	(224,226)	<b>(8,306)</b>	<b>(232,532)</b>
Current assets investment	65	1	66
	<u>(192,180)</u>	<u><b>(3,923)</b></u>	<u><b>(196,103)</b></u>

**31. POST BALANCE SHEET EVENT**

ClwydAlyn accessing capital funds through bank debt and via the corporate bond issued through its subsidiary, PenArian. The existing corporate bond was due to expire in June 2022. The bond still had £25m of undrawn funds. In May 2022, the board of PenArian agreed to extend the bond and remove the expiry date giving long-term access to the bond. In July 2022 the group board agreed to issue a £150m tap on the existing bond meaning the company could sell a total of £175m bonds in future years.



ClwydAlyn

