



Report and Financial Statements

Year Ended 31st March 2020



www.taitarian.co.uk

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Board Members

INDEPENDENT BOARD MEMBERS:	Co-Opted	Appointed	Resigned
Jonathon Davies – Chair	22 nd September 2016	22 nd March 2017	
Steve Mundy	1 st March 2009	4 th March 2011	23 rd July 2019
Harry Lloyd	28 th June 2012	27 th July 2012	
Shelley Bosson	22 nd September 2016	24 th July 2018	
Mike Jones	25 th May 2017	24 th July 2018	
Peter Maggs	26 th January 2017	22 nd November 2018	9 th April 2019
Andrew Lycett	28 th March 2019	23 rd July 2019	
Jonathon Hughes	1 st July 2019	23 rd July 2019	
Samantha Taylor	1 st November 2019		
TENANT BOARD MEMBERS:			
Denise Davies	26 th March 2015	28 th July 2015	
Samantha Jones	6 th July 2015	28 th July 2015	
Daniel Smith	11 th February 2019	23 rd July 2019	
COUNCIL BOARD MEMBERS:			
Steffan ap Dafydd	N/A	31 st May 2017	
Sonia Reynolds	N/A	19 th March 2018	



Executive Management Team

Linda Whittaker

Chief Executive

Sian Ross

Director of Finance (Appointed 1st August 2019, previously Interim Director of Finance)

Claire Maimone

Director of Housing & Corporate Services, Company Secretary

Andrew Carey

Director of Assets (Appointed 1st March 2020)

Steve Tucker

Interim Director of Assets (Resigned 31st March 2020)

Other information

Registered Office:

Tŷ Gwyn
Brunel Way
Baglan Energy Park
Neath
SA11 2FP

External Auditors:

Bevan Buckland LLP
Langdon House
Langdon Road
Swansea
SA1 8QY



Internal Auditors: Barcud Shared Services
2 Alexandra Gate
Ffordd Pengam
Cardiff
CF24 2SA

Solicitors:

Hugh James	Blake Morgan	Devonshires
Two Central Square	One Central Square	30 Finsbury Circus
Cardiff	Cardiff	London
CF10 1FS	CF10 1FS	EC2M 7DT

Geldards	Darwin Gray
Dumfries House	Halmont House
Dumfries Place	Churchill Way
Cardiff	Cardiff
CF10 3ZF	CF10 2HE

Bankers: Barclays Bank
3 Windsor Place
Cardiff
CF10 3ZL



INFORMATION

Funders:

Royal Bank of
Scotland
9th Floor
250 Bishopsgate
London
EC2M 4AA

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Santander
100 Ludgate Hill
London
EC4M 7RE

WELSH GOVERNMENT REGISTRATION NO: L154

FCA COMPANY REGISTRATION NO: 31041R



STRATEGIC REPORT

The Board presents its Strategic Report, Board Report and the audited Financial Statements for Tai Tarian (the organisation) for the year ended 31st March 2020.

STRATEGIC REVIEW

1. PRINCIPAL ACTIVITIES

The organisation was established as a result of a large scale voluntary transfer (LSVT) from Neath Port Talbot County Borough Council's (NPTCBC's) housing stock on 4th March 2011.

Its principal activities are to provide affordable homes and assist in community development, primarily within the County Borough of Neath Port Talbot. It owns, manages and maintains 8,997 rented properties, 486 leasehold flats, 17 shops and 782 garage plots as at 31st March 2020.

2. VISION AND VALUES

The organisation has adopted '**Making a Difference**' as its vision which is supported by our mission of '**Great Homes, Great Communities**'. Staff, tenants and Board members worked together to agree the organisation's values:

- teamwork
- honesty
- professionalism
- respect
- commitment

Sitting alongside our Corporate Plan we also have a set of local outcomes that have been developed by staff, tenants, Board members, leaseholders and community partners and are aligned to the Welsh Government's delivery outcomes. They are set out below and describe the desired impact of our work on customers and other stakeholders and ensure we are all working towards achieving the same goals.



Homes and Services	Creating Sustainable Communities
<p>We make the best use of our assets</p> <p>We repair and maintain homes in an efficient, cost effective and responsive way</p> <p>Tenants feel secure in their homes</p> <p>Tenants are confident that we will help them to sustain their tenancies through providing additional advice and support</p>	<p>Customers are proud of their neighbourhood as a place to live</p> <p>Our communities are safer places to live</p> <p>We create and sustain local employment and create training opportunities</p> <p>We have a positive impact on our communities through active engagement</p>
We Listen, Learn and Act	Our Business
<p>Customers have opportunities to make choices</p> <p>We act on our customers' feedback and are committed to continuously improving our services</p> <p>We understand our customers and deliver services that meet their needs</p> <p>Our Members are able to influence decision making and shape our services</p>	<p>We are an employer of choice</p> <p>We deliver value for money to make the best use of our resources</p> <p>We are accountable to our customers</p> <p>The whole organisation is effectively governed and is aligned to delivery of its vision</p>

We undertake regular self-evaluation to measure our performance against these outcomes. This enables us to clearly identify the good work we are doing in achieving desired outcomes and it also helps us to identify areas for improvement.

Details of the self-evaluation we have undertaken during 2019/20 can be found on our website.



STRATEGIC REPORT

3. STRATEGIC OBJECTIVES

Delivering our Corporate Plan 2017-20

Tai Tarian’s approved Corporate Plan for 2017-20 which came to an end in March 2020, outlined our long-term vision, mission and strategic objectives. The Plan recognised the need to build upon the achievements of delivering WHQS under the following objectives:

- **Continue to invest in our properties and communities**
 Our plans saw us upgrading our neighbourhoods through our external boundaries programme and maintain our properties in line with WHQS. This work will continue over the coming years.
- **Develop our workforce to improve effectiveness of service delivery**
 A number of initiatives were delivered which saw us enhancing the skills and performance of our people, implementing our leadership standards and improving succession and workforce planning.
- **Maximise our use of technology to deliver what matters to customers**
 Our aim to map all processes was realised and allowed us to make improvements and efficiencies across the business. We introduced a number of new technology solutions during the life of the plan and continue to keep technology under review in an ever changing world.
- **Pursue opportunities for growth**
 Our ambition was to grow our housing stock by buying homes and build new homes over the last three years which has resulted in over 150 new homes being delivered (or close to it) by March 2020. Our ambition to provide more new homes is also included within our new corporate plan for the coming five years.

Our new Corporate Plan 2020-2025

Our new Corporate Plan has been developed to take us from April 2020 to March 2025, it includes our long term vision, mission and strategic objectives. Our priorities for the next five years take into account the need to support delivery of both the Foundational and Circular Economies and this is reflected in our three high level themes and six priorities, as follows:

Theme 1: Sustainable Homes

- **Affordable homes for our tenants**
 We want to ensure we provide warm, energy efficient homes for our tenants, through the new homes that we build and also by improving the energy performance of our existing homes. We will upskill our staff to work with tenants to make sure they understand how to minimise the cost of energy and the positive financial impact this may have, at the same time ensuring our rents are fair and affordable.



- **Tailored services to support tenants in their homes**

We will gain a better understanding of our tenants in order to ensure we're able to provide the right support, either directly or through the partnerships forged within our communities. Our aim is for all tenants to have a personal housing plan, which will help us to focus support where it's needed, providing tailored services to individuals. Where possible, we also aim to deliver services digitally, bringing our tenants on this journey with us.

Theme 2: Sustainable Communities

- **Community partnerships delivering services that matter to our customers**

We will work with our communities and partners to understand the issues at a community level and develop plans to influence change, having a positive impact within our communities. Working with our partners we will identify funding opportunities to support and promote the sustainability of tenancies and the wider community.

- **Tenants supported to be healthy and active within their communities through focused and targeted involvement and learning opportunities**

By working with our tenants we will understand their aspirations for involvement and create opportunities for their views to influence services and decisions. Working with our partners we aim to increase the learning and employment opportunities across our communities, we will also connect with those involved in social prescribing, to achieve our aim of improving the health and wellbeing of our tenants, so that individuals can actively contribute to their communities.

Theme 3: Sustainable Planet

- **To be carbon neutral (net zero) by 2030**

We have our sights firmly set on becoming globally responsible for climate change so that we can make it easier for our tenants, communities and staff to do the same. By ensuring that our homes are energy efficient, our tenants can benefit from improved health and wealth leading to a better quality of life and in our communities, making the most of our landscapes will be instrumental in offsetting our unavoidable carbon footprint. We will also ensure our employees are doing their bit too by creating a zero carbon work environment.

