



**ClwydAlyn**

# **Annual Report and Financial Statements**

**2022-23**





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# Contents

Social Purpose	3
Chair's Review	4
Strategic Report	7
Statement of Directors Responsibilities	29
Report of the Independent Auditors	30
Group Statement of Comprehensive Income and Group Statement of Changes in Reserves	34
Company Income and Expenditure Account and Company Statement of Changes in Reserves	35
Group Statement of Financial Position	36
Company Statement of Financial Position	37
Group Statement of Cash Flows	38
Notes to the Financial Statements	39

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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 6,300 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

ClwydAlyn continues to be a financially strong, growing business, known positively for its dynamic vision and values-based approach to employment and service delivery. We achieved a margin of 19% and maintained our credit ratings with Moody's and S&P at a time of turbulence in the funding markets; we arranged a further deferred drawdown on our bond 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 also agreed new funding covenants with Barclays which do not include the capital investment we are making in our existing homes.

The 2022/23 financial year was our best year ever for achieving Social Housing Grant; with £36m secured towards new homes. Despite delays and challenges in the planning system we now have 558 new homes on site; with a further 900 at various stages of the development process. However, the construction market continues to be very challenging, with significant cost increases during the year and one of our contractors going into administration. We have been well supported by the Welsh Government who have allocated additional grant funds to support projects where costs have increased.

All our new homes are built to EPC A, and we continue to build many ultra-low carbon homes; utilising off site manufactured systems; including Welsh timber panels manufactured in Berwyn prison. We are fitting air source heat pumps; solar PV, battery storage and a range of other new technologies to minimise our impact on the environment. Following an invitation from Welsh Government we are establishing a Zero Carbon Hub for housing; to share best practice and learning across Wales.

During the year we were approached by the Rosa Hovey Housing Trust who own a small number of properties in the Conwy area. We have agreed to take a transfer of engagements of their homes in Summer 2023.

In early 2023, board agreed to create a joint venture company with Cartrefi Conwy Housing Association, called Onnen. The company was incorporated in April 23, and an interim Managing Director has been appointed to establish the company and commence trading. Onnen will deliver decarb works to ClwydAlyn and Cartrefi Conwy homes, bringing economies of scale both in purchasing of materials; growing the marketplace; creating employment opportunities for our residents and reskilling existing employees.

Our focus on addressing environmental challenges continues with several changes to business practices to reduce our carbon emissions; in addition, we have received grant from Welsh Government and commissioned works to start to address the Welsh Government target to reduce carbon emissions and improve thermal efficiency of existing homes.

We continue to support our tenants directly with the impacts of the cost-of-living crisis and we developed a new rent setting policy after extensive consultation with engaged tenants. We also undertook a review of service charges with residents across several schemes to control and reduce costs wherever possible. We have seen increases in arrears and void loss during the year and are fundamentally changing the way we manage our void process and increasing the support for tenants.



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During the year, residents led work to develop “our promise” which is a set of commitments around service standards and service quality. We produced our first annual report in Spring 2023. We have provided 17 work placements to residents during the year; and 17 more trainee roles have been created through our new build contracts. We continue to support and develop digital access to services; with 28% of all enquires being digital during the year.

Tenant satisfaction data tells us that we are performing well comparatively. Independent benchmarking places ClwydAlyn above the median for all measures across the UK wide group, and in Wales. Our social media profile has been positive again this year with the highest engagement rate across other North Wales Housing Associations.

We work in partnership to address the impacts and causes of poverty and are influential partners in the 2025 movement; Well Fed, Warm Wales; the regeneration of Rhyl; Advisors to Welsh Government on ending homelessness; and in Health Board work. We developed our baseline position on Social Value in 2022 so that we know what matters to residents and can measure progress in future years. We produced our second ESG report and this demonstrates our contribution to addressing environmental and social challenges.

We have grown our Care & Support services. Conwy Council has commissioned ClwydAlyn to deliver a new Supported Living service for young people who have experienced homelessness. Additionally, we have received longer term funding from the Health Board to develop our ICAN centre in Rhyl (which supports individuals suffering with their mental health). We have opened a new mother and baby home in Wrexham and are now making good progress in delivering 19 new apartments to replace a night shelter for homeless people. We were proud to achieve the Welsh Women’s Aid formal accreditation for our domestic violence service, which is a quality mark for good standards of service delivery and outcomes. We have commenced a full review of all Supported Living Services to ensure that our portfolio is fit for purpose; meets modern standards and delivers value for money. Our three Registered Care Homes all received unannounced inspections from Care Inspectorate Wales, with all services being classed as compliant with only a small number of areas for improvement. The Welsh Government also commissioned us to run a Ukrainian welcome centre, supporting 80 refugees.

We prioritise investment in existing homes, with £12m spent during 22/23. We were able to benefit from a new Welsh Government funding stream to bring long term empty homes back into use; and to redevelop some older/not fit for purpose accommodation. Demand for repair and maintenance services has been high with 2,500 more repairs reported in 22/23 than the year before. We also saw a 156% increase in reports of damp and mould following a very proactive campaign to encourage reporting. These have been prioritised for visits and action to address any issues. Our work on Compliance and Building Safety remains a high priority with a range of works completed to homes and complex buildings over the last year to address risk and improve safety. We spent close to £900k adapting existing tenants homes enabling people to maintain their independence and live well.

We continue to be a Real Living wage employer; a Working Families top 30 company and during the year we introduced several changes to support our staff through the cost-of-living crisis. These included offering lunch to all staff; paying expenses and overtime

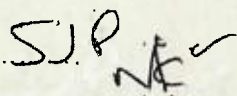


more frequently; signposting to financial advice etc. In addition, we extended our staff well-being offer and have been able to proactively keep people in work who may have previously taken absences.

Through our culture change journey, we continue to embed how we live and lead our values of Trust, Kindness, and Hope. We operate in a very challenging external environment for recruitment and retention; but we perform better than the median for the social housing sector in Wales (despite over three quarters of our staff being employed in sectors recognised to have high levels of staff turnover). We have progressed with our work to become a Trauma Informed organisation, and have established an Equality, Diversity and Inclusion staff network who are influencing our work to be a fully inclusive employer.

Our approach to business resilience has been strengthened and we have a stronger and more embedded approach to Value for Money, Procurement and Programme & Project Management. Risk management has been strengthened through more frequent oversight and review by both Board and Exec as we operate in a faster paced and more challenging economic and social environment. 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. We have produced our second self-assessment and it is pleasing to see the progress we have made to improve performance across a range of regulatory expectations.

We are in very challenging times; and as a board we are proud of how we are managing these challenges whilst continuing to prioritise and invest in our mission "to beat poverty". For the year ahead we will continue to support the most vulnerable residents and those staff suffering most from the cost-of-living crisis. We have prioritised actions to; support residents to be able to pay their rent; improve our performance in letting empty homes and in providing a high-quality repair and maintenance service which keeps our residents well and safe in our homes.

A handwritten signature in black ink, appearing to read 'SJP' followed by a stylized flourish or checkmark.

Stephen Porter,  
Group Chair

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# Strategic Report

ClwydAlyn operates across 7 counties in North and Mid Wales. Our housing portfolio contains around 6,300 properties, the majority of which are general needs and sheltered accommodation. We also have shared ownership and Homebuy properties and lease out homes to local councils for them to provide specific supported living arrangements for their tenants.

Included in our housing stock we also operate 9 extra care schemes with 512 flats and 3 care homes with 130 beds. We also have 16 supported living schemes which provide accommodation for 205 people and include a homeless shelter and domestic violence refuge.

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.

## Housing Services

The restructure of our Housing Services is now fully embedded and officers work across community patch areas with an average of 250 properties per patch. This year has seen further development of our approach to relationship building with residents and we have continued to complete annual visits to all our tenants.

We have reviewed the way that we approach cases of anti-social behaviour and have developed a policy that is more in line with our values, taking a preventative, trauma informed approach. We now begin each case as a 'Resident Concern' and work with residents to immediately identify ways in which any issues can be de-escalated. We have worked hard to develop partnership working arrangements with local authorities, North Wales Police and Health Services.

As with all other social housing providers, this year we saw an increase in the number of requests for support around damp, mould and condensation, following the untimely death of Awaab Ishak. Works orders increased by 156%. We made it a priority to contact every resident to provide advice and information about the effects of damp and follow this up with ensuring that we developed a multi-department approach targeting repairs, resident education, support for residents more at risk and assisting with income and energy advice referrals. We ran 2 marketing campaigns for all residents asking them to let us know if they had any issues with their property. We then followed this up with personal contact for any resident that had not responded.

Our residents' portal continues to grow in its popularity, and we now have over 2,000 Residents who have registered to use it. We took £163k of rent payments through the system during the year.

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## **Residents Fund**

ClwydAlyn currently has a Residents Fund that is utilised to help residents that are in financial hardship or crisis.

Between April 2022 and March 2023, we have supported 89 residents through the Residents fund with a total expenditure of £19,310.

## **Welfare Rights**

Our Welfare Rights and Money Advice Officers have supported 432 residents and supported financial gains of £1,009,303.44.

