



FIRSTCHOICE

HOUSING ASSOCIATION

Building Independence

ANNUAL REPORT & FINANCIAL STATEMENTS

YEAR ENDING 31ST MARCH 2023



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CORPORATE PROFILE

The Registered Office of the Association is:

First Choice Housing Association Ltd

Unit 10 Village Way
Greenmeadow Springs
Cardiff
CF15 7NE

Welsh Government registered number: J094

Co-operative and Community Benefit Societies Act 2014 registered number: 26118R

Statutory Auditors:

Bevan Buckland LLP

Ground Floor Cardigan House
Enterprise Park
Castle Court, Llansamlet
Swansea
SA7 9LA

Internal Auditors:

Astari Ltd

2 Alexandra Gate
Ffordd Pengam
Cardiff
CF24 2SA

Solicitors:

L.G. Williams & Pritchard

22 St Andrews Crescent
Cardiff
CF10 3DD

Bankers / Funders:

NatWest Bank plc

2 Plymouth Road
Penarth
South Glamorgan
CF64 2YN

Triodos Bank NV

Southbank House
Black Prince Road
London
SE1 7SJ

Royal Bank of Scotland

PO Box 39952
2 Devonshire Square
London
EC2M 4XJ

GB Social Housing

Future Business Centre
Cambridge
CB4 2HY

Persons who were members of the Board of Management:

G. Buckland	Chair
M. Wilde	Vice-Chair
G. Brown	
H. Evans(retired Sept 22)	
L. Howells	
S. Williams	
E. Morgan	
W. George	
E. Jones	
S. Evans	
N.Beynon- Co-Optee	
N .Rutherford – Co-Optee	
B Williams	

Executive Officers:

Adrian Burke	Chief Executive
Richard Lloyd	Director of Operations
Richard Griffiths	Director of Finance & ICT/ Deputy Company Secretary
Donna Jones	Director of Corporate Services & Housing / Company Secretary

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents their report and the audited financial statements for the year ended 31st March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the association is the development, management and maintenance of quality housing for vulnerable people. This includes:

- Individuals with learning disabilities or acquired brain injury
- Ex-armed forces personnel with or without support needs
- Individuals with a physical disability who require care and support
- Individuals with behaviours that challenge
- Individuals who require healthcare support, in addition to social support or care,
- Individuals inappropriately accommodated outside their local authority area, or outside of Wales
- Young people in transition, accessing adult services for the first time
- Families where one family member has a disability
- Children with additional complex needs who require registered care services.

The Association also provides accommodation for respite and emergency intervention services for children and adults with a learning disability.

BUSINESS, OBJECTIVES AND STRATEGY

Our Mission:

Improving quality of life through provision of quality, bespoke accommodation that enables tenants to achieve independence, fulfil their potential and optimise enjoyment of life, and allows staff and family to be part of that journey.

Our values are:

- **Integrity** – openness, honesty, sincerity; doing the right thing for the right reason
- **Equality** – to provide equal opportunity for all
- **Excellence** – investing in, respecting and developing staff to ensure we strive for excellence in all we do
- **Passion** – doing the best for all our tenants

At 31st March 2023 the association provided 972 bed-spaces, including properties for respite or emergency intervention services. The association is zoned to develop throughout Wales and has also developed and manages properties in Shropshire and Telford. The Association currently manages properties in 19 out of 22 Welsh authorities. The Association is currently targeting additional growth opportunities across Wales as it seeks to respond to Welsh Government strategies, ambitions and the capital funds aligned to these.

FCHA Strategy Update

2022/23 was the second year of our new three-year strategy which was written following extensive consultation with tenants on what they wished to see from us as an association. This has seen us focus on four key areas. They are:

Decarbonisation of our Homes & Operations

In the second year of our strategy we:

- Reduced our carbon footprint by 20%
- Leveraged £783k in grant funding to commence retrofit measures on our homes
- Begun the retrofit process for circa 50% of properties
- Significantly increased numbers of properties at EPC A and B

The Wellbeing of Tenants & Staff

In the second year of our strategy we:

- Improved access to outdoor spaces to ensure the delivery of the strategy in future years & partnered with Keep Wales Tidy to deliver garden projects to improve the outdoor space for tenants
- Worked with Learning Disability Wales to ensure that Gig Buddies became an all Wales initiative.
- Developed community cohesion and sense of belonging initiatives
- Supported employment volunteer opportunities
- Improved engagement with ex armed forces personnel

Digital Services and Assistive Technology

In the second year of our strategy we:

- Delivered a further 10 internet enabled devices for tenants to use to stay in touch with family and friends.
- Ran a range of gateway events on line for tenants
- Commenced Tenant Panels digitally to get tenant insight into Board decisions digitally.
- Developed our digital in 7 days project

Sustainable Growth

In the second year of our strategy we:

- Completed 16 properties providing homes for 38 tenants within nine local authorities
 - Progressed 20 schemes for delivery in future years
 - Achieved grant receipts of £6,740,568
-

Value For Money

In line with best practice the Association measures our Value for Money and we assess this against the rest of the Housing Sector within Wales. This is viewed against a back drop of both tenant satisfaction across a range of metrics as well as employee and other stakeholder satisfaction metrics.