- **Implement the principles of the circular economy and maximise any potential for the foundational economy**

Underpinning our organisation is a deep-seated aspiration to reach a circular economy here in Wales for the benefit of future generations. By embedding resource efficiency and waste prevention at an operational level, we aim to influence those around us to join in our plight to save the planet and build community capital. Working with partner organisations, our aspiration is to motivate our tenants to reduce, reuse and recycle more in our homes and communities.



STRATEGIC REPORT

Development and Acquisition Opportunities

We continue to increase the number of homes we provide to meet the growing and varied needs of people across the Borough. This is an important part of our work, however it is not just about numbers – it is about providing the right homes in the right location for the people who need them.

During the year, the organisation has successfully delivered two new development schemes comprising of 14 new homes at Llys Wern, Caewern and Llansawel Crescent, Briton Ferry. In addition to this, we completed the purchase of 27 properties throughout the borough as part of our acquisition programme, as well as the acquisition of a 6 property re-development. In total, the Development and Acquisition programme has delivered 47 additional homes to the organisations stock holding during 2019/20.

Llys Wern

The development comprises of eight, two bedroom houses and associated car parking spaces amidst a mixture of our own housing stock and owner occupiers.

The contract was delivered by a local contractor and the properties were completed and handover took place in June 2019.

This was the first phase of 3 proposed developments within the area, with the second phase now on-site at Llys Wern II.



Llansawel Crescent



This scheme converted a disused office block into residential accommodation, by providing six, two bedroom flats that more accurately reflect the demand for accommodation in that location.

This scheme was the starting point for the estate redevelopment of Parc Newydd that adjoins this block.

This scheme was completed in July 2019 with the tenants moved in over the course of the same month.



STRATEGIC REPORT

Station Road

In March 2020 as part of the acquisition programme, we completed on the purchase of six one bedroom flats that had been developed privately in Station Road, Port Talbot adjacent to the recently re-developed transport hub. This scheme will provide much needed smaller, town centre accommodation.

The following schemes commenced on site during the year:

Parc Newydd

The existing site comprised of four, three storey blocks, containing 24 three bedroom flats; their size and condition making them extremely unattractive to tenants. The site formed part of a wider estate previously known as the “Saltings” which was originally developed shortly after the 2nd World War and has been demolished, piece by piece, over several decades.

The scheme will consist of the demolition of the existing blocks and the development of 31 new homes, comprising of twelve one bedroom apartments, six two bedroom apartments, ten two bedroom homes, two three bedroom homes and one four bedroom home; all built to achieve EPC rating ‘A’. The scheme is due to complete in spring 2021.

Llys Wern II (Phase 2)

This small in-fill development forms a smaller, second phase of the original scheme at Llys Wern and consists of two pairs of semi-detached two bedroom homes and a detached two bedroom bungalow; all built to achieve EPC rating ‘A’.

The site lies within Tai Tarian ownership situated within the same residential area as the first phase Llys Wern site. The scheme is due to complete in summer 2020.



Evelyn Terrace

The site is located in an established residential area and has been used in the past as a garage compound and, more recently, as a site storage and welfare facility for a local building contractor.

The development comprises six, two bedroom flats and four, single bedroom flats accommodated within a pair of two-storey buildings fronting onto the street (Evelyn Terrace) with associated car parking spaces to the front. The scheme will be constructed to achieve EPC rating ‘A’ and is due to complete in summer 2020.



Melyn Close

This site currently comprises three, five storey blocks consisting of 30 flats. The existing properties are to be demolished and replaced with two blocks containing 20, one and two bedroom flats. The contract will be undertaken by a local contractor and will provide much needed uplift to the locality. The scheme will be constructed to achieve EPC rating 'A' and is anticipated to be completed late 2021.

In 2020 we will also commence work on the following three schemes;

Llys Wern III (Phase 3)

This small in-fill development forms the final phase of the wider development plan at Llys Wern and consists of two pairs of semi-detached two bedroom bungalows and a detached two bedroom bungalow, which will achieve EPC rating 'A'.

The site again lies within Tai Tarian ownership situated within the same residential area as the first and second phases in the Caewern area.

Lingfield Avenue

This scheme consists of two pairs of semi-detached two bedroom bungalows and one detached two bedroom bungalow, utilising land within Tai Tarian ownership and is funded from the amended (increased) 2019/20 PDP.

The construction is to be undertaken by a local contractor and will be constructed to achieve EPC rating 'A'. It is anticipated for completion by March 2021.

In total the schemes have attracted just over £7.6 million grant funding from the Welsh Government.

We also continue to pursue opportunities to purchase suitable existing properties in order to address demand for smaller (one and two bedroom) homes and to replace stock lost through the Right-to-Buy. Our buyback programme allows us to provide further homes which provide additional choice for our tenants.

We are committed to looking forward, and maximising new and existing opportunities to ensure we achieve our plan of providing new homes.



STRATEGIC REPORT

Reducing Our Carbon Footprint

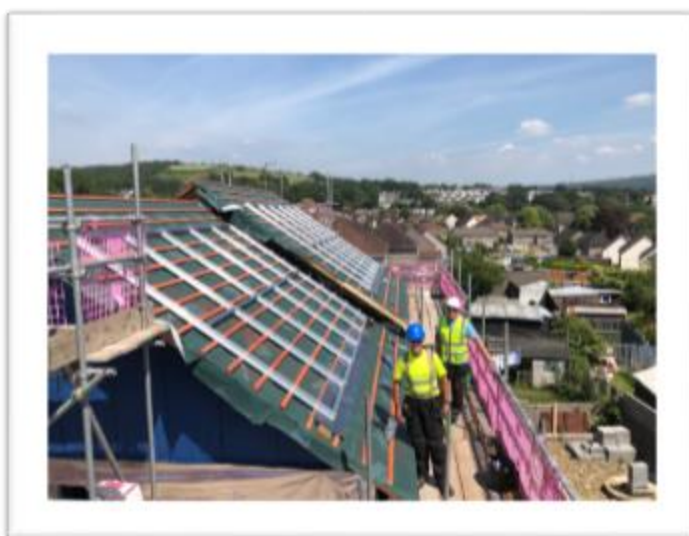
With the effects of climate change becoming clearer, the organisation is committed to do its part to reduce its impact on the planet. Therefore during 2019 the organisation made a commitment to become carbon neutral by 2030, the first housing association to do so.

It is estimated that our organisational carbon emissions, including office and transport contribute over 700 tonnes to our carbon footprint, while our tenants homes contribute a further 22,000 tonnes. While this data gathering exercise is still ongoing, the organisation has already made good progress on some reduction and offsetting actions, including:

- Increasing car sharing into our head office
- Commissioning installation of our first electric charging points
- Purchasing a pool of electric cars for use by colleagues travelling to and from visits
- Beginning a tree planting exercise
- Upgrading our building management system
- Trialling battery powered tools for our grounds maintenance operatives



Over the next few months, the organisation will further improve its understanding of its carbon and other greenhouse gas emissions, with a commitment to achieve independent accreditation of our baseline and target by April 2021. We will also launch our Corporate Strategy and Sustainability Strategy which will focus on improving outcomes for our planet, communities and homes. Some of the actions planned for 2020-21 include:



- To begin the process of moving some of our white fleet away from fossil fuels towards clean energy sources
- Trial alternative space and water heating in our tenants' homes
- To continue with our fabric programme, improving the energy efficient of our tenants' homes
- To build new homes to energy performance certificate band A



STRATEGIC REPORT

Collaboration with Sevenoaks Modular Ltd

Modern Methods of Construction

It has been recognised by Welsh Government that one of the key housing challenges over the next 10 years will be how to build sustainable homes that achieve EPC A standard. There are many build options available but timber frame and modular construction is seen as one of the most sustainable ways of building new homes in Wales, particularly if the build process can adopt the principles of the Circular Economy.

The Welsh Government is very clear in their publication ‘Re-imagining house building in Wales’ that off-site manufacturing is seen as the way forward and will be particularly important with SHG funded schemes, linked with successful collaboration schemes. In order to support this aim, Welsh Government is providing funding by way of an interest free loan to support modular factory projects delivering social homes, built in Wales using Modern Methods of Construction (MMC) and Off Site Manufacturing.

In response to Welsh Government’s plans, Tai Tarian and Sevenoaks Modular Ltd (SOM), a local company specialising in timber frame/modular manufacturing, have been in dialogue regarding a potential collaboration to increase housing supply, utilising Welsh Government’s loan finance to acquire new equipment and platform, to hugely increase timber frame/modular build capacity within the factory. ..

Expected Outcomes:

- An increase in the number of new homes being built in Wales, which are sustainable and affordable for our tenants
- Opportunities to provide employment within the Borough
- Opportunities to provide training within the Borough
- Opportunities to collaborate with other stakeholders and research establishments
- Ability to develop our own Foundational/Circular Economy objectives

The project provides an excellent opportunity for the creation of a large scale project that directly aligns with all elements of our Corporate Plan. It also provides a great opportunity to invest in the Foundational Economy which is identified at the centre of our new Plan.