## **Wellbeing Support**

ClwydAlyn have always supported residents with wellbeing interventions and when our new Housing Management system was introduced in June 2023, we were able to start to record the number and types of wellbeing interventions officers were carrying out for residents. This new recording process has been piloted in General Needs and Sheltered Housing and will be rolled out across wider tenures this financial year.

Between June 2022 and March 2023, we carried out 208 interventions broken down as follows:

Food Poverty	76 Interventions
Fuel Poverty	23 Interventions
Health and Wellbeing	75 Interventions
Property Condition	34 Interventions

## **New Residents**

During the year we welcomed 617 new residents:

57 Affordable Homes  
95 Extra Care  
329 General Needs  
28 Group Homes  
108 Supported Living

## **Early Intervention**

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 566 tenants.

## **Xmas Support**

Due to the impacts of the cost-of-living crisis and the financial hardship being experienced by some residents, ClwydAlyn supported by issuing Food Vouchers at Christmas to help residents with purchasing food for this period. We issued food vouchers to 108 households during December 2022.

ClwydAlyn employees also provided Christmas gifts at to 58 residents who were either socially isolated or struggling financially and had children within their household.



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## Assets

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.

During the year we had external consultants carry out a review of our asset management plan to ensure it was realistic and deliverable. We were able to access decarbonisation funding of £1.7m through the Welsh Government's Optimised Retrofit Programme, although this was received late in the year, and we will see the benefit of the works during 2023/24. We have been allocated a further £2m in each of the following 2 years. Our EPC ratings are shown below. The total number of properties differs from our total as this excludes properties such as shared ownership, and supported living schemes that have one certificate for the building rather than each room rented.

EPC band	SAP Score	# properties (owned & managed)	% stock
A	92-100	354	8%
B	81-91	1,183	26%
C	69-80	2,109	46%
D	55-68	891	19%
E	39-54	78	2%
F	21-38	15	0%
G	0-20	1	0%
Not Available			0%
Total		4,631	100%

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. However, during the year, we were able to access £800k of Transitional Accommodation Capital Programme funding which allowed us to refurbish 38 of our poorest performing / vacant stock and let them to homeless people. This meant that our income from asset sales was £400k below expectation, but we retained properties which will generate a future rental.

We believe that we are the first in Wales to successfully collaborate with another a social housing provider (Cartrefi Conwy) in a 50-50 joint venture to create a company specifically for decarbonisation works. It was granted formal approval in March by both Boards. It will give us greater control, increase capacity locally and enable us to ensure appropriate quality. It will build capacity in the local market through training staff and using local SMEs.

Over the last 12 months we have successfully implemented our new Compliance and Building Safety staffing structure to prepare for the new safer building regimen and strengthen our compliance position. We have provided additional training and support and have introduced a competency framework matrix including mandatory CPD hours for all staff who work in our Asset and Compliance & Building Safety teams who manage



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our complex buildings, this will support and strengthen resident safety and delivery of our compliance obligations.

In addition, a review of frontline services has resulted in the competency matrix being introduced to those roles also in order to satisfy the Building Safety Regime.

We have strengthened our Fire team by employing an additional Compliance Co-ordinator (Fire Safety) to reduce the need to subcontract work out to 3rd parties. This will also allow a greater understanding of our stock and the requirements needed.

## **Repairs and Maintenance**

During the year we carried out 26,797 repairs, an increase of 4499 on last year. Part of this was due to the marketing campaign we carried out on damp and Mould, encouraging tenants to contact us if that had any concerns.

We delivered significant improvements to residents' homes, spending £5.4m on improving existing homes and a further £9.1m in repairing and maintaining them. As a result of improvements and other interventions 2978 residents will benefit from savings of up to £62.66 per year.

During the year we installed:

- 451 Kitchens and bathrooms
- 281 Windows and doors
- 95 Boilers installed
- 97 Water heating systems
- 49 Electrical heating systems

Also, during the year:

- Refurbished 515 void properties
- Our first-time fix rate was 88%
- We remained 100% compliance with the Welsh Housing Quality Standards.

Following a review of our fire door stock of flat entrance doors leading onto escape routes, we have commissioned the replacement of doors where deemed necessary and this will be completed by 31<sup>st</sup> March 2024.

## **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:



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- 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. In Q3 22/23 we were successful in gaining grant funding to deliver a range of courses aimed at increasing resident confidence and preparing them for employment opportunities. A 3 day 'Total Commitment Training' event was attended by 30 residents living in our Supported Living services.

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.
- At the start of 2023, we opened a new mother and baby service 'Kingsland' to improve outcomes for young homeless mothers in Wrexham Borough Council.
- We were very proud to be the first Domestic Abuse Service in North Wales to be accredited with Welsh Women's Aid's National Quality Service Standards.
- We have developed a new service 'Ty Nos' to provide 19 homes for homeless individuals in Wrexham. Nearing completion, the scheme is due to open in 2023.
- Our ICAN Hub based in Rhyl was recognised by Welsh Government as a best practise service that provides non-clinical support to assist individuals struggling with their mental health.

We run these schemes under contract to various councils in North Wales. The councils have come under increasing financial pressure in recent years and the grant they rely on has been frozen. To ensure we can continue to provide high quality services, we have begun a full review of services and are working with the councils on how these services will be delivered in future.

## **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.

Extra Care remains a popular option for older adults, and we are on site with the 9<sup>th</sup> project located in Welshpool town centre, Powys. This will provide a further 66 Extra Care apartments with auxiliary facilities and will be ready for occupancy early 2024.



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Over the last year, we established a pilot step-down service in partnership with Gwynedd Council & Besti Cadwaladr University Health Board (BCUHB). Patients that do not need to be in hospital but aren't quite ready to go home, were transferred to our Extra Care scheme in Pwllheli, Gwynedd. Whilst on site, individuals can access the onsite care provision, restaurant and activities. The pilot produced some excellent outcomes and BCUHB are now establishing a 'task and finish' group to integrate the service.

## **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.

Over the course of the last 12 months, all three of our Care Homes received unannounced inspections from the Care Inspectorate of Wales. The inspection reports were very positive in each instance, with no areas of non-compliance. The common thread was that our residents live well and received high quality care and support from knowledgeable and trained care teams. The last three 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 lifted, residents have been able to enjoy a range of social events and activities again including parties for the King's coronation.

In the early part of the year, we still had relatively high void rates as families were reluctant to place their loved ones in care homes. This has now improved back to pre-pandemic levels. Recruitment and retention within the care sector is problematic with high turnover and proves to be a continual challenge for the company. We accommodate both privately funded residents and those funded through local council placements. Council budgets have been under pressure for some time and the fees they pay have not kept up with the inflationary pressures of providing the services. We have lobbied Welsh Government and local councils to improve the fees they pay, and this work is ongoing.

## **Development**

Since the commencement of the Development Programme in 2017-18, 852 new homes have been completed, 558 are currently on site and a further 487 are due to start on site over the next 15 months. In addition, a further 430 new homes are in the pipeline, bringing a total investment of £500m in developing homes across North Wales.

ClwydAlyn's business plan of May 2023 sets out completion of new homes to 2028 bringing ClwydAlyn's total predicted stock to over 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 early in 2024.

Of the projects on site, 130 of the new homes are ultra-low carbon and using off site manufactured systems for their construction. 109 homes of this type have already been completed. The remaining homes on site are all EPC A standard with most 'off gas'



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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. Our development programmes have enabled our partners to support 23 apprentices and trainees this year.

During the year, one of our contractors entered administration. This contractor was due to deliver two sites with a total of 177 homes. They had just started on site and so works undertaken had been minor. We have already begun the process of replacing them with other contractors. This will however delay the schemes by at least 6 months.

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, with the setting up a factory in HMP Berwyn Wrexham building superstructure panels, is helping rehabilitate offenders and growing construction skills. The off-site superstructure produced in this way is delivered to site to build the low carbon homes.

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. The first contract is underway to retrofit the poorest performing homes in our existing stock with energy saving measures, low carbon technologies and alternative heating and hot water systems. This has been achieved with the assistance of further Optimised Retrofit Programme grant from Welsh Government which has been secured for 3 years and circa £6m and will benefit residents as well as ensuring older properties have a long and sustainable future.

In 2022/23 ClwydAlyn drew down £53m from Welsh Government in capital grant to build new homes, the highest figure since the Development Programme commenced in 2017. This is a significant proportion of the all-Wales housing budget of £300m for that year (18%) bearing in mind over 20 developing Associations exist.

## **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.



Our Inclusion work has progressed this year, our Inclusion Network has been established and works alongside 'Hafan Pawb' (Haven for All), our neurodivergent peer support group and 'Menomania' our menopause support group.

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 once again this year reflecting the work, we have done to increase flexibility and support working families. We will benchmark again before the end of the corporate plan period.

As the cost-of-living crisis increased during the year, we continued with our staff food offer which enables all staff to access a hot meal whilst they are on shift.

Wellbeing has been a key focus over the past twelve months. We have continued to support those who have life limiting conditions whilst placing an increased focus on persistent short term sickness issues. We continue to see evidence of how our Wellbeing Team support staff to remain positively engaged in work during periods of mental ill health.