How we performed in 2022/2023		
Operating Costs per SHU(Social Housing Unit)		£3,572
Management Costs per SHU		£913
Major Repair Costs per SHU		£1060
Bad Debts per SHU Arrears per SHU		£0
Turnover per SHU		£8932
Weighted Average Cost of Capital		2.18%

Tenants		
Satisfaction that FCHA is a good landlord		100%
I am happy with my home		99%
My home is right for my physical needs		96.5%
I feel like I belong in my community		97.5%
Satisfaction with how FCHA dealt with a repair		100%
Repairs completed on first call		77.5%
% of tenants who feel FCHA offer VFM		96%

Staff		
Turnover		2.3%
Sickness		2.63%
Satisfaction with FCHA as employer		100%
Satisfaction with Work Life Balance		100%

New Developments		
% tenants satisfied with new property		95%
% support providers satisfied with new property		100%
% LA satisfied with new property		100%

STATEMENT ON CORPORATE GOVERNANCE BOARD OF MANAGEMENT

First Choice is managed by a Board of Management elected from the shareholders of the Association at the Annual General Meeting. Further Board members may be co-opted as necessary. Board members are drawn from a wide background bringing together professional and commercial experience. The Board of Management comprises 10 non-executive members. And 2 co-optees all of which are remunerated. The Board meets nine times per year to determine strategy and policy, monitor performance and ensure that the Association makes the most effective and efficient use of resources to achieve its objectives. Certain matters are devolved to Committees. Operational management is delegated to the Chief Executive who attends meetings of the Board but is not a member.

The Board of Management and Executive Officers are listed on Page 2. Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board and attend Board Meetings. The Association has signed up to the CHC Code of Governance and has assessed itself against the WG Right Stuff and CHC Code of Governance as part of the annual appraisal process.

MEETINGS

Board meetings are scheduled throughout the year in order to fulfil the central role of housing Association governance. The Board's role includes the following core functions:

- Strategy and policy
- Finance
- Development
- Performance management
- Human resources
- Tenant participation
- Housing Management
- Equality, Diversity & Inclusion.
- Health and Safety
- General duties
- Management of risk
- Chief Executive Remuneration

Committees

Committees are in place to assist the Board to fulfil its functions. These committees act under the delegated authority of the Board of Management and delegated powers are outlined in their respective terms of reference. Terms of reference are reviewed annually to ensure relevance. Minutes of all committees are available via Decision Time.

Scrutiny Committee

The Scrutiny Committee takes key decisions relating to:

- Assisting with the monitoring of the Association's Strategic Objectives
- Appointment of internal auditors, meeting with internal auditors, approving the internal audit programme for the year, receiving audit reports and reviewing progress on meeting recommendations arising from internal audit
- To ensure quality and service excellence utilising performance targets
- To annually review and agree all strategic and operational risks and risk appraisal in conjunction with the Chief Executive and Management Team. This will include reviewing assurance lines and requesting additional assurances sources where appropriate
- Approval of Quarterly Management Accounts

Human Resources & Remuneration Committee

The Human Resources & Remuneration Committee undertakes key decisions relating to:

- Terms and conditions of employment
- Grievance and disciplinary procedures
- Remuneration including Board Remuneration
- Senior staff recruitment
- Board appraisal
- Staff training
- Equality Diversity & Inclusion
- Authorisation of new posts and organisational structure
- Performance monitoring on Human Resources issues
- Breaches of the Code of Conduct

REGULATORY JUDGEMENT

FCHA received an interim regulatory judgement in June 2021. Further interim judgements have been delayed as Welsh Government seeks to catch up following the pandemic. The judgement was as follows

- Governance and Services – Standard - Identifies and manages new and emerging risks appropriately.
 - Financial Viability – Standard - Meets viability requirements and has the financial capacity to deal with scenarios appropriately.
-

INTERNAL FINANCIAL CONTROL

In meeting its responsibilities for the internal control arrangements, the Board of Management procured internal audit services through Astari Ltd.

The delivery of the internal audit programme is carried out by the staff of Astari, who have direct access to the Chairs of the Scrutiny Committee and the Board. A risk-based programme of audits, to review the system of internal control of all aspects of the Association's activities, is agreed every three years and reviewed annually. The audit reviews are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The procedures that have been established, having regard to the size of the Association and which are designed to provide effective internal financial controls are:

- written financial procedures/regulations and delegated authorities;
 - comprehensive systems of financial reporting including annual budgets and quarterly management accounts being reported to the Board, showing actual performance against budget and highlighting any variances;
 - monitoring of the internal financial controls and procedures by the internal auditor whose reports are reviewed by the Scrutiny Committee;
 - clearly defined management and reporting structures;
 - annual risk review and fraud risk reports are reviewed by the Scrutiny Committee;
 - An annually revised five-year strategic plan incorporating financial forecasts and targets in respect of growth and unit costs.
-

STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

The Board of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Landlord legislation requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period.