Although details of the collaboration are not yet finalised, as at the 31st March 2020 Tai Tarian had drawn down the Welsh Government loan of £2,853,000 into an escrow deposit account, which is held by Devonshires Solicitors. Funds will remain in the escrow deposit account until the conditions of the draw down are met.



STRATEGIC REPORT

In accordance with Financial Reporting Standard 102 (FRS 102), Tai Tarian must recognise the amount of £2,853,000 as a non-cash asset in the Statement of Financial Position and is disclosed within debtors (Note 15, page 57). A corresponding liability of £2,853,000 is also required to recognise the Welsh Government loan, within short term creditors (Note 16, page 57). The amount represents restricted cash and is not available for use by Tai Tarian for any other purpose other than those set out in the conditions of the loan agreement.

4. BUSINESS ENVIRONMENT

Principal Risks and Uncertainties

Tai Tarian recognises that taking risks in a controlled manner is fundamental to its activities and a higher risk may be applicable for some activities, such as the development of new housing schemes, compared to other ongoing activities. The level of uncertainty in the external environment may also determine the acceptable level of risk. It is the responsibility of the Board to articulate clearly their risk appetite and to gain their own assurance that we are identifying and managing risk effectively. The Welsh Government's assessment of housing sector risks is considered as part of the process for identifying the risks facing the organisation.

In order to manage and mitigate risks, the organisation has a Risk Management Policy in place which aims to help the organisation deliver better informed strategic decisions, successful delivery of change and increased operational efficiency.

Under its Risk Management Policy the organisation records the risks it faces in a register and assesses the likelihood of it occurring together with its impact, whether financial, operational, regulatory, reputational or relating to health and safety. This gives an overall score for each risk. Each is then ranked and a range of responses agreed which include actions to tolerate, treat, transfer, terminate or exploit the risk.

Risk management is embedded throughout the organisation's culture and a continuous process of monitoring and review is undertaken dependent on the activity, impact and likelihood of each risk occurring.

The top strategic risks which the organisation is currently addressing are:

COVID-19 Pandemic

The COVID-19 outbreak is an unprecedented risk in terms of likelihood and impact. The nature of the outbreak has spread worldwide in a matter of weeks indicating high likelihood of infection to all, and high impact on health of staff, tenants and Haven schemes, as well as likely long term impact on our services and national economy. A new risk was added to our Corporate Risk Register in early March as the scale of the impact across the globe and closer to home became apparent.



STRATEGIC REPORT

A Coronavirus Response Plan was drawn up and an Incident Management Team set up in early March with representatives including the Chief Executive, Senior Management Team and Heads of Service. The Incident Management Team is collectively responsible for ensuring that appropriate action is taken to protect employees and tenants as far as practicable whilst continuing the operation of the organisation and delivery of services. There is continued monitoring of the situation using various official sources of information that is reviewed and considered by the Incident Management Team with action and decision logs maintained. In addition, along with other Housing Associations we participated in an exercise by Barcud Shared Services to compile a COVID-19 Shared Risk Assessment.

A Sub-Group of Board has been established as part of the Board’s governance arrangements in response to the Coronavirus (COVID -19) pandemic. Its’ specific role is to support the Executive Team throughout the pandemic which escalated within the UK in March 2020. The Group is responsible for providing scrutiny, support and steer on behalf of the Board on significant matters and risks escalated by the Incident Management Team.

Longer term impacts and actions are constantly monitored and are in regular communication with our funders. The business plan will be updated to incorporate the Coronavirus risks, stress tested and reviewed by Board.

Increase in rent arrears

The continued rollout of Universal Credit may have a detrimental impact on cash flow due to housing benefit previously paid directly to the organisation being paid directly to the tenant under the new system. This may increase rent arrears for those tenants receiving Universal Credit and increase the risk of some tenants being unable to pay rent. The maintenance of income collection rates may also require increased staffing levels and collection charges to collect rents and maximise tenant income.

There is a further risk that rent arrears will increase due to the coronavirus pandemic. The Government’s job retention scheme (furlough) is currently supporting employees and businesses but there is likely to be an impact on job security and potential redundancies as Government financial support is reduced, resulting in some tenants currently employed being unable to pay rent.

Pension scheme deficit

The risk of increased exposure to rising pension contribution costs and deficit related to our membership of the Local Government Pension Scheme which is a defined benefit scheme. A defined contribution scheme for new starters was introduced in April 2016 to reduce the impact of this risk.



STRATEGIC REPORT

Financial Risk Management

Cash Flow Risk

The organisation has a treasury function within its finance department whose activities are defined as “the management of the organisation’s cash flows, its banking, money market and capital market transactions and loan management; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.

The organisation acknowledges that effective treasury management provides support towards the achievement of its corporate objectives. The treasury operation is not a profit centre. Its objective is to manage risk on a cost effective basis and speculative transactions are not permitted.

Budgets, forecasts and long term business plans are used to ensure that the business always has access to the funds required to deliver its objectives.

Credit Risk

The organisation’s principal financial assets are bank balances and cash, rent arrears and other receivables.

The organisation’s credit risk is primarily attributable to its rent arrears which are actively managed. The amounts presented in the Statement of Financial Position are net of allowances for bad debts.

Liquidity Risk

Tai Tarian uses a combination of long term and short term debt finance to maintain liquidity, ensuring that sufficient funds are available for ongoing operations and future developments. The organisation holds cash, short term investments and has access to grants and a £129m loan facility with a syndicate of funders, led by Banco Santander.

The loan facility is measured against covenants (including net debt per unit, cumulative cash flow deficit and value of loans outstanding compared to the value of housing stock) whose output levels are set by funders’ approval of the 30 Year Business Plan which is updated each year.

Details of the loan facilities in place can be found on page 59 of the financial statements.

The organisation has not entered into trading transactions in financial instruments and has further minimised its risk by not having any abnormal exposure to price, credit, liquidity and cash flow risks arising from its trading activities.



STRATEGIC REPORT

5. BUSINESS PERFORMANCE

Performance and Position

The organisation reports a surplus for the year of £6.6m (2019: £6.2m) after accounting for net interest charges of £7.6m (2019: £7.4m) and profit on sale of fixed assets of £2.4m (2019: £2.6m). During the year, the organisation spent £13.6m (2019: £14.3m) on reactive, cyclical and planned repairs on its housing properties, with £20.4m (2019: £22.4m) spent on improving its properties. The works were financed through operating surpluses, cash balances and a net drawdown of additional loans of £Nil (2019: additional loans of £4.6m).

Value for Money

The drive to pursue and achieve value for money is embedded across the organisation. Our value for money principles directly support our corporate objectives and will be updated during 2020 in line with our new Corporate Plan.

A number of interlinked practices support the delivery of value for money:

- effective procurement through appropriate forms of tender competition
- knowing and doing what matters for our customers
- clarity of and focus on, our purpose

- lean systems thinking
- engaged, empowered staff

A comparison of our performance using the ten financial value-for-money measures which have been developed by the sector is set out below:



Value for Money Indicator	2019/20 Actual	2018/19 Actual	Comment
Operating costs for lettings per Social Housing unit	£3,159	£3,059	Increased Pension costs for 2019/20 (additional £1.3m). Operating costs, excluding pension costs have decreased.
Management costs per Social Housing unit	£1,368	£1,247	Increased Pension costs for 2019/20 (additional £1.3m). Management costs, excluding pension costs have decreased.
Reactive repair costs per Social Housing unit	£1,177	£1,235	Lower void repair costs following review of void repair and re-let processes.
Major repairs and component costs per Social Housing unit	£1,623	£2,390	Lower component replacement costs following completion of WHQS and Haven Housing refurbishment.
Bad debts per Social Housing unit	£49	£38	Reflects an overall increase in arrears (Universal Credit), plus a more prudent bad debt provision.
Weighted average cost of capital	8.39%	8.43%	Remains high due to impact of fixed rate hedges taken out at Transfer.
Free cash flow (before draw down or repayment of loans) per Social Housing Unit	(£41)	(£1,155)	Lower negative free cash flow reflects reduced spend on component replacements.
Gross Arrears/Social Housing turnover	5.56%	4.87%	Partly reflects year on year timing of Housing Benefit receipts and partly the continued roll out of Universal Credit.
Total rent per Social Housing unit	£4,976	£4,665	Calculation based on full year rental income compared with end of year unit numbers which have now decreased by Right-to-Buys and other sales during the year.
Rental void loss per Social Housing unit	£90	£135	Void losses have decreased following actions to reduce long-term voids and to improve the re-let process.