Throughout the year, we monitor our attendance and retention figures and compare our performance against other Housing Associations across Wales. Our benchmark for attendance this year was 96.6% and we ended the year on 96.4%. Our benchmark for retention was 87.72% and we ended the year on 85.39%. The sector benchmark data was refreshed in December and showed increases in both turnover and sickness rates. Median staff retention is 84.61% and staff attendance is 96.67%, this influences our KPIs for next year. We recognise this continues to be a challenging employment market; therefore, recruitment and retention remain key priorities for next year.

We have increased the number of Trainees, Apprentices, and staff on Career Pathways with 15 staff in these development roles; a further three roles are being recruited into our Trades team using Social Value funding provided as part of our commercial contracts.

Over the past year we continued to offer Employability Programmes in partnership with Project Search, We Mind the Gap, and Creating Enterprise. We launched the first over 25s programme in the UK for Project Search this year. We supported 26 people through our Employability Programmes, work experience and volunteering opportunities.

With Employer of Choice being a key measure for us, we continue to deliver priorities that help define us as a leading employer in North Wales. Staff joining the organisation have fed back that they can see how our values are embedded in what we do.

Wellbeing has been a key focus over the past twelve months. As we move into next financial year, we are revisiting our Wellbeing plan to ensure we are embedding our Trauma Informed Work whilst placing an increased focus on staff wellbeing

Following a comprehensive review of pay this year, we continue to pay market median salaries with cost-of-living salary increases ranging from 5% to 10.1% planned for 23/24.

We have met with managers across our business to explore succession planning for their area; this has helped us identify key roles across the business where a succession

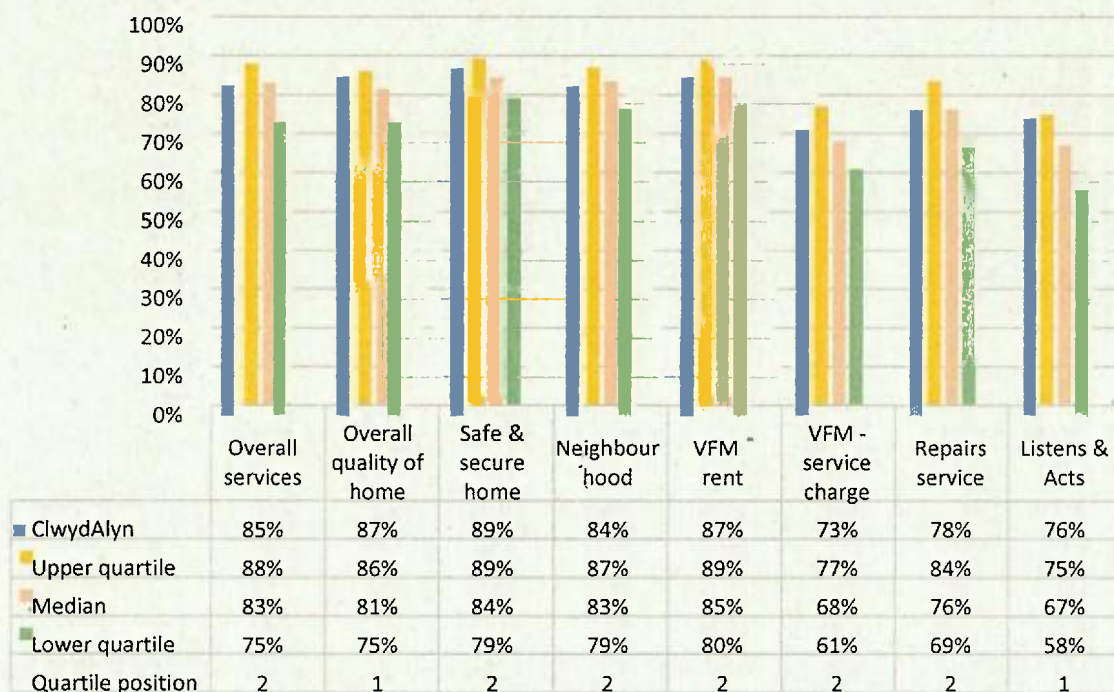


plan is needed and prompted discussions about creating further trainee opportunities within different teams.

Our focus next year will be on increased management development and training to consistently embed our values in the way we do things.

## Customer Satisfaction

The results from the 'STAR' surveys carried out in 22/23 continue to demonstrate that there remain high levels of satisfaction with most services delivered by ClwydAlyn. Overall satisfaction is high, and this is 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 remains at 85% and compares well to the rest of the sector. While we are performing comparatively well, we can see that satisfaction dropped in the aftermath of Covid and is still lower than pre-pandemic.

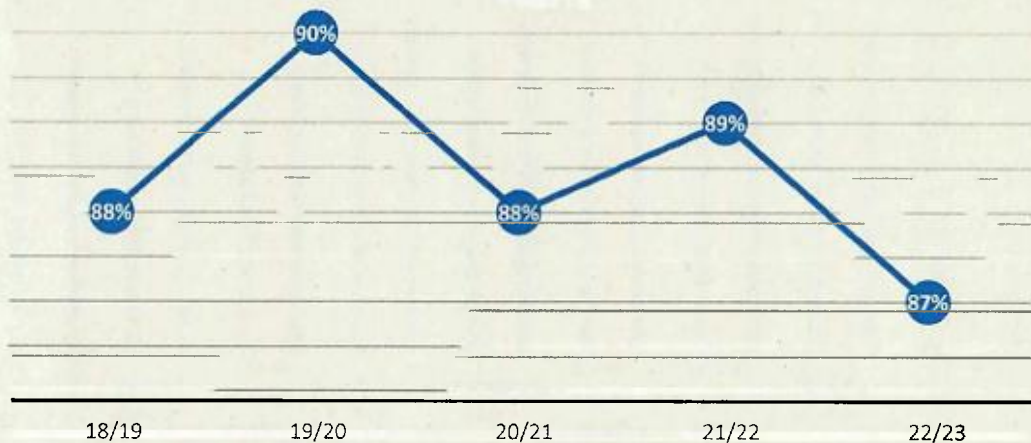




## Overall Customer Satisfaction



## Customer Satisfaction with Value For Money - Rent



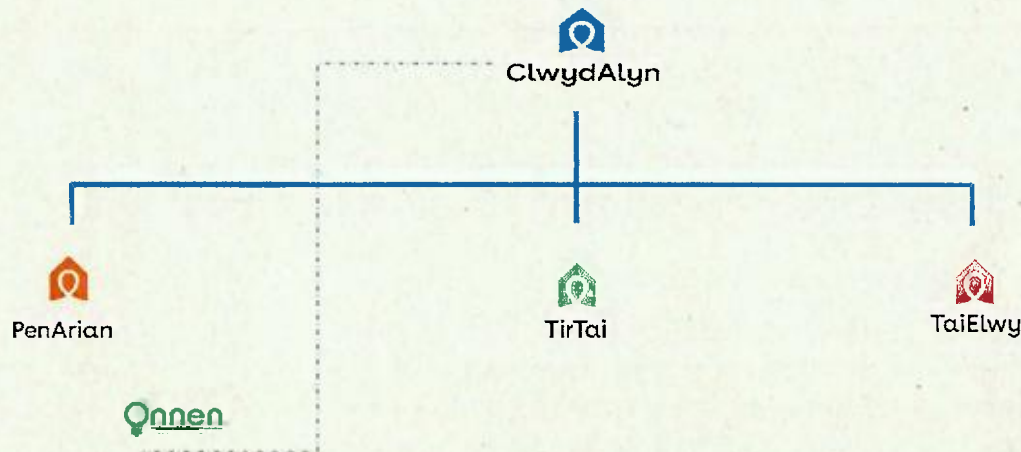
## Corporate Social Responsibility – Environmental, Social and Governance Report

ClwydAllyn takes its Environmental, Social and Governance (ESG) responsibilities very seriously. We produced our second ESG Report containing information about activities we have undertaken and assessing our performance against the relevant criteria. A copy of the report can be accessed via the link. <https://issuu.com/pennafhousinggroup/docs/38741-clwa-clwydalyn-environmental-social-and-gove>



# Governance

Our Group consists of ClwydAlyn Housing, the parent, and principal operating company, three subsidiaries, PenArian, Tir Tai and Tai Elwy (which is dormant) and a Joint Venture with Cartrefi Conwy, Onnen. Board approved the creation of Onnen in March, but it was not formally set up until April so did not trade during 22/23.



- ClwydAlyn Housing Limited, the parent and a charitable Registered Society which, 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.
- Onnen – A Joint Venture with Cartrefi Conwy established to deliver decarbonisation work and provide investment in low energy efficient homes. Onnen will act as a principal contractor and sub-contract work to third parties.

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 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, staff health and safety and gender pay.