In preparing these financial statements, the Board of Management is required to select suitable accounting policies, as described on pages 21 to 26, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Board of Management must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. The Board of Management 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.

In so far as the Board of Management is aware:

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

OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

Development of new properties is funded by any combination of Social Housing Grant, Housing with Care funding, Integrated Care funding, and private finance. First Choice were successful in utilising uptake of grant opportunities totalling £6,740,468.

The income and cash-flow arising from existing stock is positive and long-term financial planning indicates that it can be sustained indefinitely, thus the need for borrowing arises purely from property development. Treasury policy dictates that funds are borrowed only to keep cash-flow positive, however in reality fund flows are largely dictated by drawdown of grant and expenditure of development costs based on contract.

Sufficient designated reserves are maintained to meet future repair liabilities and transfers to these designated reserves are re-assessed annually.

CAPITAL STRUCTURE, TREASURY POLICY AND CURRENT LIQUIDITY

As at 31st March 2023 the association had private finance facilities with three funders, Royal Bank of Scotland, Triodos Bank NV and GB Social Housing. There is a mix of fixed interest rates over varying periods plus variable interest rates, which are regularly reviewed against our Golden Rules which stems from our Treasury Policy. This is reviewed annually in line with our treasury advisors retained services. All mortgages are on repayment or bullet repayment terms.

FINANCIAL PERFORMANCE IN THE PERIOD

The surplus for the year 2022/23 of £815,212 is lower than 2021/22 of £1,765,982 due to the significant increases in inflation on maintenance and repair costs, and also higher loan interest rates. The accumulated surpluses of £18,859,450 affords the Association, and thus the tenants, security and the ability to attract and service further private finance borrowing to develop more stock.

Corporate financial objectives:

- To achieve funders' covenants both now and in future projections
 - To make a surplus
 - To have sufficient designated reserves to sustain the major repairs programme for the life of the properties
 - To develop properties with Social Housing Grant, Housing Finance Grant, other grants and Private Finance.
 - To secure private finance in a timely manner to fund our future development programme
 - To strategically review rent calculation to ensure sustainability
-

Risk

The Association is faced with a variety of financial and other strategic risks. Significant risks are identified and managed with the aim of reducing the likelihood of an event occurring, or minimising the impact on the Association if it does occur. The Association's Risk Management Policy, Risk Framework, and use of Decision Time Software to manage and report on risk were all subject to a robust internal audit in year. Risk and Assurance is monitored quarterly at our Scrutiny Committee with Board receiving a bi-annual update.

External Operating Environment

The global economic background remains extremely challenging with central banks continuing to raise interest rates in order to combat high inflation caused by a number of factors increasing demand following a global pandemic and increased oil and gas costs following the invasion of Ukraine by Russia. With inflation predictions remaining above the Bank of England into 2025 there is every chance that growth will be impacted by this nationally and that a recession will follow.

Within Wales demand for FCHA housing models remains strong, our development programme is fully committed for the next two years with years 3-5 already having a range of schemes committed. There is an increased focus on collaboration and FCHA have again been working hard to both share services and begin to jointly develop sites for delivery.

FINANCIAL MEASURES

Key financial ratios used in the Welsh Housing Sector are reported below, showing the Association's achievement for 2023, the 2022 results and the sector 2022 average for comparison.

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Growth in Turnover %	9.1%	9.3%	8.7%

The annual growth in turnover from social housing lettings, other social housing lettings and non-social housing activities over the period analysed. This is calculated as a percentage.

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Growth in SBIT (surplus before interest and tax) %	(35.8)%	(12.3)%	(8.3)%

The annual growth in operating surplus expressed as a percentage. Surplus before interest and tax is subject to the fluctuations in major repair and cyclical decorations spends. These fluctuations are smoothed out when transfers to/from designated reserves are applied.

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Growth in Total Assets %	0.34%	29.1%	10.5%

The average annual growth in total assets of the business (fixed and current) from one year to another. Total assets include both the operating, financial and other assets of the business which represents the foundation of the business. Fixed assets are net of grants received.

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Growth in Total Debt %	(1.5)%	23.7%	10.4%

The percentage change in the total debt from one year to another.

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Growth in Total Capital & Reserves %	3.9%	9.2%	(15.1)%

The annual average percentage growth in the total capital and reserves of the business

	<u>2023</u>	<u>2022</u>	<u>Sector 2022</u>
Turnover per employee (000's)	218	266	105

This is expressed a ratio of the total turnover to the employee full time equivalent in year.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

NON-FINANCIAL MEASURES

Tenant satisfaction with Maintenance Service

FCHA is passionate about ensuring that our tenants live in high quality and well-maintained homes. We operate an appointment system with a broad range of contractors for reactive maintenance who. We have robustly monitored tenant satisfaction and contractor performance by carrying out telephone satisfaction surveys for reactive maintenance.