STRATEGIC REPORT

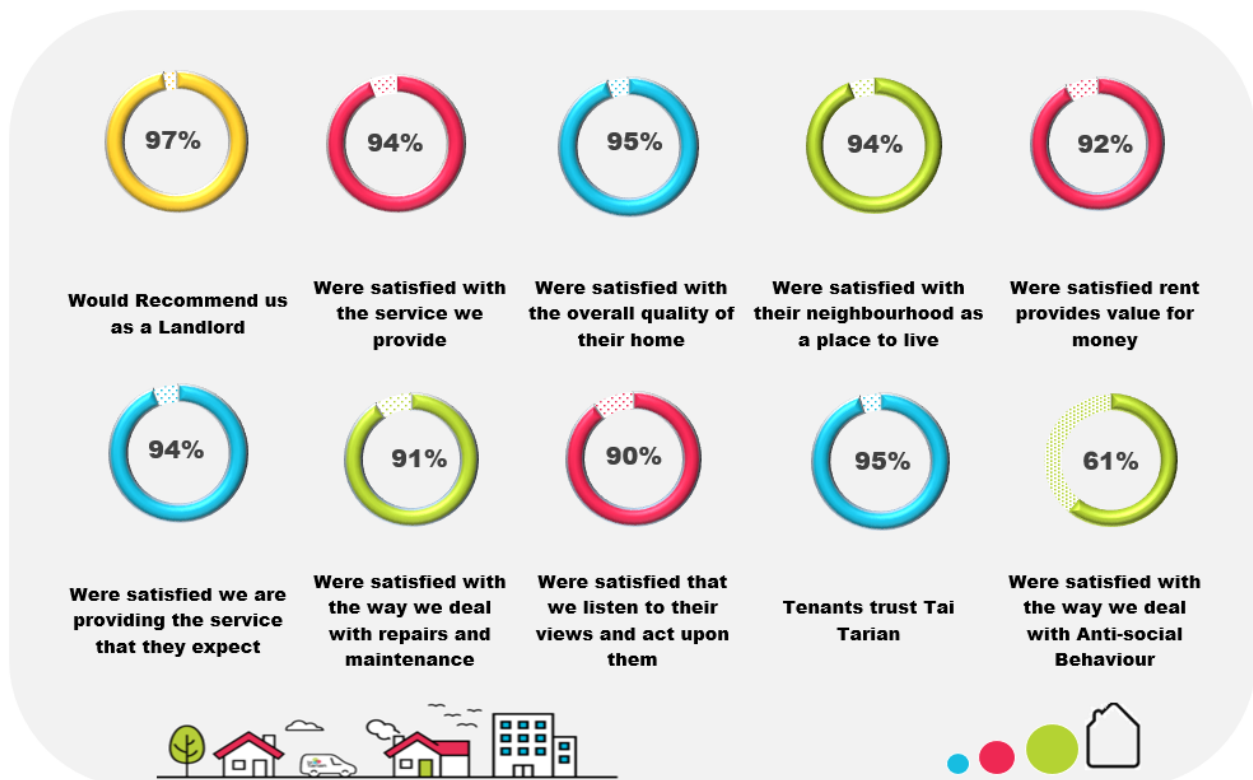
Key Achievements in 2019/20

Customer Satisfaction

To ensure we deliver excellent customer service we regularly undertake telephone surveys to measure tenant satisfaction. This provides valuable feedback to help us to continue to provide services that suit the needs of our customers. During 2019/20 1,194 surveys were undertaken.

The average customer satisfaction results for the year are shown in the table below:

Customer Satisfaction – 2019/20



Key Performance Indicators

Businesses use measurements to assess how well they are performing. These measures are used to manage operational activity, assist with service improvement and provide information to assist the Board and the Executive Management Team (EMT) with strategic and other relevant business information.

Tai Tarian’s Board and EMT receive regular operational and strategic information through the year on various aspects of its performance. A suite of key performance indicators includes business critical measures which will have a significant impact on the business should performance be lower than expected levels.



STRATEGIC REPORT

The organisation uses a ‘balanced scorecard’ of key performance indicators (KPIs) under four themes:

- financial
- customer
- internal process
- innovation, learning and growth

The key performance indicators which were measured during the year were:

1 – Finance

Finance Perspective	2019/20	2018/19	Movement from last year	Comment
% of rent owed by current tenants	2.29%	2.32%	↓ 0.03%	
% of rent owed by former tenants	0.97%	0.80%	↑ 0.17%	The increase is related to the rechargeable debt from repairs which need to be completed after a tenant has left the property.
% of rent lost on our empty homes	1.51%	1.87%	↓ 0.36%	Performance is showing a positive trend which evidences that the work to improve our void process has had a positive impact

2 – Customer

Customer perspective	2019/20	2018/19	Movement from last year	Comment
How satisfied are you with the most recent repair carried out to your home?	99.25%	99%	↑ 0.25%	
The number of complaints received	100	156	↓ 56	
How satisfied are the way we have dealt with your antisocial behaviour complaint?				This was a newly introduced measure for 2019/20 comparable information is therefore not available
- satisfaction we resolved their complaint	83%	-	-	
- satisfaction with the service we provided	76%	-	-	



3 – Internal Process

Internal process perspective	2019/20	2018/19	Movement from last year	Comment
How long on average it takes us to make our empty homes available for new tenants	56	97	↓ 41	Performance is showing a positive trend which evidences that the work to improve our void process has had a positive impact
The percentage of gas compliance	99.91%	-	-	This measure was redefined for 2019/20 comparable information is therefore not available.
The percentage of electrical compliance	99.95%	-	-	This measure was redefined for 2019/20 comparable information is therefore not available.
The percentage of asbestos compliance	100.00%	100.00%	→	
The percentage of legionella compliance	100.00%	100.00%	→	
The percentage of fire safety reviews completed	93.33%	100.00%	↓ 6.67%	Compliance has reduced due to one fire safety review not being undertaken by the 31st of March due to COVID-19.
The percentage of tenancies ending within 12 months	10.57%	12.62%	↓ 2.05%	
The number of data protection breaches	31	25	↑ 6	The work to raise awareness around data protection has resulted in more breaches being recognised and reported by staff. The average numbers of breaches for medium sized organisations is between 30-40.
How many injuries, diseases or dangerous occurrences have we had to report to the Health & Safety Executive (HSE)	7	3	↑ 4	Whilst there has been an increase in 2019/20 the average number of occurrences over the last 5 years is 6 per year. There are no themes within the reportable occurrences.

4 – Innovation Learning and Growth

Innovation, Learning and Growth	2019/20	2018/19	Movement from last year	Comment
How many days on average are our staff on sick leave?	0.61	0.5	↑ 0.11	There are no specific reasons for the increase in sick leave or trends in absence types for 2019/20.
The number of staff starters	64	-	-	This measure was redefined for 2019/20 comparable information is therefore not available.
The number of staff leavers	54	-	-	This measure was redefined for 2019/20 comparable information is therefore not available.
How many followers of Tai Tarian across all social media platforms	9695	7677	↑ 2018	
The percentage of staff that have completed all mandatory training	99.84%	-	-	This was a newly introduced measure for 2019/20 comparable information is therefore not available



STRATEGIC REPORT

Additional business measures include:

Regulatory Judgement

Each year Welsh Government, through its Housing Regulation Team, carries out an assessment on how we are performing and whether we are meeting the required standards. Our regulatory judgement rating for 2020 was 'Standard/Standard'. This is the top rating achievable and provides assurance to our Board, tenants, leaseholders and other stakeholders that we are achieving the highest level of compliance in all areas of governance, services and financial viability.

The full report can be viewed on our website.

Compliance with Community Housing Cymru (CHC) Code of Governance

An independent review was conducted of our compliance with CHC's Code of Governance in May 2019 and the review also considered the Regulatory Board for Wales' report 'The Right Stuff'. The review concluded that we are compliant with CHC's Code of Governance.

Community Reinvestment

Local Multiplier 3 (LM3) is a tool that is used to measure local economic impact. LM3 measures how money flows in the local economy and how organisations can practically improve its local economic impact via its procurement decisions.

For every £1 spent on our major works and development programme a further £1.99 is reinvested in our local community out of a maximum achievable £2.

High-performing workforce

Tai Tarian provides a working environment that fosters a culture of continuous learning in which both formal and informal learning experiences are recognised and the organisation's performance is clearly linked with its people's individual performance. We have developed a framework to create a 'Learning Organisation' in which people can respond to and meet the changing demands and priorities of the organisation and its service users.



STRATEGIC REPORT

Our Work in the Community

Community Benefits and Target Recruitment

The Community Benefits programme is a scheme where our contractors work with us to give something back to the local community as well as maximising employment opportunities.