- Assurance Committee – To provide the Board with assurance on the effectiveness of internal controls, audit, financial reporting and risk.
- 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. It also reviews property health and safety.
- 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	Stand Down
Mr Stephen Porter	Chair ClwydAlyn, PenArian, TirTai, Tai Elwy Board and People and Property Committee	Mar 15	
Mr Paul Robinson	Vice Chair ClwydAlyn and PenArian Board and Chair Assurance Committee	Jan 15	
Eileen Smith-Hughes	ClwydAlyn Board and People Committee	Aug 16	Sept 22
Frazer Jones	ClwydAlyn, Tir Tai and Tai Elwy Board and Vice-Chair Assurance Committee	Jan 15	
Nia Wynne Hughes	Chair Tir Tai, ClwydAlyn, Penarian and Tai Elwy Board and Assurance Committee	Oct 19	
Rob Morton	ClwydAlyn Board, Assurance and Property Committee	Apr 20	



Roger Rowett	ClwydAlyn Board and People Committee	May 20	
Sandy Mewies	ClwydAlyn Board and Property Committee	Oct 16	
Sara Mogel	ClwydAlyn Board and Chair People Committee	Jan 15	
Clare Budden	ClwydAlyn, TirTai, PenArian and Tai Elwy Board	Apr 18	
Edward Hughes	ClwydAlyn Board	Nov 20	
Sheila Powell	ClwydAlyn Board	May 21	
Peter Smith-Hughes	ClwydAlyn Board	Sept 22	
Hayley Hulme	ClwydAlyn Board	Sept 21	

### Independent Committee Members

Name and Committee	Appointed
Debbie Attwood – People Committee	November 2019
Michael Larkin – Property Committee	June 2021
Eileen Smith-Hughes – People and Property Committee	September 2022
Lorraine Orger – Chair Staff Forum	October 2022
Maria Evans – Chair Staff Forum	October 2022

### Residents' Committee Members

Name	Appointed
Peter Smith-Hughes, Committee Chair, Board Member and member of the Assurance Committee	January 2018
Carol Quinn	September 2019
Gemma Minards	September 2019
Brian Strefford, Vice Chair and Member of the Property Committee Member	January 2018
Sheila Powell Resident Board Member	May 2021
Rhiannon Griffith	December 2022
David Perkins	December 2022

ClwydAlyn is regulated by the Welsh Government. At least annually we are required to produce and submit a self-evaluation which evaluates the quality of our governance,



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service delivery and financial viability when delivering our purpose and objectives. ClwydAlyn is compliant and green for governance (including tenant services) and financial viability. 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 Assurance Committee and the Vice-Chair joining the Property Committee.

## **Strategic and Operational Risks**

### **Key Business Risks**

The current business environment for housing providers is unprecedented in the challenges ahead; the cost-of-living crisis and the war in Ukraine, the requirement to decarbonise stock, and the increased focus on damp and mould continue 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 ensures that the framework is appropriate and regularly reviewed. Some risks faced by the Group are not fully controllable, such as the Russia/Ukraine war which carries huge risks for the economy. Inflation remains high and 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 Executive 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.


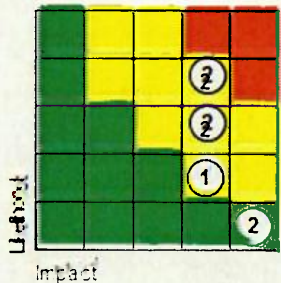

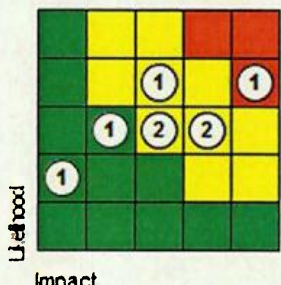

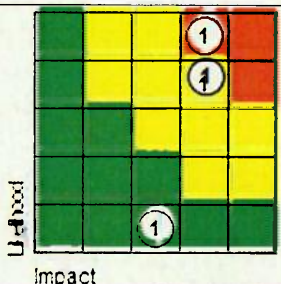

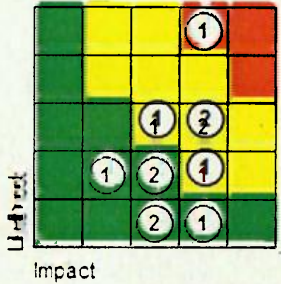
Risks are categorised as 'Strategic' or 'Operational' and are monitored and reviewed quarterly by the Board and Assurance Committee.

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.


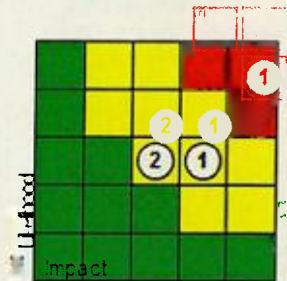
There are detailed risk maps supporting each of the strategic risks with specific interventions to mitigate the risk. The underlying key issues to managing the risks are ensuring that agreed mitigating actions are implemented, early warnings and trends are monitored to facilitate early corrective action 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
<b>Treasury</b> Cash Crisis and Inability to Access Finance Non-compliance with Funding Arrangements Failure to meet credit rating requirements Capital/Development delays impacting on income and future investment Treasury Strategy that fails to support the Business Plan Fundamental changes to grant funding and rent increases Failure to meet our financial targets	Medium		
<b>Failure to Deliver the Corporate Plan</b> Reduced Satisfaction - Staff, Residents and Stakeholders Failure to Deliver the Corporate Plan Social Value Implementation and Outcomes not achieved Poverty Priorities not achieved Equality, Diversity, Inclusion, Welsh Language and Culture not embedded Inability to retain the existing workforce Inability to attract people into vacant roles Failure of agreed development programme	Medium		
<b>Material Fall in Income or rise in Expenditure</b> Increase in arrears Delays in letting vacant properties Cost of delivering the Asset Strategy	Medium		
<b>Governance Failure</b> General Data Protection Regulation (GDPR) Compliance WG Regulatory Compliance Non-compliance with Anti-money laundering, FCA and Bribery and Corruption Law Cyber Security	Low		



<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><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>Medium</p>		

## 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) although this moved from 'Stable' to 'Negative' outlook.
- Retained Welsh Government highest financial viability rating of 'Green'.
- Despite disruption from Covid and higher than expected inflation, we achieved an Operating Margin of 19%
- Agreed a further deferred drawdown of the bond with £20m due in May 2023 and £20m in November 2023
- Extended the remaining £25m of our original bond.
- Carried out a tap of £150m on the bond.
- Reduced our RCF facility to £25m.

## 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 2023 ClwydAlyn's cash and investments totalled £22m. The company also has access to a £25m revolving credit facility with Barclays Bank. We also began negotiations with Barclays to revise the interest cover covenant on this facility, to remove reference to major repairs. The reason for this is that we are receiving more grant funding from Welsh Government to pay for decarbonisation capital projects. The way the covenant was calculated meant that it was adversely affected by the grant, and this was not the intention of the covenant. Final agreement to change was reached in June 23.

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 of 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 carried out a £150m 'tap' on the bond which increased 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>2022 £'000</b>	<b>2023 £'000</b>
Fixed rate	235,412	230,708
Variable rate	0	0
<b>Total</b>	<b>235,412</b>	<b>230,708</b>
<b>Available unused facilities</b>	<b>35,000</b>	<b>25,000</b>
<b>Average interest rate</b>	<b>3.64%</b>	<b>3.68%</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 Exc. MRI RCF Inc. MRI SLI	>150% Covenant >110% Covenant >120% Golden rule	RCF Exc. MRI 171% RCF Inc. MRI 122% SLI 128%
Gearing (RCF)	<65% Covenant <55% Golden rule	35.2%
Liquidity (short term)	£5m cash available	£22.06m cash held at year end
Liquidity (medium term)	Golden rule – Cash and facilities to cover ClwydAlyn's commitments  Credit Agency – Targeting an improvement on 148.8% of commitments (assessed on next financial year)	177%
Debt / EBITDA MRI	Credit Agency <20 and reducing	23.3
Debt to Revenue	Credit Agency <5 and reducing	4.3

### 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.

During the year, a firm of consultants reviewed the plan to ensure it was accurate and free from any technical errors. We also had a firm of consultants review our Asset Management Plan and compare it to the business plan to ensure it reflected a reasonable view of our future asset expenditure forecasts.

### 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,

- We applied for and were awarded TACP grant from Welsh Government amounting to £800k of funding to pay 80% of the costs of refurbishing 36 poorly performing homes.

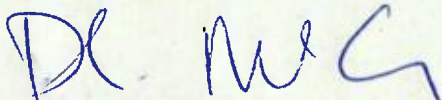
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- To date, we have delivered over 250 new low carbon homes and 90% of all new homes will be off gas to ensure our homes are affordable to live in and reduce fuel poverty.
  - We have established a Joint Venture, 'Onnen', with Cartrefi Conwy to tackle the retrofitting of existing homes ensuring we combine our purchasing power to deliver economies of scale, social impact through job creation and VFM and deliver our decarbonisation works across our stock
  - ClwydAlyn utilises the Welsh Procurement Alliance Framework for the majority of its projects; with an emphasis on maximising the use of local materials and local contractors.
  - We have reviewed our Asset Management plan to ensure our homes are fit for purpose and are invested in
  - A Service Charge review of 11 sheltered and 8 extra care schemes has taken place. We have reduced costs for 8 of the sheltered schemes and 3 sheltered housing schemes have been identified for further energy saving works to assist in reducing the overall heating and electricity costs.