During 2022/23 the Association has recorded the follow results for reactive maintenance:

- 100% Emergency Repairs were completed within 24 hours.
- 11 day average completion was achieved for all general repairs.
- 100% of tenants were happy with the maintenance contractors.
- 100% of tenants were happy with how First Choice dealt with their repair.
- 99.75% of tenants were happy with the standard of the repair work.

Tenant satisfaction with First Choice

The Association undertook a survey of our tenants in 2022/23 to obtain feedback on our services.

- 99% of tenants were happy with the their home
- 99.5% of tenants were happy with the overall services provided by First Choice
- 99.5% of tenants felt that First Choice is a good landlord

AUDITORS

A resolution to appoint auditors will be proposed at the Annual General Meeting.

By order of the Board

Donna Jones

Company Secretary

Date:

**First Choice Housing Association
Independent Auditor's report to the members of First Choice Housing Association
registered under the Co-Operative and Community Benefit Societies Act 2014**

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

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

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

Opinion

With respect to the Board's statement on internal financial control on page 8, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



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

Date: 28 07 2023

Independent auditor's report to the members of First Choice Housing Association Ltd

Opinion

We have audited the financial statements of First Choice Housing Association Limited for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31st March 2023 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 9), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the 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 intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
-

- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the association, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

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

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

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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



Date: 28.07.2023



STATEMENT OF COMPREHENSIVE INCOME for the year ended 31st March 2023

	Notes	2023 £	2022 £
Turnover	3	9,110,844	8,351,622
Operating Expenditure	3	7,570,178	5,951,275
Operating surplus	3	1,540,667	2,400,347
Surplus on sale of fixed assets	4	121,073	-
Finance income	9	43,201	2,292
Interest and financing costs	10	(889,729)	(636,657)
Surplus/ (deficit) before tax		815,212	1,765,982
Taxation	11	-	-
Surplus for the year and total comprehensive income for the year		815,212	1,765,982

All of the above results are derived from continuing operations

STATEMENT OF CHANGES TO RESERVES for the year ended 31st March 2023

	Notes	Income and expenditure reserve	Major Repairs Reserve	Total Reserves
At 1st April 2022		18,303,018	2,601,706	20,904,724
Surplus from statement of comprehensive income		815,212	-	815,212
Transfer (to) / from the restricted reserve		(258,780)	258,780	-
At 31st March 2023		18,859,450	2,860,485	21,719,936

STATEMENT OF FINANCIAL POSITION at 31st March 2023

	Notes	2023 £	2022 £
Tangible fixed assets			
Housing land and buildings - gross cost	13	108,265,060	96,042,671
- depreciation		(8,915,516)	(8,044,090)
		99,349,545	87,998,581
Other Assets - Office Premises		625,668	638,437
Other tangible fixed assets	14	334,913	341,065
Total fixed assets		100,310,126	88,978,082
Current assets			
Trade and other debtors: amounts falling due within one year	15	715,196	1,339,511
Trade and other debtors: amounts falling due after more than one year	15	1,321,126	1,352,090
Cash and cash equivalents		8,327,229	12,794,415
		10,363,551	15,486,016
Less:			
Current Liabilities			
Creditors: amounts falling due within one year	16	(4,442,561)	(4,804,072)
Social Housing and other government grants: amounts falling due within one year	19	(647,284)	(489,696)
Net current assets		5,273,706	10,192,248
Total assets less current liabilities		105,583,832	99,170,331
Non-current liabilities			
Creditors: amounts falling due after more than one year	17	(28,792,676)	(29,262,838)
Bond Premium: amounts falling due after more than one year		(3,645,329)	(3,989,198)
Social Housing and other government grants: amounts falling due within one year	19	(51,425,871)	(45,013,548)
Total net assets		21,719,956	20,904,747
Capital and reserves			
Called-up share capital	21	20	23
Total Reserves		21,719,936	20,904,724
Total capital and reserves		21,719,956	20,904,747

These financial statements were approved by the Board on 25th July 2023 and were signed on its behalf by:

Board Member



Board Member



Secretary - D. Webb



STATEMENT OF CASH FLOWS

For the year end to 31st March 2023

	2023	2022
	£	£
Operating Surplus	1,540,666	2,400,347
Adjustments for non-cash items		
Depreciation of tangible fixed assets	577,444	526,058
Working Capital Movements:		
(Increase)/decrease in trade and other debtors	655,280	(9,696)
Increase/(decrease) in trade and other creditors	(59,227)	(10,976)
Net cash generated from operating activities	2,714,163	2,905,733
Returns on investments and servicing of finance:		
Interest received	43,201	2,292
Interest and mortgage fees paid	(860,298)	(573,415)
Adjustments for reinvestment in existing properties		
Component replacements	(1,136,956)	(991,360)
Free cash generated/(consumed) before loan repayments	760,110	1,343,249
Loans repaid	(801,328)	(7,487,490)
Free cash consumed after loan repayments	(41,218)	(6,144,241)
Cash flow from investing activities		
Purchase and development of properties	(11,254,738)	(9,384,688)
Social Housing grant received	1,733,865	8,556,248
Other grants and income	4,874,306	190,117
Payments to acquire other fixed assets	4,110	(21,028)
Receipts from sale of fixed assets	-	0
Sale of Housing properties	216,492	-
Cash flow from financing activities		
Net transfers of cash from / (to) short term deposits	-	-
Issue of share capital	-	-
Write back of share capital	(3)	-
Loans received	-	17,238,570
Net increase/(decrease) in cash and cash equivalents	(4,467,185)	10,434,979
Cash and cash equivalents at the beginning of the year	12,794,415	2,359,437
Cash and cash equivalents at the end of the year	8,327,229	12,794,415

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS

The Association has adopted charitable rules and is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord, registered with the Welsh Government.

2. ACCOUNTING POLICIES

(a) Introduction

The financial statements have been prepared in accordance with applicable accounting standards and statements of recommended practice. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(b) Format of Financial Statements

The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice for "Accounting by Registered Social Housing Providers" as updated in 2018 (Housing SORP 2018: Statement of Recommended Practice for registered Social Housing Providers), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015.

(c) Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting. They have been prepared on the basis that the capital expenditure referred to in Note 13 will be grant aided, funded by loans or met out of reserves or proceeds of sales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(e) Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, amortisation of social housing and other government grants, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year. Rental income is recognised from the point when properties under development reach practical completion. Where rent receivable has been paid direct to the Association's support agencies it has been excluded from turnover (see note 3). Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the income and expenditure account under surpluses/deficits from the sale of fixed assets. Revenue is recognised when sale completion of the property has been achieved.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Amortisation of Social Housing and other government grants is accounted for in line with the accounting policy.

(f) Housing Properties

Housing properties are stated at cost, less depreciation. The cost of properties represents:-

- i) Acquisition costs
- ii) Direct development costs
- iii) Development administration costs, including the labour costs of the company's own employees, arising directly from the acquisition or construction of the property, are capitalised only to the extent that they are directly attributable to bringing the property into working condition for its intended use.
- iv) Interest payable on borrowing to finance the development up to the date of practical completion.

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Where a housing property comprises two or more components with substantially different useful economic lives then each component is accounted for separately. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(g) Social Housing Grant

Social housing grant (SHG) is receivable from the Welsh Government (the WG) and is repayable in the event of disposal, demolition or change of use to an ineligible activity, save in circumstance where the Welsh Government considers it appropriate to reduce the amount repayable. These are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accrual's method.

SHG due from the WG or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the WG. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in liabilities.

Where individual components are disposed of, this does not create a relevant event for recycling purposes.

(h) Other Grant

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

(i) Amortisation of grants

Grants relating to assets are recognised in income on a straight-line basis over the expected useful life of the asset. Government grants received for housing properties are recognised in income over the expected useful life of the housing property structure as follows:

New-build: 150 years
Rehab : 120 years

Where grants are received in advance they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. Grants receivable in respect of completed schemes or those under construction are included as debtors in the financial statements.

The MOD (Ministry of Defence) grant received for our veteran accommodation is a 15 year term grant that is repayable by one fifteenth of the remaining years of the term. It is amortised over 15 years on a reducing balance basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(j) Loans

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

(k) Depreciation

Depreciation is charged on the historic cost of property components. Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of leases. The depreciable amount is written off over the estimated useful lives from the date of purchase/build.

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred. Depreciation is charged on the net book value on a straight-line basis over the remaining expected economic useful life as follows:

	Years
Structure	120 rehab/ 150 new build
Kitchen	15
Doors	25
Heating System	30
Windows	25
Boiler	15
Bathroom	25

Components on leasehold land are depreciated over the shorter of the above and the remaining period of the lease. Freehold land is not depreciated. Leased-in property works are depreciated.

Depreciation is charged on cost on a reducing balance basis for other fixed assets at the following rates:

Furniture and Equipment	20%
Motor Vehicles	20%
Property Furnishings	10%
Computer Hardware and Software	33.3%
Capital Works to Office	4%
Office Premises	2%

(l) Impairment

An impairment review is carried out annually in accordance with the Association's policy for accounting for depreciation and impairment. Where there is evidence of impairment, housing properties are written down to their recoverable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(m) Repairs and Maintenance

The cost of repairs and maintenance is recognised when a binding obligation to incur expenditure is entered into. Component replacements are capitalised and depreciated over their life as detailed above, other major improvements to properties are capitalised as fixed assets only where an increase in the net rental stream can be demonstrated. All other repairs and renewals expenditure within the fabric of the property is written off as it is incurred. Social Housing Grant relating to major works is matched to the category of expenditure within the income and expenditure account or balance sheet as appropriate.