The team identify community groups who need help or those who are making a positive impact in the community.



Open spaces and biodiversity projects

We are working with external partners, contractors, schools and the communities to enhance our open spaces for environmental projects.

We have and are continuing to focus on planting habitats to encourage the migration of bees and tree planting as part of our commitment to become a carbon neutral organisation. This work is to help to reduce the impact of climate change, to improve water management in the areas of land and to maintain and enhance biodiversity.

Funding Partnerships

Tai Tarian has been successful in securing funding to launch several partnerships within the community.

These include the Neath Port Talbot County Borough Council's Connecting Green Infrastructure Project, Buglife Cymru B-lines Project and the Orchard Project.

Tai Tarian will continue to work with community groups to identify potential projects and opportunities that will enhance our communities and create more resilient and sustainable communities.



STRATEGIC REPORT

Equality and Diversity

Tai Tarian has continued to embed equality and diversity throughout the organisation. During 2019-20:

- Equality impact assessments have been used to assess the impact of our policies on protected characteristic groups.
- The composition of our Board has become more diverse; giving protected characteristic groups more of a voice in our decision making.
- Staff have been involved in promoting national campaigns to raise awareness of issues. For example, regular events have been held to support mental health.

6. GOVERNANCE

Board Structure and Membership

The Board is constituted of 12 members who are drawn from the following groups:

- 3 Tenant Members** Elected by the tenants of the organisation
- 2 Councillors** Who are nominated by NPTCBC
- 7 Independents** Who are recruited through an open selection process

On 31st March 2020 the Board had 11 full members and 1 independent co-opted member. A co-optee may act in all respects as a Board member but they cannot take part in the deliberations nor vote on the election of officers of the organisation nor any matter directly affecting shareholders. Changes in the composition of the Board during the year and up to the date of this report are set out on page 3.

Each Board member's learning and development needs are identified on an annual basis as part of their appraisal and a robust training programme is delivered to meet their needs. There are a number of mandatory courses including Finance, Risk Management, Data Protection, Health and Safety, Equality and Diversity that all Board members must undertake.

Board Responsibilities and Operation

Board members have a legal obligation to comply with the Rules of the organisation and promote the success of the organisation. The overall purpose of the Board is to provide strategic leadership and control of the organisation. It takes overall responsibility for decisions about the organisation's finances, standards and policies. It monitors performance and holds management to account. Executive management responsibility including operational matters is delegated to the Chief Executive. The Board is accountable to the general members when carrying out these responsibilities. Day-to-day management is delegated to the Chief Executive and other senior executives who meet regularly and attend Board meetings.



STRATEGIC REPORT

Board Committees

There are four committees that report to the Board:

The Audit and Risk Committee - has delegated responsibility for all matters relating to investment appraisal, internal and external audit, internal control, insurance and risk, finance and treasury, subject to those identified as requiring a recommendation to the Board.

The work of the Committee shall comply with the Wales Audit Office’s Code of Audit Practice.

Schedule 1 and Membership Committee - has delegated responsibility for all matters relating to approval of the use of exemptions under Schedule 1 of the Housing Act 1996 and applications for associate membership.

Development and Asset Disposals Committee - has delegated responsibility for considering and where necessary reporting to Board for approval all matters relating to the development, acquisitions and disposal programme. The limits included in the main duties below are aligned to the limits included in the Financial Regulations and Schedule of Delegated Authority.

Remuneration and Nominations Committee – has delegated responsibility for considering and making recommendations to Board for approval of all matters relating to establishing and reviewing the remuneration package, terms and conditions and severance conditions in relation to the Executive Management Team, the core terms and conditions of other staff and the annual cost of living award, support the Chair of the Board on the appointment or dismissal of the Chief Executive, nominations to the Board Membership and review Non- Executive Board member pay and conditions of service.

The Board and its Committees obtain external specialist advice from time to time, as necessary.

Approved by the Board on 25th June 2020 and signed on its behalf by:

J.P. Davies
Board Chair



BOARD REPORT

LEGAL STATUS AND PRINCIPAL ACTIVITIES

Tai Tarian is authorised and regulated by the Financial Conduct Authority as a registered society under the Cooperative and Community Benefit Societies Act 2014 with charitable rules as a not-for-profit social enterprise. It is a Registered Social Landlord (RSL).

The organisation's principal activities are to provide affordable homes and assist in community development primarily within the County Borough of Neath Port Talbot.

The organisation is owned by its members, all but one of whom are individuals holding one £1 share and are Board members, residents, local community groups or business members of Neath Port Talbot. The one exception is the Local Authority which also holds one £1 share.

GOING CONCERN

After making enquiries and considering the impact of the COVID-19 outbreak, the Board has a reasonable expectation that the organisation has adequate resources to continue operations for the foreseeable future. For this reason the going concern basis has been adopted in these financial statements.

POST BALANCE SHEET EVENTS

There have been no events since the financial year-end that have had a significant effect on the financial position of the organisation.

BOARD AND SENIOR EXECUTIVES

The Board members (as detailed on page 3) have held office during the whole of the year and to the date of this report unless otherwise stated.

The senior executives (as detailed on page 4) are appointed by the Board and have held office during the whole of the year and to the date of this report, unless otherwise stated.

The organisation has insurance policies that indemnify its Board members and senior executives against liability when acting on its behalf.

REMUNERATION OF BOARD AND SENIOR EXECUTIVES

Board

Board members receive remuneration for their services. They also receive expenses to reimburse costs incurred, for example, in attending Board meetings.

Senior Executives

- **Policy**

The Board agrees the appointment of senior executives and their remuneration.



BOARD REPORT

- **Service contracts**

Four senior executives are appointed under employment contracts with a three month period of notice. The Interim Director of Assets (resigned 31st March 2020), provided his services under a fixed-term contractor arrangement.

- **Pensions**

Three of the four senior executives appointed under employment contracts are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The fourth senior executive is a member of the defined contribution scheme. These senior executives participate in the scheme on the same terms as all other eligible staff.

- **Terms and Conditions**

Senior executives are not entitled to any special benefits over and above those available to other eligible staff. The Interim Director of Assets was not entitled to staff benefits due to the nature of his contract.

EMPLOYEES

The Board recognises that the success of the organisation and its ability to meet its objectives in an efficient and effective manner, depends on the commitment, quality and engagement of its employees.

The organisation has maintained investment in staff through training and other self-development opportunities. Additionally, the organisation continues to maintain and develop its best practice for promoting health and wellbeing for all employees. All employees have access to our Employee Assistance Programme (EAP), a 24 hour helpline to support staff and their immediate family through any of life's issues or problems.

The Board is also aware of its responsibilities on all matters relating to health and safety. The organisation has clear health and safety policies and provides staff training and education on health and safety matters.

The organisation is further committed to equal opportunities for all its employees and supports the employment of disabled people.

WELSH LANGUAGE SCHEME

Legislation requires us to produce and publish an annual compliance report.

A copy of Tai Tarian's Welsh Language Scheme Tracking report to the Welsh Language Commissioner is available at our head office Tŷ Gwyn or on our website.



BOARD REPORT

MODERN SLAVERY ACT 2015

Legislation was introduced in 2015 which requires us to produce an annual slavery and human trafficking statement.

A copy of Tai Tarian’s Anti-Slavery and Human Trafficking Annual Statement is available at our head office Tŷ Gwyn or on our website.

GENERAL DATA PROTECTION REGULATION (GDPR)

Following the introduction of the new regulations, which came into effect on 25th May 2018, we have embedded the new regulations into our working practices in order to achieve compliance. An external compliance audit was undertaken at the end of 2019 to assess our compliance with the legislation; which identified no systemic issues.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board acknowledges its responsibility for the management of the organisation’s assets to ensure its long-term financial viability and the delivery of its business strategy for the benefit of its tenants. The management of risk is acknowledged to be a top priority of the Board with detailed monitoring performed by the Audit and Risk committee. For further information on the organisation’s risk strategy, see page 16 of the Strategic Report.

INTERNAL CONTROL

The Board acknowledges that it is ultimately responsible for ensuring that a system of internal control and risk management is in place that is appropriate to the business and its operating environment and that the effectiveness of controls are regularly reviewed throughout the year.

The Board is committed to these responsibilities having appointed the external auditor and external independent internal auditor who work in partnership with other similar organisations to promote best practice and increase business intelligence.

Through the Audit and Risk Committee, the Board reviews the effectiveness of the systems of internal control by approving the work programme for internal audit, which reflect the main risks identified in the organisation’s strategic risk register. Outcomes of both internal and external audit reviews are considered by the Committee with all recommendations appropriately acted upon.