### **Covid19**

During the year Covid 19 had a reducing impact on operations. We still had a backlog for some repairs and maintenance and saw a continued higher rate of voids at our care homes early in the year that stemmed from families still reluctant to place loved ones in care homes.

**The Strategic Report was approved by the Board on 20<sup>th</sup> September 2023**

**and signed on its behalf by:**



**Paul McGrady**  
**Secretary**



# Statutory, Regulatory and Other Information

## Executive management

The Group Board delegates day-to-day management of activities to the Group Chief Executive, Clare Budden, who is responsible for ensuring that the organisation has appropriate executive arrangements in place to meet Group objectives and targets, and that those arrangements reflect the complex needs of the business, including financial performance, capital investment, compliance, growth and business planning. The Chief Executive is supported by the Executive Leadership Team comprising 6 Executive Directors (as at 31<sup>st</sup> March 2023).

## 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 (2022: none). The Group made donations to charitable organisations of £100k (2022: £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 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**

We have delivered the key actions within our Inclusion plan, these include establishing an Inclusion network within ClwydAlyn, creating and publishing our Inclusion guidance and establishing a broader network of EDI contacts across North Wales. We have established peer support groups led by staff for staff including Hafan Pawb, our Neurodivergent Support Group and Menomania our Menopause Support Group.

As we move into 23/24 financial year, our priorities are to increase our focus on gathering data to enable our service improvements to be made through the lens of equality. To ensure we embed a culture of inclusion and our workforce reflects the communities we support, our approach to recruitment is also a focus for next financial year.

ClwydAlyn employ 750 staff across a wide variety of roles including across Care, Trades, Housing and Homeless Services; our workforce profile is 2/3 female and 1/3 male. We pay market median salaries along with the Real Living Wage. Our mean gender pay gap in April 2022 was 17.42%; 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 2023 and is not aware of any material changes at the date of signing the Financial Statements.

## **Arrangements for Managing the Risk of Fraud**

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

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

## **Going Concern**

The Group Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, it continues to adopt the going concern basis in preparing the Group and Association's Financial Statements. The Board of Management present their report and the financial statements for the year ended 31<sup>st</sup> March 2023.

# 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: 20<sup>th</sup> September 2023**

  
**Paul McGrady - Company Secretary**



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

## Opinion

We have audited the financial statements of ClwydAlyn Limited ('the Association') and its subsidiaries ('the Group') for the year ended 31 March 2023 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 notes 1, 2 and 3. 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 2023 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

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



other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

#### **Opinion on other matters prescribed by the housing association circular RSL 02/10: Internal Controls and Reporting**

With respect to the Board's statement on internal financial controls on pages 27 to 28, 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 29, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue



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

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

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

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

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

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

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have

properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### **Use of our report**

This report is made solely to the Association's members as a body, 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's members 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 and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

*Beever and Struthers*

Beever and Struthers  
Statutory Auditor  
One Express,  
1 George Leigh Street,  
Manchester,  
M4 5DL

Date: 20/9/23



**CLWYDALYN HOUSING LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

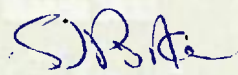

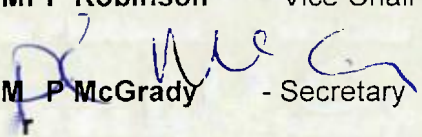
**For the year ended 31 March 2023**

	Notes	2023 £'000	2022 £'000
<b>TURNOVER</b>	3	<b>52,524</b>	49,132
Operating costs	3	(43,178)	(40,474)
Surplus on sale of fixed asset properties		733	1,174
<b>OPERATING SURPLUS</b>		<b>10,079</b>	9,832
Interest receivable and similar income		200	134
Interest payable and similar charges	6	(7,458)	(7,913)
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,821</b>	2,053
Tax on surplus on ordinary activities	7	(30)	0
<b>SURPLUS FOR THE YEAR</b>		<b>2,791</b>	2,053
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain / (loss) in respect of pension scheme	19	(1,005)	3,238
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,786</b>	5,291

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 2021	11,386	11,386
Surplus and total comprehensive income for the year	5,291	5,291
At 31 March 2022	16,677	16,677
Surplus and total comprehensive expenditure for the year	1,786	1,531
<b>At 31 March 2023</b>	<b>18,462</b>	<b>18,208</b>

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

# CLWYDALYN HOUSING LIMITED

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
<b>TURNOVER</b>	3	<b>54,021</b>	50,290
Operating costs	3	(44,677)	(41,633)
Surplus on sale of fixed asset properties		733	1,174
<b>OPERATING SURPLUS</b>		<b>10,077</b>	9,831
Interest receivable and similar income		200	134
Interest payable and similar charges	6	(7,458)	(7,913)
Gift Aid Receivable		480	424
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,299</b>	2,476
Tax on surplus on ordinary activities	7	(5)	0
<b>SURPLUS FOR THE YEAR</b>		<b>3,294</b>	2,476
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain / (loss) in respect of pension scheme	19	(1,005)	3,238
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,289</b>	5,714

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 2021	13,285	13,285
Surplus and total comprehensive income for the year	5,714	5,714
At 31 March 2022	18,999	18,999
Deficit and total comprehensive expenditure for the year	2,289	1,980
At 31 March 2023	<b>21,289</b>	<b>20,979</b>

Mr S Porter

Chair

Mr P Robinson

Vice Chair

Mr P McGrady

Secretary



## CLWYDALYN HOUSING LIMITED

GROUP STATEMENT OF FINANCIAL POSITION  
As at 31 March 2023

IP 22360R

	Notes	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties Cost	11	590,957	542,246
- - Depreciation	11	(73,440)	(69,467)
		<u>517,517</u>	<u>472,779</u>
Other tangible fixed assets	12	5,386	5,333
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,208	2,931
		<u>526,111</u>	<u>481,043</u>
<b>CURRENT ASSETS</b>			
Stocks	14	445	354
Debtors – due after one year	15	3,248	3,338
Debtors – due within one year	15	5,166	5,854
Investments	16	66	66
Cash at bank and cash equivalents		22,060	36,363
		<u>30,985</u>	<u>45,975</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(20,299)	(19,289)
<b>NET CURRENT ASSETS</b>		<u>10,686</u>	<u>26,686</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>536,797</u>	<u>507,729</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(513,241)	(485,900)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability	19	(5,093)	(5,153)
<b>DEFERRED TAXATION</b>	22		
<b>NET ASSETS</b>		<u><u>18,462</u></u>	<u><u>16,676</u></u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital	23	18,462	16,676
Reserves		<u>18,462</u>	<u>16,676</u>

The financial statements on pages 34 to 69 were approved by the Board of Management on 20th September 2023 and were signed on its behalf by:

Mr S Porter - Chair

Mr P Robinson - Vice Chair

Mr P McGrady - Secretary

**CLWYDALYN HOUSING LIMITED**
**COMPANY STATEMENT OF FINANCIAL POSITION**
**As at 31 March 2023**
**IP 22360R**

	Notes	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Tangible assets			
Housing properties - Cost	11	593,802	544,663
- Depreciation	11	(73,440)	(69,467)
		<u>520,362</u>	<u>475,196</u>
Other tangible fixed assets	12	5,386	5,333
<b>FIXED ASSET INVESTMENTS</b>			
Homebuy loan	13	3,208	2,931
Investments	27	50	50
		<u>529,006</u>	<u>483,511</u>
<b>CURRENT ASSETS</b>			
Stocks	14	445	354
Debtors – due after one year	15	3,248	3,338
Debtors – due within one year	15	4,637	5,747
Investments	16	66	66
Cash at bank and cash equivalents		22,047	36,298
		<u>30,442</u>	<u>45,803</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	17	(19,298)	(19,085)
<b>NET CURRENT ASSETS</b>		<u>11,146</u>	<u>26,718</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>540,151</u>	<u>510,229</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	18	(513,769)	(486,076)
<b>PROVISION FOR LIABILITIES</b>			
Pension – Defined Benefit Liability	19	(5,093)	(5,153)
<b>DEFERRED TAXATION</b>	22	-	-
<b>NET ASSETS</b>		<u>21,289</u>	<u>19,000</u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital	23	-	-
Reserves		21,289	19,000
		<u>21,289</u>	<u>19,000</u>

The financial statements on pages 34 to 69 were approved by the Board of Management on 20th September 2023 and were signed on its behalf by:

Mr S Porter - Chair



Mr P Robinson - Vice Chair

Mr P McGrady - Secretary

*P. Robinson*  
*De* *McC*

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

	2023 £'000	2022 £'000
<b>Cash from operating activities</b>		
Surplus / (deficit) for the financial year	1,786	5,291
Depreciation of fixed assets	6,175	5,849
Impairment losses	-	532
Amortised grant	(1,857)	(1,707)
Interest payable	7,458	7,914
Interest received	(200)	(134)
Tax on surplus for the year	30	-
(Increase) / decrease in trade and other debtors	778	(2,166)
Increase / (decrease) in trade and other creditors	(1,082)	5,814
(Increase) / decrease in stocks	(91)	9,890
Increase / (decrease) in provisions	(60)	(4,061)
Add back deficit / (surplus) on sale of fixed assets	(733)	(1,174)
Difference between pension expense / cash contribution	(2)	(16)
<b>Cash from operations</b>	<b>12,202</b>	<b>26,032</b>
<b>Taxation paid</b>	<b>(30)</b>	<b>-</b>
<b>Net cash generated from operating activities</b>	<b>12,172</b>	<b>26,032</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets – housing properties	(52,090)	(55,071)
Purchase of fixed assets – other	(802)	(1,096)
Proceeds from sale of fixed assets	3404	4,749
Grants received	35,830	27,754
Grants repaid	(325)	(266)
Interest received	200	134
<b>Net cash from investing activities</b>	<b>(13,783)</b>	<b>(23,796)</b>
<b>Cash flows from financing activities</b>		
Interest paid and loan breakage costs	(8,201)	(8,069)
New loans	0	10,590
Loans repaid	(4,260)	(486)
Debt issue costs incurred	(231)	110
<b>Net cash used in financing activities</b>	<b>(12,692)</b>	<b>2,145</b>
<b>Net increase in cash and cash equivalents</b>	<b>(14,303)</b>	<b>4,381</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>36,363</b>	<b>31,982</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>22,060</b>	<b>36,363</b>
<b>Free cash flow</b>		
<b>Net cash generated from operating activities,</b>	<b>12,172</b>	<b>26,032</b>
Interest paid	(8,201)	(8,069)
Interest received	200	134
<b>Adjustments for reinvestment in existing properties:</b>		
Component replacements	(3,933)	(4,735)
<b>Free cash generated before loan repayments</b>	<b>238</b>	<b>13,362</b>
Loans repaid	(4,260)	(486)
<b>Free cash generated after loan repayments</b>	<b>(4,022)</b>	<b>12,876</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 2023.

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 and going concern**

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 2023.

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.

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**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.



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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

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**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

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**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.
- Defined benefit pension obligations. Management's estimate of the defined benefit obligations is based on a number of critical underlying assumptions such as the standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation amount and the annual defined benefit expenses (as analysed in Note 19). The liability as at 31 March 2023 was £5.093 million. The valuation of the pension fund assets is based on actual March 2023 Data.
- Defined benefit pension obligations. We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.



**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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

GROUP	2023			2022		
	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>51,660</b>	<b>(42,969)</b>	<b>8,691</b>	<b>48,365</b>	<b>(40,298)</b>	<b>8,067</b>
<b>Other social housing activities</b>						
First tranche property sales	-	-	-	-	-	-
Sales and marketing	51	-	51	12	-	12
Development overheads written off	-	26	26	-	32	32
Other	503	-	503	493	-	493
<b>Non-social housing activities</b>						
Lettings	249	(134)	115	223	(88)	135
Other	60	(102)	(42)	39	(120)	(81)
<b>Total</b>	<b>52,524</b>	<b>(43,179)</b>	<b>9,345</b>	<b>49,132</b>	<b>(40,474)</b>	<b>8,658</b>

Operating surplus in Statement of Comprehensive Income of £10.079m includes gain of £733k (2022: £1 174m) on disposal of housing properties.

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

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

COMPANY	Turnover	Operating costs	2023	Turnover	Operating costs	2022
			Operating surplus/ (deficit)			Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social housing lettings (Note 4)</b>	<b>51,660</b>	<b>(42,969)</b>	<b>8,691</b>	<b>48,365</b>	<b>(40,298)</b>	<b>8,067</b>
<b>Other social housing activities</b>						
First tranche property sales	-	-	-	-	-	-
Sales and marketing	51	-	51	12	-	12
Development Services	1,497	(1,475)	22	1,159	(1,142)	17
Development overheads written off	-	26	26	-	32	32
Other	503	-	503	493	-	493
<b>Non-social housing activities</b>						
Lettings	249	(134)	115	222	(88)	134
Other	60	(124)	(64)	39	(137)	(97)
<b>Total</b>	<b>54,021</b>	<b>(44,677)</b>	<b>9,344</b>	<b>50,290</b>	<b>(41,633)</b>	<b>8,657</b>

Operating surplus in Statement of Comprehensive Income of £10.077m includes gains of £733k (2022: £1.174m) on disposal of housing properties.



**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	2023 Total £'000	2022 Total £'000
<b>Income</b>					
Rents receivable	26,889	976	2,618	30,483	28,540
Service charges receivable	4,656	2,040	6,383	13,079	12,686
Income for support services	2	5,437	324	5,763	3,677
Other income from lettings	12	174	263	448	1,604
Amortised grants	1,759	63	64	1,887	1,857
Turnover from social housing lettings	<b>33,318</b>	<b>8,690</b>	<b>9,652</b>	<b>51,660</b>	<b>48,365</b>
<b>Cost</b>					
Management costs	5,358	402	1,618	7,378	6,374
Service costs	7,657	6,439	6,516	20,612	18,675
Routine maintenance	6,541	298	405	7,244	7,032
Major repairs expenditure	2,068	-	16	2,084	2,096
Bad debts	43	87	96	227	376
Depreciation of housing properties	4,929	262	233	5,424	5,214
Impairment of housing properties	0	0	0	0	532
Operating costs on social housing activities	<b>26,596</b>	<b>7,489</b>	<b>8,884</b>	<b>42,969</b>	<b>40,298</b>
Operating surplus on social housing lettings	<b>6,721</b>	<b>1,202</b>	<b>768</b>	<b>8,691</b>	<b>8,067</b>
<b>Void Losses</b>					
Rent loss due to voids	478	62	87	627	1,326
Service charge loss due to voids	194	108	2	304	233
<b>Total Void Loss</b>	<b>672</b>	<b>170</b>	<b>89</b>	<b>931</b>	<b>1,559</b>

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2023**

**5. SALES OF FIXED ASSET PROPERTIES**

	Shared ownership further tranches	Right to Buy & to Acquire & Other	Total 2023	Total 2022
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Proceeds of sales	1,090	996	2,086	2,843
Cost of sales: NBV	(407)	(946)	(1,353)	(1,669)
Surplus	683	50	733	1,174

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2023	2022
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
Bank loans, overdrafts, and other loans:		
- by instalments	7,901	7,705
- other than by instalments	173	173
Interest on DB pension scheme liabilities	127	191
	8,201	8,069
Less: Capitalised	(743)	(155)
<b>Total Interest Payable</b>	<b>7,458</b>	<b>7,914</b>

The sum for capitalised interest relates to loans which are fixed rate. The average rate for the period was 3.68% (2022: 3.64%).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. TAXATION

	2023 £'000	2022 £'000
<b>GROUP</b>		
UK Corporation tax charge for the year	6	-
Adjustments in respect of prior years	24	-
<b>Total current tax charge for the year</b>	<b>30</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>30</b>	-
<b>Factors affecting the current tax charge for the year:</b>		
(Loss) / profit for the year before taxation	2,791	2,053
Tax on (loss) / profit on ordinary activities at 19% (2022: 19%)	530	390
Fixed assets differences	1,011	925
Income / expenses not deductible for tax purposes	(1,457)	(1,257)
Adjust deferred tax to average rate	-	-
Amounts charged/(credited) directly to STRGL or transferred	(80)	(79)
Other permanent differences	-	23
Adjustments in respect of prior years	37	-
Group relief surrendered/(claimed)	-	-
Deferred tax not recognised	(87)	(2)
Remeasurement of deferred tax rate	77	-
Deferred tax adjustments in respect of prior years	-	-
<b>Total tax charge for the year</b>	<b>30</b>	-
<b>COMPANY</b>		
UK Corporation tax at 19% (2022 19%)	5	-
Adjustments in respect of prior years	-	-
<b>Total current tax charge for the year</b>	<b>5</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>5</b>	-
<b>Factors affecting the current tax charge for the year:</b>		
Profit for the year before taxation	3,294	2,964
Current tax payable at 19% (2022: 19%)	626	563

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2023**

**7. TAXATION (Continued)**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset differences	1,011	925
Expenses not deductible for tax purposes	8,724	8,222
Income not deductible for tax purposes	(10,358)	(9,732)
Amounts (charged)/credited to STRGL or transferred	-	-
Other permanent differences	-	23
Adjustments to tax charge in respect of previous periods	(2)	-
Remeasurement of deferred tax rate	77	-
Deferred tax not recognised	(73)	(1)
Group relief surrendered/(claimed)	-	-
<b>Total tax charge for the year</b>	<b>5</b>	<b>-</b>

**8. AUDITOR REMUNERATION**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>GROUP</b>		
In their capacity as auditor (excluding VAT)	58	35
In respect of other services (excluding VAT)	3	3
<b>COMPANY</b>		
In their capacity as auditor (excluding VAT)	42	25
In respect of other services (excluding VAT)	3	3

**9. STAFF COSTS**

<b>GROUP and COMPANY</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs including directors:		
Wages and salaries	18,749	17,786
Social security costs	1,715	1,510
Other pension costs	976	874
	<b>21,440</b>	<b>20,170</b>

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

	<b>Number</b>	<b>Number</b>
Office staff	120	117
Housing staff	50	46
Care staff	481	497
Maintenance	112	108
<b>Total employees</b>	<b>763</b>	<b>768</b>
<b>Total employees at the year end</b>	<b>747</b>	<b>761</b>



**10. KEY MANAGEMENT PERSONNEL REMUNERATION**

Key management personnel comprise the executive and non-executive directors.  
Total remuneration amounted to £876k, (2022: £850k).