(n) Major Repairs Designated Reserve

A designated reserve has been established to fund major repairs. Transfers to the reserve are made such that sufficient funds are available to meet the anticipated costs of major repairs for at least twenty years, by which time private finance loans will have been repaid, freeing properties to be available as security on further private finance borrowing to fund future major repairs. The amount set aside is reviewed annually based on the updated major repairs property database.

(o) Development Expenditure

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

(p) Debtors

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

(g) Provisions for liabilities

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

(r) Pension Costs

Pension costs are charged to the income and expenditure account in the year in which premiums are payable. A personal pension scheme is held separately by each participating member of staff. The assets of the schemes are held separately from those of the Association and are independently administered.

(s) Operating Lease

Leasing charges in respect of operating leases are recognised in the income and expenditure account over the lives of the lease agreement as incurred.

(t) Going concern

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

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

Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically, this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.

The Association currently has no impaired properties.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation

Tangible fixed assets, other than investment properties, are depreciated over their useful lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset.

For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful economic lives are assigned to these components.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. TURNOVER, OPERATING COSTS AND SURPLUS BEFORE TAXATION

	Year ended 31 March 2023			Year ended 31 March 2022		
	Turnover £	Operating Costs £	Operating surplus £	Turnover £	Operating Costs £	Operating surplus £
Social Housing Lettings	9,110,844	(7,306,749)	1,804,095	8,351,622	(5,627,131)	2,724,490
Other social housing activities						
Development administration		(263,429)	(263,429)		(324,144)	(324,144)
Other			-			-
	9,110,844	(7,570,178)	1,540,667	8,351,622	(5,951,275)	2,400,347

3b. TURNOVER FROM SUPPORTED HOUSING LETTINGS

	2023 £	2022 £
Rents	7,576,501	7,065,250
Service Charges	323,552	217,584
Grants for repairs not of a capital nature	191,000	486,047
HFG Grant interest	53,548	54,926
Other revenue grant	432,581	61,224
Amortised Grant (less support provider revenue grant release £65,560)	533,662	466,591
Turnover from Social Housing lettings	9,110,844	8,351,622

3c. OPERATING COSTS FROM SUPPORTED HOUSING LETTINGS

	2023 £	2022 £
Management costs	965,878	854,168
Routine Maintenance	1,839,406	1,484,008
Major Repairs expenditure	1,231,391	754,626
Other Maintenance	851,859	1,102,498
Depreciation charge	1,096,296	976,711
Loan Fees charge	58,560	83,165
Development revenue expenditure	-	61,224
Decarbonisation expenditure	702,978	93,147
Service Costs	236,829	217,584
	7,306,749	5,627,131
Operating surplus on social housing lettings	1,804,095	2,724,490
Rent loss due to voids	(97,954)	(27,649)

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SALE OF PROPERTIES

One property was sold in the year due to it being de-commissioned and no suitable alternative social housing use was found. Surplus on sale was £121,073.

5. EXECUTIVE OFFICERS AND BOARD MEMBERS EMOLUMENTS

	<u>2023</u> £	<u>2022</u> £
Emoluments paid to executive officers (excluding pension contributions)	335,848	316,476
Emoluments paid to Board Members	33,948	20,097
Emoluments paid to the highest paid senior executive (excluding pension contributions)	100,655	97,258
Pension contributions in respect of executive officers	36,276	30,068

The full-time equivalent number of executive officers and board members whose remuneration payable (excluding pension costs) in the period fell within the following bands was:

	<u>2023</u> £	<u>2022</u> £
£0 - £59,999	12	10
£60,000 - £69,999	-	1
£70,000 - £79,999	2	2
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1
£100,000 - £110,000	1	-

Expenses paid to Board members during the year amounted to £1,183 (2022: £767).

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. EMPLOYEE INFORMATION

The average weekly number of persons (including executives) employed during the year was:

	<u>2023</u> Number	<u>2022</u> Number
Customer Services – full time	12	9
Customer Services – part time	1	1
Housing Management staff – full time	4	4
Housing Management staff – part time	1	1
Maintenance staff – full time	9	5
Development – full time	8	7
Finance& ICT – full time	8	6
Finance& ICT – part time	1	0
All staff - Total	44	33
All staff – whole time equivalents	41.86	31.39
	<u>2023</u> £	<u>2022</u> £
Staff costs (for the above persons)		
Wages and salaries	2,010,706	1,544,325
Social Security Costs	182,236	133,866
Pension costs (see note 7)	155,188	120,800
	2,348,130	1,798,991

7. PENSIONS

The Association's staff are members of defined contribution pension schemes. The assets of the schemes are held separately from those of the Association in independently administered funds. The pension cost charge represents contributions payable by the Association and amounted to £155,188 (2021/22 £120,800). The sum of £587 is held in creditors pending payment to the pension companies.

The Chief Executive holds a personal pension, and the Association makes contributions of 10% of salary, in accordance with the Association's Terms and Conditions of Employment. No enhanced or special terms apply. The amount contributed by the Association for 2022/23 was £9,323 (2021/22 £8,392).