In addition, the Board and Committees receive regular reports from the executive on all matters, including performance and governance. These reports are explicitly linked to the organisation’s risks, governance and finances.



BOARD REPORT

As part of the holistic view of internal control the organisation has implemented a number of key processes to its system of internal control:

- Policies and procedures are in place that are well regulated and reviewed
- Monthly management reports are tailored to each strategic level that report revenue and costs; these are designed to identify any exceptions or lack of control
- IT systems have been implemented to create a more efficient and effective operating environment that comes with a greater degree of transparency and control
- Experienced and suitably qualified staff are employed and performance monitored through regular one-to-one meetings and annual appraisals; each staff member's goals, objectives and deliverables are aligned to that of the organisation
- All items of capital expenditure and/or major commitment are subject to formal authorisation procedures requiring executive approval prior to seeking Board approval.

The Audit and Risk Committee has reviewed the effectiveness of the system of internal control in the organisation for the year ended 31st March 2020. No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements and the Board is not aware of any such weaknesses from 1st April 2020 to date.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are Members and Senior Executives of the organisation at the date when this report was approved:

- So far as each are aware, there is no relevant audit information (as defined in relevant legislation) of which the organisation's auditor is unaware; and
- Each have taken all steps that they ought to have taken to make them aware of any relevant audit information (as defined) and to establish that the organisation's auditor is aware of that information.

STATEMENT OF BOARD'S RESPONSIBILITIES

The Board is responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and other legislation covering registered social landlords require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements



BOARD REPORT

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing Act 1996, (as modified by the Housing (Wales) Measure 2011), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 23rd July 2020.

Approved by the Board on 25th June 2020 and signed on its behalf by:

A handwritten signature in blue ink that reads 'J.P. Davies'.

Board Chair



Independent Auditor's report to the members of Tai Tarian registered under the Co-Operative and Community Benefit Societies Act 2014

Opinion

We have audited the financial statements of Tai Tarian for the year ended 31st March 2020 which comprise the statement of comprehensive income, statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 organisation's affairs as at 31st March 2020 and of its 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 Boards' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



INDEPENDENT AUDITOR'S REPORT

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

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board 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 organisation has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the organisation; 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 30, 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.



INDEPENDENT AUDITOR'S REPORT

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Bevan Buckland

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 25th June 2020



In addition to our audit on the financial statements for the year ended 31st March 2020, we have reviewed the Board's statement of Tai Tarian 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 organisation's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 29, 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.

A handwritten signature in blue ink that reads 'Bevan Buckland'.

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 25th June 2020



STATEMENT OF COMPREHENSIVE INCOME

AT 31ST MARCH 2020

	Note	2020 £'000	2019 £'000
Turnover	3	51,123	49,059
Operating expenditure	3	(38,881)	(37,445)
Surplus on disposal of fixed assets	4	2,380	2,589
Operating surplus	3	14,622	14,203
Interest receivable	5	171	44
Interest and financing costs	6	(7,588)	(7,424)
Local Government Pension Scheme (LGPS) net financing loss	30	(610)	(600)
Surplus before taxation		6,595	6,223
Taxation	10	-	-
Surplus for the year		6,595	6,223
Actuarial (loss)/gain in respect of pension scheme	30	(3,100)	120
Total comprehensive income for the year		3,495	6,343

All items dealt with in arriving at the surplus for the year relate to continuing activities.



STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Housing properties	11	197,704	187,505
Other fixed assets	12	4,597	4,541
Intangible assets	13	27	48
		202,328	192,094
Current assets			
Stocks	14	83	80
Debtors	15	163,763	171,762
Cash and cash equivalents		10,221	8,687
		174,067	180,529
Creditors: amounts falling due within one year	16	(25,560)	(27,307)
Net current assets		148,507	153,222
Total assets less current liabilities		350,835	345,316
Creditors: amounts falling due after more than one year	17	(242,324)	(246,350)
		108,511	98,966
Pensions liability	30	(31,670)	(25,620)
Net assets		76,841	73,346
Capital and reserves			
Non-equity share capital	20	-	-
Revenue reserve		76,841	73,346
Total capital and reserves		76,841	73,346

The financial statements on pages 36 to 69 were approved by the Board of Management on 25th June 2020.

Signed on behalf of the Board:


Board Chair


Board Member


Secretary



STATEMENT OF CHANGES IN RESERVES

AT 31ST MARCH 2020

	2020	2019
	£'000	£'000
At beginning of year	73,346	67,003
Surplus for the year	6,595	6,223
Actuarial (loss)/gain	(3,100)	120
At end of year	76,841	73,346



STATEMENT OF CASH FLOWS

AT 31ST MARCH 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	25		24,734		19,253
Cash flow from investing activities					
Purchase of tangible fixed assets		(21,508)		(26,617)	
Proceeds from disposal of tangible fixed assets		3,890		3,303	
Grants received		1,809		4,276	
Interest received		171		44	
			(15,638)		(18,994)
Cash flow from financing activities					
Interest paid		(7,562)		(7,363)	
New loans		-		11,700	
Repayment of borrowing		-		(7,125)	
			(7,562)		(2,788)
Net change in cash and cash equivalents			1,534		(2,529)
Cash and cash equivalents at beginning of the year			8,687		11,216
Cash and cash equivalents at the end of the year			10,221		8,687



1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Tai Tarian is a public benefit entity, as defined in FRS 102, and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The accounting policies within this note have been applied consistently.

Going Concern

Tai Tarian's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The organisation has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with its day to day operations. The organisation also has a long-term business plan which shows that is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis and considering the current situation with regard to Covid-19, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover represents rental and service charges receivable (net of rent and service charge losses from empty properties). It also includes revenue grants reimbursing specific expenditure items, amortisation of Social Housing and other Government grants and other sundry income receivable. Rental and service charge income is recognised in line with tenancy and lease agreements.

Social Housing Grant (SHG) other Government Grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred it is recognised as revenue in the period in which it becomes receivable.

Dowry Gap Funding is recognised in income over the period in which the grant is intended.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for



NOTES TO THE FINANCIAL STATEMENTS

components of a housing property, the grant is recognised in income over the expected useful life of the component.

Housing Finance Grant (HFG)

HFG is paid by Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme.

The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor.

Recycling of Grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

On disposal of an asset for which a Government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in the Statement of Comprehensive Income.

Capital Expenditure

Capital expenditure is defined as expenditure where the benefits last more than 12 months and relates to the acquisition, creation or enhancement of a fixed asset such as land, housing properties, new buildings, vehicles, furniture and equipment. This is different to revenue spending, which covers day-to-day items to run services such as staffing and purchase of services.

A de-minimis cost threshold of £1,000 for capitalisation applies to other fixed assets.

Any abortive costs incurred relating to developments that do not proceed are written off to the Statement of Comprehensive Income in the year.



Intangible Assets

Intangible assets are stated at historic cost, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the costs of each asset on a straight-line basis over its expected useful life.

Intangible assets includes capitalised salaries in respect of in-house development of software, creating internally generated assets.

Fixed Assets

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The surplus or deficit made on the disposal of fixed assets is recognised in the Statement of Comprehensive Income in the period of disposal.

Housing Properties

Housing Properties are those available for rent.

Housing properties principally comprise:

1. The properties transferred from Neath Port Talbot County Borough Council (NPTCBC) on 4th March 2011 which were initially recorded at nil cost and subsequently include the value of the works required to bring them up to Welsh Housing Quality Standard.
2. Purchased properties cost is the cost of acquiring the property plus associated fees and works required to bring them into use.
3. New development is where new homes are commissioned and built. These properties are held at cost. The development cost of properties includes the following:
 - cost of land and buildings
 - professional fees
 - management costs directly related to the development scheme
 - interest incurred during the development period is capitalised and added to the cost of completed housing properties based on the organisation's net investment and its average borrowing costs during the year
 - provision for the cost of work completed but not paid for at the year end.

The cost of housing properties includes directly attributable costs in bringing them into working condition for their intended use or developing new properties. Directly attributable costs are the labour costs of the organisation's employees arising directly from the construction or acquisition of property and incremental costs that would have been avoided only if individual properties had not been constructed or acquired.



NOTES TO THE FINANCIAL STATEMENTS

Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset. Such enhancement can occur if the improvements result in either:

- an increase in rental income
- a material reduction in future maintenance costs
- a significant extension to the life of the property
- a significant increase in the market value of the property.

Only main component improvements that meet these criteria are capitalised and these are depreciated over their estimated component life span, on a straight line basis.

Depreciation periods are shown below. All other costs are written off to the Statement of Comprehensive Income as incurred.

Surpluses or deficits on sale of properties are recognised at the date a sale becomes certain. The surplus or deficit is the difference between the sale price and the aggregate of the depreciated cost and any allocated cost of disposal such as legal and valuation fees.