<b>GROUP AND COMPANY</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Remuneration for executive directors for the year ended 31 March 2023</b>	<b>807</b>	<b>786</b>

The remuneration for executive directors disclosed above include pension contributions.

<b>Non-executive Board Member remuneration for the year ended 31 March 2023:</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Sandy Mewies	5	5
Stephen Porter	10	10
Mike Hornsby	0	3
Paul Robinson	6	6
Frazer Jones	5	5
Sara Mogel	6	6
Eileen Smith-Hughes	5	5
Owen Watkins	0	0
Nia Hughes	5	5
Rob Morton	5	5
Peter Smith-Hughes	5	0
Hayley Hulme	6	5
Roger Rowett	5	5
Sheila Powell	5	5
	<b>68</b>	<b>65</b>

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

<b>The highest paid executive excluding pension contributions.</b>	<b>138</b>	<b>134</b>
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The Chief Executive is an ordinary member of the pension scheme, and no enhanced or special terms apply.

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 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:

	2023	2022
£80,000 - £89,999	1	1
£90,000 - £99,999	1	2
£100,000 - £109,999	2	1
£110,000 - £119,999	1	1
£120,000 - £129,999	1	1
£150,000 - £159,999	1	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 2023**

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

<b>GROUP and COMPANY</b>	<b>Housing properties held for lettings £'000</b>	<b>Housing properties in the course of construction £'000</b>	<b>Completed shared ownership housing properties £'000</b>	<b>Shared Ownership properties in the course of construction £'000</b>	<b>Total £'000</b>
<b>COST</b>					
At 1 April 2022	466,501	53,870	21,875	-	542,246
Additions – components	3,580	977	353	-	4,911
Additions	-	47,922	-	-	47,922
Intergroup transfer	-	-	-	-	0
Disposals components	(648)	-	(45)	-	(693)
Disposals - other	(3,007)	-	(422)	-	(3,429)
Schemes completed	21,296	(21,296)	-	-	-
At 31 March 2023	487,722	81,473	21,761	-	590,957
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 April 2022	65,408	-	4,059	-	69,467
Charge for the year	5,188	-	236	-	5,424
Impairment Losses	-	-	-	-	-
Disposals	(1,334)	-	(117)	-	(1,451)
At 31 March 2023	69,262	-	4,178	-	73,440
<b>NET BOOK VALUE</b>					
At 31 March 2023	418,460	81,473	17,583	-	517,517
At 31 March 2022	401,093	53,870	17,816	-	472,779

All housing properties are freehold.

Surpluses totalling £2.845m 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 £3.933m was capitalised to existing properties in the year (2022 £4.96m).

Total maintenance expenditure to existing properties of £9.328m (2022 £9.07m) 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 £4.570m (2022 £3.827m).

The carrying amount of the housing properties that have been pledged as security for the housing loans (including undrawn facilities) is £282m (2022 £285m).

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2023**

**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 2022	3,744	424	6,193	1,718	12,079
Additions	13	33	588	168	802
Disposal	-	-	-	(35)	(35)
At 31 March 2023	<u>3,757</u>	<u>457</u>	<u>6,781</u>	<u>1,851</u>	<u>12,846</u>
<b>DEPRECIATION</b>					
At 1 April 2022	1,100	344	4,228	1,073	6,745
Charge for year	76	21	474	179	750
Disposals	-	-	-	(35)	(35)
At 31 March 2023	<u>1,176</u>	<u>365</u>	<u>4,702</u>	<u>1,217</u>	<u>7,460</u>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2023</b>	<u><b>2,580</b></u>	<u><b>92</b></u>	<u><b>2,080</b></u>	<u><b>634</b></u>	<u><b>5,386</b></u>
At 31 March 2022	<u>2,643</u>	<u>80</u>	<u>1,965</u>	<u>645</u>	<u>5,333</u>

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

<b>GROUP and COMPANY</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>COSTS</b>		
At 1 April	2,931	3,080
Additions in year	277	-
Disposals	-	(149)
<b>At 31 March</b>	<u><b>3,208</b></u>	<u><b>2,931</b></u>

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



# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 14. STOCKS

	2023	2022
GROUP and COMPANY	£'000	£'000
Stock of tools & repairs equipment	445	354

### 15. DEBTORS

	2023	2022
GROUP	£'000	£'000
<b>Amounts falling due after one year:</b>		
Grants receivable	3,248	3,338

#### **Amounts falling due within one year:**

Rental debtors	2,725	1,547
Less: provisions for bad debts	(847)	(652)

	1,878	895
Grants receivable	90	87
Trade debtors	1,561	3,180
Loans to employees	36	53
Prepayments and accrued income	1,600	1,639

5,166 5,854

	2023	2022
COMPANY	£'000	£'000
<b>Amounts falling due after one year:</b>		
Grants receivable	3,248	3,338

#### **Amounts falling due within one year:**

Rental debtors	2,725	1,547
Less: provisions for bad debts	(847)	(652)

1,878 895

Grants receivable	90	87
Loans to employees	37	53
Trade debtors	1,461	3,073
Amounts due from subsidiary undertakings	-	
Prepayments and accrued income	1,171	1,639

4,637 5,747

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

For the year ended 31 March 2023

**16. CURRENT ASSET INVESTMENTS**

<b>GROUP and COMPANY</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Money market and term deposits	66	66

Included above are deposits as security for certain loans of £66k (2022 £66k).

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

<b>GROUP</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	2,495	434
Trade creditors	2,399	2,547
Rent in advance	1,537	1,636
Corporation tax	6	5
Other taxation and social security costs	103	131
Pension contributions	-	-
Other creditors	9	9
Pension Payable	-	-
Pension deficit contributions (note 19)	1	1
Deferred capital grant (note 20)	1,887	1,857
Accruals and deferred income	7,975	8,733
Fund held in trust	3,887	3,936
	<b>20,299</b>	<b>19,289</b>

<b>COMPANY</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 18)	2,495	434
Trade creditors	2,383	2,547
Rent in advance	1,537	1,636
Corporation tax	5	0
Other taxation and social security costs	87	131
Other creditors	9	9
Pension Payable	0	0
Pension deficit contributions	1	1
Deferred capital grant (note 20)	1,887	1,857
Accruals and deferred income	5,304	4,067
Fund held in trust	3,887	3,936
Amounts due to Group undertaking	1,703	4,467
	<b>19,298</b>	<b>19,085</b>



# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

	2023	2022
	£'000	£'000
<b>GROUP</b>		
Housing loans	42,583	48,859
Housing loans - Bond issue	185,000	185,000
Recycled Capital Grant Fund	3,664	3,205
Deferred capital grant (note 20)	278,785	245,903
Pension Deficit Contribution (note 19)	1	3
Homebuy grant (note 21)	3,208	2,931
	<u>513,241</u>	<u>485,900</u>

	2023	2022
	£'000	£'000
<b>COMPANY</b>		
Housing loans	43,111	49,036
Housing loans - Bond issue	185,000	185,000
Recycled Capital Grant Fund	3,664	3,205
Deferred capital grant (note 20)	278,785	245,903
Pension Deficit Contribution (note 19)	1	3
Amounts due to group undertaking – unpaid share capital	-	-
Homebuy grant (note 21)	3,208	2,931
	<u>513,769</u>	<u>486,077</u>

#### Housing loans - Group

	2023	2022
	£'000	£'000
Amounts repayable by instalments:		
Not wholly repayable within five years:		
Repayable between one and two years	607	2,456
Repayable between two and five years	1,762	2,231
Repayable after five years	220,215	224,013
	<u>222,583</u>	<u>228,859</u>
Amounts repayable otherwise than by instalments:		
Repayable after five years	5,000	5,000
	<u>227,583</u>	<u>233,859</u>
Amounts repayable by instalments repayable within one year	2,495	434
<b>Total housing loans - Group</b>	<u>230,078</u>	<u>234,292</u>

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

#### Housing loans – Company

Amounts repayable by instalments:	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Not wholly repayable within five years:		
Repayable between one and two years	<b>607</b>	2,456
Repayable between two and five years	<b>1,762</b>	2,231
Repayable after five years	<b>220,742</b>	224,190
	<b>223,111</b>	229,036
Amounts repayable otherwise than by instalments:		
Repayable after five years	<b>5,000</b>	5,000
	<b>228,111</b>	234,036
Amounts repayable by instalments repayable within one year	<b>2,495</b>	434
<b>Total housing loans – Company</b>	<b>230,606</b>	234,469

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 2023 100% of the loans were fixed (2022 100%). The fixed loans bore interest ranging from 2.96% to 11.18%, with a weighted average of 3.68% (2022 2.96% to 11.18%, weighted average 3.64%).