8. OPERATING SURPLUS

	<u>2023</u> £	<u>2022</u> £
The operating surplus is stated after charging:		
Depreciation – Other Fixed Assets	42,777	46,096
Depreciation – Housing Assets	1,096,296	976,711
Amortisation of Government Grants	(533,662)	(466,592)
Operating Lease	0	0
Auditors' remuneration (including VAT of £1,722; 2022 £1,631) in their capacity as auditors	10,275	9,785

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. FINANCE INCOME

	<u>2023</u> £	<u>2022</u> £
Interest receivable	43,201	2,292

10. INTEREST AND FINANCING COSTS

	<u>2023</u> £	<u>2022</u> £
On loans repayable in instalments wholly or partly in more than 5 years	889,729	636,657

11. TAXATION

The Association is exempt from paying Corporation Tax due to its charitable status.

12. RELATED PARTY TRANSACTIONS

No related party transactions occurred during the financial year 2022/23.

13. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	<u>Completed</u> <u>Properties</u>	<u>Under</u> <u>Construction</u>	<u>Total</u>
	£	£	£
Cost			
At 1 st April 2022	88,435,851	7,606,820	96,042,671
Property additions during year	1,851,623	9,573,684	11,425,307
Schemes completed	6,530,823	(6,530,823)	-
Property Disposal in year	(125,568)	-	(125,568)
Component additions in year	1,136,956	-	1,136,956
Component disposals in year	(214,305)	-	(214,305)
Property disposals in year	-	-	-
At 31 st March 2023	97,615,379	10,649,681	108,265,060
Depreciation			
At 1 st April 2022	8,044,090	-	8,044,090
Charge for the year	1,115,880	-	1,115,880
Property Disposal in year	(30,149)	-	(30,149)
Component disposals in year	(214,305)	-	(214,305)
Property disposals in year	-	-	-
At 31 st March 2023	8,915,516	-	8,915,516
Net Book Value	88,699,864	10,649,681	99,349,545

A total of £692,785 (£648,757 - 2022) of property and component development administration was capitalised in the 12 month period.

A further £4,949,185 was spent on works maintaining properties that was not capitalised.

NOTES TO THE FINANCIAL STATEMENTS (continued),

THE TOTAL COST OF HOUSING PROPERTIES COMPRISES:

	<u>2023</u> £	<u>2022</u> £
Freehold properties	106,985,932	94,298,871
Long leasehold properties	241,793	512,773
Leased properties (short lease <20 yrs)	1,037,336	1,231,027
Total	108,265,060	96,042,671

14a. OTHER TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £	<u>Computer Hardware & Software</u> £	<u>Furniture & Equipment</u> £	<u>Total</u> £
<i>Cost</i>				
At beginning of year	28,265	86,226	361,712	476,203
Additions during year	18,149	8,602	1,294	28,044
Disposals during year	-14,098	0	0	-14,098
At end of year	32,316	94,828	363,006	490,149
<i>Depreciation</i>				
At beginning of year	13,254	51,671	81,212	146,136
Charge for year	5,725	12,984	14,811	33,520
Disposals during year	-11,324	0	0	-11,324
At end of year	7,655	64,655	96,022	168,332
<i>Net Book Value</i>				
At beginning of year	15,011	34,555	280,501	330,067
At end of year	24,661	30,173	266,984	321,817

	2023	2022
Stock of Thermostatic Mixer Valves	7,161	7,034
Maintenance material stock	5,934	3,964
Other tangible fixed assets total	334,912	341,065

14b. OTHER ASSETS – OFFICE PREMISES

The association purchased new offices at 10 Village Way, Coryton, Cardiff in 2017/18. The association undertook refurbishment works before re-locating to the new offices in October 2018.

	£
<i>Cost</i>	
At beginning of year	692,171
Additions during year	-
Disposals during year	-
At end of year	692,171
<i>Depreciation</i>	
At beginning of year	53,734
Charge for year	12,769
Disposals during year	-
At end of year	66,503
<i>Net Book Value</i>	
At beginning of year	638,437

At end of year	625,668
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NOTES TO THE FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER DEBTORS

Trade and other debtors: amounts falling due within one year	<u>2023</u> £	<u>2022</u> £
Amounts falling due within one year:		
Rent and service charge arrears	174,012	151,525
Welsh Government Grants due	39,695	322,095
Prepayments and other debtors	501,488	865,891
	715,196	1,339,511
Trade and other debtors: amounts falling due after more than one year	<u>2023</u> £	<u>2022</u> £
Housing Finance Grant	1,352,090	1,352,090
	1,321,126	1,352,090

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2023</u> £	<u>2022</u> £
Rents in advance	141,452	96,782
Loan interest	161,280	131,849
Audit Services	8,480	7,817
Payroll, Pension, Revenue & Customs	49,624	42,023
Property Maintenance	108,993	221,155
Housing loans within one year	807,309	794,606
Grant in advance	2,197,833	2,796,373
Other creditors (incl. trade)	967,590	713,466
	4,442,561	4,804,072

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2023</u> £	<u>2022</u> £
Housing Loans	32,438,005	33,252,036

No further loan agreements were required in the year to 31st March 2023.