Depreciation

Freehold Land

Freehold land is not depreciated.

Housing Properties and office premises

Depreciation of buildings is charged by component so as to write down the net book value to their residual value on a straight line basis from first full year in use, over their estimated useful economic lives to the business.

The estimated economic lives of the principal components are as follows:

Structure	100 years
Roof Structure and Coverings	40 years
External Wall Finish	30 years
Electrical Installations	30 years
Doors	25 years
Windows	25 years
Bathrooms	25 years
Kitchens	15 years
Heating	15 years
Landscaping and Groundworks	60 years



NOTES TO THE FINANCIAL STATEMENTS

Other Fixed Assets

Depreciation is calculated to write off the cost of the fixed asset less any residual value, on a straight line basis over its estimated useful economic life. The rates used for other assets are:

Motor vehicles	5 years
Office furniture and other equipment	5-10 years
IT	2-5 years

Intangible Assets

Computer Software	2-5 years
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Impairment

Housing properties are subject to an annual impairment review in accordance with FRS 102. Any impairment of fixed assets is written down to the recoverable amount and the write down is charged to the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

Financial instruments

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors, prepayments and cash and cash equivalents. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other creditors and interest bearing loans and borrowings.

Loans which are classed as basic financial instruments under FRS 102 are measured at amortised cost using the effective interest method, with interest and related charges recognised as an expense in finance costs in the Statement of Comprehensive Income.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.



NOTES TO THE FINANCIAL STATEMENTS

Stocks

Stocks are stated at the lower of cost or net realisable value.

Bad and Doubtful Debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management as irrecoverable.

Operating Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income in the period to which they relate. Operating lease premiums are accounted for within debtors as lease prepayments and are amortised over the life of the lease period.

Interest and Financing Costs

Financing costs are interest and other costs incurred in connection with the borrowing of funds, including fees paid to financing parties for their commitments to lend money to Tai Tarian in the future. Borrowing costs are amortised over the period that the company derives benefit from a financial instrument, such as a loan, using the effective interest rate method.

Pension Costs

The organisation is a member of the Local Government Pension Scheme (LGPS), a defined benefit scheme operated by The City and County of Swansea. Contributions are based on the advice of an independent actuary. In accordance with FRS 102, the Fund is valued by a qualified independent actuary in order to ascertain the value of the Fund at the year end. For more information see Note 30.

The organisation offers a defined contribution scheme which came into effect in April 2016, this scheme is open to all employees.

Taxation

Tai Tarian is treated as a charitable organisation for taxation purposes. This was confirmed by HM Revenue & Customs (HMRC) on 1st February 2011, (effective date 15th September 2010, ref no XT26558). Consequently, the surpluses derived from primary charitable activities are exempt from taxation. This treatment is reviewed annually in line with the activities undertaken by the organisation to ensure the exemption still applies.

Value Added Tax (VAT)

The organisation is registered for VAT. A large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation whereby the organisation is only able to recover a proportion of its input VAT. An approved VAT Shelter is in place for housing stock transferred from NPTCBC such that VAT on works carried out under the VAT Shelter is fully recoverable.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 judgements about the 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 organisation that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The organisation 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.

ESTIMATION UNCERTAINTY

The organisation 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.

Bad and Doubtful Debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.



NOTES TO THE FINANCIAL STATEMENTS

Economic Life of Assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed in Note 1: Accounting Policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures. Depreciation is calculated on useful economic life of the asset.

During 2019/20 a change in accounting estimate has been applied to the organisation's assets. This followed a review of the principal components, estimated lives and depreciation calculation. Principal components were revised in line with standard property components and assigned individual estimated useful lives. Depreciation has been calculated on the revised useful economic lives. This change resulted in an overall reduction in depreciation of £151,000, increasing Housing Properties (asset) and lowering the depreciation charge in year (expense).

Furthermore, it was agreed to move to an annual depreciation model (previously monthly), depreciation is charged in the first full year the asset is bought into use and charged in full in year of disposal. Depreciation on assets purchased in 2019/20 was reversed, reducing depreciation charge by £312,000, increasing Housing Properties (asset) and lowering depreciation charge in year (expense).

Defined Benefit Pension Scheme

The organisation has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management uses independent actuaries to advise on suitable estimates for these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.



3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS	2020 £'000	2019 £'000
Income		
Rents receivable	41,673	40,129
Service charges receivable	2,306	1,980
	43,979	42,109
Welsh Government Dowry	6,200	6,200
Amortisation of Social Housing & other Government grants	235	147
Other income from social housing lettings	709	603
Turnover from social housing lettings	51,123	49,059
Expenditure		
Management costs	12,690	11,552
Service costs	2,765	2,487
Maintenance costs	13,649	14,253
Losses from bad debts	684	351
Depreciation and amortisation	9,093	8,802
Operating costs on social housing lettings	38,881	37,445
Surplus on disposal of fixed assets	2,380	2,589
Operating surplus on social housing lettings	14,622	14,203
Rent loss due to voids (memorandum note)	(806)	(1,221)



4. SURPLUS ON DISPOSAL OF FIXED ASSETS	2020	2019
	£'000	£'000
Disposal proceeds	3,936	3,345
Disposal costs	(1,556)	(756)
Surplus on disposal	2,380	2,589

5. INTEREST RECEIVABLE	2020	2019
	£'000	£'000
Bank and short term deposit interest receivable	171	44

6. INTEREST AND FINANCING COSTS	2020	2019
	£'000	£'000
Bank interest payable and similar charges	7,052	6,860
Non-utilisation fees	472	501
Amortisation of deferred financing costs	64	63
	7,588	7,424

Bank interest payable and similar charges includes security and other fees paid. Non-utilisation fees relate to charges incurred on the loan balance not yet drawn.

In line with requirements of FRS 102 the amortisation of deferred financing costs represents the allocation to the current year of arrangement fees for the loan facility combined with the effect of smoothing interest charges over the life of the loan using the effective interest rate method.



7. OPERATING SURPLUS

Operating surplus for the year is stated after charging:

	2020 £'000	2019 £'000
Depreciation and amortisation of fixed assets	9,093	8,802
Amortisation of deferred Government grants	(235)	(147)
Operating leases		
- Property	77	88
- Vehicles	521	464
- Other	245	284
Auditor's remuneration (inclusive of VAT)		
- Statutory audit fees	16	24
- Other professional fees	1	1



NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE NUMBERS AND COSTS

The average monthly number of staff - full time equivalent, comprising of the following service areas, was:

	2020 Number	2019 Number
Central Support	53	57
Operational delivery		
Housing	124	126
Assets	324	322
	448	448
Total	501	505

The basis of the calculation of full time equivalent number of employees is the total number of employees paid in each month divided by a standard 37 hour week, shown as an annual average.

The aggregate employment costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	13,754	13,524
Social security costs	1,250	1,232
Other pension costs - employer's contributions payable (Legal & General defined contribution scheme)	142	98
Other pension costs - employer's contributions payable (LGPS defined benefit scheme)	1,960	1,890
Other pension costs - difference between current and past service cost and contributions payable (LGPS defined benefit scheme)	2,340	1,080
Total	19,446	17,824



9. BOARD MEMBERS' AND DIRECTORS' REMUNERATION	2020 £'000	2019 £'000
Directors		
Salaries and fees	467	411
Pension contributions	48	43
	515	454

Social security costs and irrecoverable VAT on fees which are costs to the organisation are not included in directors' remuneration.

Board members

Total remuneration paid to Board members was £61,445 (2019: £27,554). The 2019 comparative figure for remuneration represents amounts for six months only. The total of expenses paid to the Board was £1,421 (2019: £2,654).

Remuneration of the highest paid director, excluding pension contributions and social security costs:	2020 £'000	2019 £'000
Salary	141	128

The highest paid director (Chief Executive) is an ordinary member of the LGPS pension scheme and no enhanced or special terms apply. Tai Tarian's contribution in respect of the Chief Executive's pension fund amounted to £24,016 (2019: £21,832).

The full time equivalent number of directors who received remuneration, including pension contributions but excluding social security costs, in excess of £50,000 are shown below:

	2020	2019
£90,000 - £99,999	-	2
£100,000 - £109,999	2	-
£120,000 - £129,999	2	1
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-



NOTES TO THE FINANCIAL STATEMENTS

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The organisation is registered with charitable status and is a registered society under the Co-operative and Community Benefit Societies Act 2014. It benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fall within its charitable purposes and its funds are applied only for these purposes, no provision for corporation tax is made.