At the yearend 0% of the loans were variable (2022 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>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Recycled Capital Grant Fund at 1 April	<b>3,205</b>	2,500
Received in the year	<b>285</b>	5
Recycled in the year	<b>174</b>	699
Recycled Capital Grant Fund at 31 March	<b>3,664</b>	3,205



**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

**19a. PENSION DEFICIT CONTRIBUTION LIABILITY**

	<b>2023</b>	<b>2022</b>
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	<b>4</b>	20
Re-measurements		
- Amendments to contribution schedule	-	
- Impact of change in assumptions	-	(11)
Unwinding of discount finance charge	-	-
Deficit contributions paid	<b>(2)</b>	(5)
	<hr/>	<hr/>
At 31 March	<b>2</b>	4
	<hr/>	<hr/>
Amounts falling due:		
Within one year (note 17)	<b>1</b>	1
	<hr/>	<hr/>
Between one and two years	<b>1</b>	2
Between two and five years		1
In five years or more	--	-
	<hr/>	<hr/>
In more than one year (note 18)	<b>1</b>	3
	<hr/>	<hr/>
<b>Total pension creditor</b>	<b>2</b>	4
	<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 2023 by a qualified independent actuary.

	<b>2023</b>	<b>2022</b>
<b>KEY ASSUMPTIONS</b>	<b>£'000</b>	<b>£'000</b>
Discount Rate	<b>4.86</b>	2.79
Inflation (RPI)	<b>3.19</b>	3.54
Inflation (CPI)	<b>2.77</b>	3.17
Salary Growth	<b>3.77</b>	4.17

# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

Life expectancy	At age 65 years
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

	2023 £'000	2022 £'000
<b>GROUP ASSETS</b>		
Global Equity	432	7,010
Absolute Return	250	1,465
Distressed Opportunities	701	1,307
Credit Relative Value	874	1,214
Alternative Risk Premia	43	1,205
Fund of Hedge Funds	-	-
Emerging Markets Debt	124	1,063
Risk Sharing	1,704	1,203
Insurance-Linked Securities	584	852
Property	996	986
Infrastructure	2,644	2,602
Private Debt	1,030	936
Opportunistic Illiquid Credit	990	1,227
High Yield	81	315
Opportunistic Credit	2	130
Corporate Bond Fund	-	2,437
Cash	167	124
Liquid Credit	-	-
Long Lease Property	698	940
Secured Income	1,062	1,361
Liability Driven Investment	10,661	10,193
Currency Hedging	44	(143)
Net Current Assets	59	101
<b>Total Assets</b>	<b>23,146</b>	<b>36,528</b>

None of the fair value of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.



## CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

## GROUP and COMPANY

	2023 £'000	2022 £'000
<b>Analysis of the amount charges to operating expenditure in the Statement of Comprehensive Income</b>		
Expenses	(28)	(33)
Past service cost	-	
<b>Total Operating Charge</b>	<b>(28)</b>	<b>(33)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	1,023	757
Interest on pension liabilities	(1,150)	(948)
<b>Amounts charged/credited to finance costs</b>	<b>(127)</b>	<b>(191)</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial gains/(losses) on pension scheme assets	(14,720)	1,057
Actuarial gains/(losses) on scheme liabilities	13,715	2,170
<b>Actuarial gain/(loss) recognised</b>	<b>(1,005)</b>	<b>3,228</b>

## GROUP and COMPANY

	2023 £'000	2022 £'000
<b>Surplus/(deficit) in scheme at 1 April</b>		
<b>Movement in year:</b>		
Opening Defined Benefit pension liability	(5,153)	(9,213)
Expenses	(28)	(33)
Employer contributions	1,220	1,057
Past service cost	0	0
Net interest/return on assets	(127)	(191)
Remeasurements	(1,005)	3,227
<b>(Deficit)/Surplus in scheme at 31 March</b>	<b>(5,093)</b>	<b>(5,153)</b>

**CLWYDALYN HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

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

<b>GROUP and COMPANY</b>	<b>2023</b>	<b>2022</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>	<b>41,681</b>	<b>43,724</b>
Service cost	-	-
Interest cost	1,150	948
Employee contributions	-	-
Remeasurements	(13,715)	(2,170)
Benefits paid	(905)	(854)
Past service cost	28	33
Curtailments and settlements	-	-
<b>Liabilities at end of period</b>	<b>28,239</b>	<b>41,681</b>
<b>Recognition of Assets</b>		
<b>Assets at start of period</b>	<b>36,528</b>	<b>34,511</b>
Return on plan assets	1,023	757
Remeasurements	(14,720)	1,057
Employer contributions	1,220	1,057
Employee contributions	0	0
Benefits paid	(905)	(854)
<b>Assets at end of period</b>	<b>23,146</b>	<b>36,528</b>

The actual return on the plan assets (including any changes in share of assets) for the Group over the year ended 31 March 2023 was a credit value: £13.697m (2022: debit value: £1.814m)



**CLWYDALYN HOUSING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

**20. DEFERRED CAPITAL GRANT**

	2023	2022
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	247,760	222,536
Grant received during year	36,328	27,708
Housing property disposals	(1,530)	(627)
Amortisation for the year	(1,887)	(1,857)
Net grant creditor 31 March	280,671	247,760
The grants are amortised as follows:		
Amounts falling due:		
Within one year (note 17)	1,887	1,857
Between one and two years	1,887	1,857
Between two and five years	5,660	5,572
In five years or more	271,238	238,474
In more than one year (note 18)	278,785	245,903
<b>Total grant creditor</b>	<b>280,671</b>	<b>247,760</b>

Gross capital grant received is £316.8m (2022: £280.5m)

**21. HOMEBUY GRANT**

	2023	2022
<b>GROUP and COMPANY</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	2,931	3,080
Additions in the year	277	-
Disposals in the year	-	(149)
At 31 March	3,208	2,931

**22. DEFERRED TAXATION**

There was no deferred taxation.

## CLWYDALYN HOUSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 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

	2023 £'000	2022 £'000
<b>GROUP</b>		
Capital expenditure contracted for but not provided for in the financial statements.	<b>51,707</b>	32,196
Capital expenditure authorised but not yet contracted for in the financial statements.	<b>139,839</b>	93,887
<b>COMPANY</b>		
Capital expenditure contracted for but not provided for in the financial statements.	<b>8,211</b>	131

The capital expenditure is to be financed by a combination of grants (including Social Housing Grant) of £69.4 million, the existing cash balance of £20 million and additional lending already in place. The group has access to the revolving credit facility of £25 million and has agreed a sale of £40 million of retained bonds in 23-24.



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

At 31 March 2023 the association had no lease payments under non-cancellable operating leases.

	Leasehold Offices		Vehicles & Equipment	
	2023 £'000	2022 £'000	2023 £'000	2022 £'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>
	<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**

	2023 Number	2022 Number
General needs and other rented	4,338	4,244
Sheltered & Extra Care	723	723
Supported Housing	233	229
Low-cost home ownership	506	521
Residential / Care Homes	130	130
Managed on behalf of others	40	40
Homebuy & D.I.Y.H.O	191	191
Intermediate rental	229	218
	<u>6,390</u>	<u>6,296</u>

## CLWYDALYN HOUSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

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#### 27. SUBSIDIARY ENTITIES

As at 1 April 2022 and 31 March 2023

Entity	Nature of business
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 (2022: £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 £95k (after 2022 £109k) 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 £1,497,197 (2022: £1,158,926)

**At the year ended 31 March 2023 had the following intragroup balances outstanding: -**

- Tir Tai Limited a creditor balance of £306,549 (2022: creditor balance of £2,772,507)
- PenArian Housing Finance PLC a creditor balance of £1,395,760 (2022: creditor balance of £1,694,347)

In 2019 ClwydAlyn entered into an informal partnership agreement with Flintshire County Council and a charity called CanCook, to create a company called WellFed. This company promotes good food for all and raises funds to subsidise ingredients, ready meals and training for communities in North Wales.



# CLWYDALYN HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

Although this is not a formal partnership, ClwydAlyn appoints two of the six board members to the WellFed Board

ClwydAlyn awarded WellFed a contract to supply meals to its extra care homes and to tenants in distress. During 2022/23 it also supplied Christmas welfare food boxes and meals to staff. WellFed also receives a grant from ClwydAlyn each year and in 2022/23 this was £100k (£100k in 21/22).

During the year ClwydAlyn spent £956k with WellFed and the year-end creditor balance was £28k.

### 30. MOVEMENT IN NET DEBT

	At 31 March 2022 £'000	Cash flows £'000	At 31 March 2023 £'000
Cash and bank balances	36,363	(14,303)	22,060
Bank overdrafts	(-)	(-)	(-)
	<u>36,363</u>	<u>(14,303)</u>	<u>22,060</u>
Housing loans	(232,532)	2,454	(230,078)
Current assets investment	66		66
	<u>(196,103)</u>	<u>(11,849)</u>	<u>(207,952)</u>





Clwyd Alyn