Housing loans are secured by specific charges on the Association's housing properties. During the year the interest rate varied between 1.08% and 5.95% depending on market rates and the terms of the loans.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The loans are repayable as follows:

	<u>2023</u> £	<u>2022</u> £
One year and less	807,309	794,606
Between one and two years	1,313,455	794,606
Between two and five years	4,018,260	2,759,055
In five years or more	27,106,290	29,698,375
	33,245,314	34,046,642

The association has two bank loans are repayable by instalment or bullet repayments and a bond which is repayable in 2038. The Triodos bank loan has a delayed capital repayment period until 2024. The term of the loans varies from 18 to 30 years. They are due to be fully repaid by 2044.

Loan arrangement fees of £162,981 has offset the outstanding loans, and £6,740 is expensed annually over the period of the loan.

18. CONTINGENT ASSETS/LIABILITIES

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

Social Housing Grant may become repayable in the following circumstances:

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

The association amortises government grants over the useful life of the properties, as required by Housing SORP 2018. Although the Association has no current plans to sell its housing land and buildings, if it were to then government grants may become repayable. The total contingent liability as at 31st March 2023 is £52,073,155 (2022 £45,503,243).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. GRANTS

SOCIAL HOUSING GRANT AND OTHER GOVERNMENT GRANTS

	<u>Completed Properties</u>	<u>Under Construction</u>	<u>Total</u>
	£	£	£
Gross Grant Creditor			
At 1 st April 2022	45,434,070	4,758,233	50,192,304
Additions/ transfers during year	£4,758,233	2,418,004	£7,176,236
Schemes completed	1,854,347	(1,854,347)	-
Property disposals in year	-	-	-
Trfr (to)/from Recycled Grant Fund	-	-	-
At 31 st March 2023	52,046,650	5,321,889	57,368,540
Amortisation			
At 1 st April 2022	4,689,061	-	4,689,061
Charge for the year	606,325	-	606,325
At 31 st March 2023	5,295,385	-	5,295,385
Net Grant Creditor			
At 1 st April 2022	40,745,009	5,321,889	45,503,243
At 31 st March 2023	46,751,265	5,321,889	52,073,155

The grants are amortised as follows:

	<u>2023</u>	<u>2022</u>
	£	£
One year and less	606,325	489,696
Between one and two years	606,325	489,696
Between two and five years	1,818,975	1,469,088
In five years or more	49,041,530	43,054,763
	52,073,155	45,503,243

	<u>2023</u>	<u>2022</u>
	£	£
Recycled Capital Grant Fund	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. MOVEMENT IN NET DEBT

	<u>At 31st March</u> <u>2022</u> £	<u>Cash-flows</u>	<u>New</u> <u>Finance</u> <u>Leases</u>	<u>Fair Value</u> <u>Movements</u>	<u>Other non-</u> <u>cash</u> <u>movements</u>	<u>At 31st March</u> <u>2023</u> £
Cash	12,794,415	(4,467,186)	-	-	-	8,327,229
Loans Due within one year	0		-	-	-	0
Loans due after more than one year	(794,606)	(12,703)	-	-	-	(807,309)
Total	(29,262,838)	470,162	-	-	-	(28,792,676)

Loans due figure excludes the arrangement fees of £162,981 that were capitalised.

21. CALLED UP SHARE CAPITAL

	<u>2023</u> £	<u>2022</u> £
Allotted, issued and fully paid at beginning of the year	23	23
Issued during year	0	0
Repaid during year	3	0
At end of year	20	23

The following should be noted with respect to share capital:

The shareholders have no equity interest in the Association and have no rights to receive dividends or a distribution on the winding up of the Association.

There is no provision for the redemption of shares as the nominal value of any shares redeemed or cancelled is written back to reserves.

The shareholders of the Association have the right to vote at general meetings of the Association.

22. CAPITAL COMMITMENTS

	<u>2023</u> £	<u>2022</u> £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	4,337,597	4,279,024
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	4,829,000	3,832,441
Proposed financing of the capital expenditure:		
Private Finance	310,555	348,772
Social Housing Grant	4,814,902	6,374,097
Revenue funding	407,172	382,768
Innovative Housing Programme Funding	13,068	15,228
Housing Care Fund	990,600	990,600
Housing Care Fund & Social Housing Grant (mixed)	500,900	-
Integrated care fund & Social Housing Grant (mixed)	716,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. OPERATING LEASES

The Association currently has 31 properties that are leased at a total annual cost of £147,382 (2022 £142,836). All the lease agreements have a six month notice period, should FCHA no longer require the property.

24. NUMBER OF UNITS IN MANAGEMENT

The number of units of housing in management is set out below. Units are defined as tenant bed-spaces.

	<u>2023</u>	<u>2022</u>
At end of year	972	937



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