11. FIXED ASSETS - HOUSING PROPERTIES

	Freehold Land £'000	Freehold Housing Properties held for letting £'000	Freehold Housing Properties under construction £'000	Total £'000
Cost				
At beginning of year	559	219,767	1,366	221,692
Reclassification	(559)	559	-	-
Additions during the year:				
Completed properties acquired	-	3,121	-	3,121
Components capitalised	-	14,602	2,662	17,264
Transfers on completion	-	1,326	(1,326)	-
Disposals during the year	-	(1,834)	-	(1,834)
At 31 st March 2020	-	237,541	2,702	240,243
Depreciation				
At beginning of year	-	(34,187)	-	(34,187)
Charged during the year	-	(8,695)	-	(8,695)
Eliminated on disposals	-	343	-	343
At 31 st March 2020	-	(42,539)	-	(42,539)
Net book value				
At 31 st March 2020	-	195,002	2,702	197,704
At 31 st March 2019	559	185,580	1,366	187,505

	Cost £'000	Dep'n £'000	2020 £'000	2019 £'000
Housing properties held for letting comprise:				
Freehold property capitalised repairs, replacements and improvements	221,905	(41,508)	180,397	174,994
Freehold property constructed	7,642	(591)	7,051	5,859
Freehold property under construction	2,702	-	2,702	1,366
Freehold property acquired	7,994	(440)	7,554	4,727
	240,243	(42,539)	197,704	187,505



NOTES TO THE FINANCIAL STATEMENTS

Houses and bedspaces in management at the end of the year	2020 Number	2019 Number
Housing accommodation		
General needs	8,565	8,599
Sheltered accommodation (Haven Housing)	432	432
	8,997	9,031
Leasehold management services	486	506
	9,483	9,537

12. OTHER FIXED ASSETS

	Office premises £'000	Motor vehicles £'000	Office furniture and equipment £'000	IT £'000	Total £'000
Cost					
At beginning of year	4,528	31	471	2,604	7,634
Additions during the year	-	-	129	316	445
Disposals during the year	-	-	(46)	-	(46)
At 31 st March 2020	4,528	31	554	2,920	8,033
Accumulated Depreciation					
At beginning of year	(674)	(31)	(207)	(2,181)	(3,093)
Charged during the year	(108)	-	(57)	(204)	(369)
Eliminated on disposals	-	-	26	-	26
At 31 st March 2020	(782)	(31)	(238)	(2,385)	(3,436)
Net book value					
At 31 st March 2020	3,746	-	316	535	4,597
At 31 st March 2019	3,854	-	264	423	4,541



13. INTANGIBLE FIXED ASSETS

	Computer software £'000
Cost	
At beginning of year	922
Additions during the year	6
Disposals during the year	-
At 31 st March 2020	928
Amortisation	
At beginning of year	(874)
Charged during the year	(27)
Eliminated on disposals	-
At 31 st March 2020	(901)
Net book value	
At 31st March 2020	27
At 31 st March 2019	48

14. STOCKS

	2020 £'000	2019 £'000
Stock of materials	83	80



NOTES TO THE FINANCIAL STATEMENTS

15. DEBTORS	2020 £'000	2019 £'000
Amounts due within one year		
Arrears of rent and service charges	2,487	2,054
Less: provision for bad and doubtful debts	(865)	(669)
	1,622	1,385
VAT Shelter agreement (note 29)	15,500	20,800
Other debtors and prepayments	2,993	2,913
Less: provision for bad and doubtful debts	(612)	(376)
Escrow deposit	2,853	-
	22,356	24,722
Amounts due after more than one year		
VAT Shelter agreement (note 29)	140,189	146,396
Other debtors and prepayments	1,218	644
	141,407	147,040
	163,763	171,762

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Housing loans (note 19)	1,136	1,160
Escrow loan	2,853	-
Trade creditors	4,874	4,438
Taxation and social security	318	308
Rent and service charges received in advance	586	327
Deferred Income: Social Housing and other Government Grants	267	219
VAT Shelter agreement (note 29)	15,500	20,800
Other creditors	26	55
	25,560	27,307



NOTES TO THE FINANCIAL STATEMENTS

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

	2020 £'000	2019 £'000
Housing loans (note 19)	89,280	89,275
Deferred Income: Social Housing and other Government grants	12,855	10,679
VAT Shelter agreement (note 29)	140,189	146,396
	242,324	246,350

18. DEFERRED INCOME - GOVERNMENT GRANTS

Grants	Freehold Housing Properties held for letting £'000	Freehold Housing Properties under construction £'000	Total £'000
At beginning of year	7,328	4,635	11,963
Transferred on completion	1,009	(1,009)	-
Additions during the year		2,458	2,458
Disposals during the year	-	-	-
At end of year	8,337	6,084	14,421
Amortisation of Grants			
At beginning of year	(1,065)	-	(1,065)
Charge for the year	(234)	-	(234)
Disposals during the year	-	-	-
At end of year	(1,299)	-	(1,299)
Net book value			
At 31st March 2020	7,038	6,084	13,122
At 31 st March 2019	6,263	4,635	10,898
Amounts falling due:			
Due within one year	267	-	267
Due after one year	6,771	6,084	12,855



19. DEBT ANALYSIS

	2020 £'000	2019 £'000
Bank Loans		
On demand or within one year	1,200	1,200
Less: transaction costs on issue	(64)	(40)
	1,136	1,160
Between one and two years	1,500	-
Between two and five years	8,100	9,600
After five years	80,700	80,700
Less: transaction costs on issue	(1,020)	(1,025)
	89,280	89,275
	90,416	90,435

A loan facility of £129m is in place with The Royal Bank of Scotland, Santander and Nationwide to enable Tai Tarian to undertake a major improvement programme to the housing stock, as well as build and acquire new homes. The total facility is split between £21m revolving and £108m term loan, both expiring 31st March 2041.

The maturity and interest rates applicable to the loans outstanding at year end are as follows:

Term Loan:

Facility	Loan	Fixed / Variable	Balance (£m's)	Fixed Rate	Margin	Total	Maturity	Maturity
A - Term Loan	3	Fixed	12.00	4.97%	2.50%	7.47%	21/09/2034	21/09/2034
A - Term Loan	4	Fixed	17.55	5.02%	2.50%	7.52%	21/03/2035	21/03/2035
A - Term Loan	5	Fixed	20.25	5.04%	2.50%	7.54%	21/03/2036	21/03/2036
A - Term Loan	6	Fixed	40.50	5.18%	2.50%	7.68%	21/03/2034	21/03/2034
A - Term Loan	Total	Total	90.30					

The term loans are at fixed interest rates plus a margin of 2.5% from 1st April 2016.

At 31st March 2020 the organisation had unutilised facilities of £37.7m (2019: £37.7m).

Housing loans are secured by fixed charges over the organisation's housing stock.



NOTES TO THE FINANCIAL STATEMENTS

20. NON-EQUITY SHARE CAPITAL

Shares held by members - £1 each fully paid and issued:

	2020 £	2019 £
At beginning of the year	268	280
Issued during the year	3	5
Cancelled during the year	(17)	(17)
At end of the year	254	268

The shares provide all members (apart from associates and leaseholders over 5% of the total number of shareholders) with the right to vote at general meetings, but do not provide any rights to dividends, redemption or distribution following a winding up. Details of the membership and their voting rights are set out below:

Category	Member	Voting Shares
Tenant	211	211
Leaseholder	8	8
Independent	6	6
Associate	29	0
Total	254	225

The Associate members cannot vote in general meetings but are eligible to take part in other membership committees and forums.

The rules of the organisation state that most decisions at general meetings can be settled by a simple majority of voting shares. Certain matters, such as Rule changes, can only be amended or rescinded by way of a written resolution or by the percentage of votes cast at a general meeting.



21. FINANCIAL INSTRUMENTS		2020	2019
	Note	£'000	£'000
Financial assets			
Measured at undiscounted amount receivable			
Rent arrears and other debtors	15	163,763	171,762
Financial liabilities			
Measured at amortised cost			
Loans payable	19	90,416	90,435
Measured at undiscounted amount payable			
Trade and other creditors	16,17	177,468	183,222
		267,884	273,657

The organisation's income, expense, gains and losses in respect of financial instruments are summarised below:

		2020	2019
		£'000	£'000
Interest income and expense			
Total interest payable and similar charges for financial liabilities at amortised cost	6	(7,588)	(7,424)

22. RELATED PARTY TRANSACTIONS

All transactions with related parties are made at arm's length, on normal commercial terms and the related parties cannot use their position to their advantage.

During the year the organisation provided rented accommodation to 3 (2019: 3) Board members. The total rent payable was £14,354 (2019: £13,550). At the year-end £252 (2019: £178) was owed to the organisation, of which £Nil (2019: £Nil) was overdue. In addition rented accommodation was provided to 1 (2019: 2) close relatives of Board members.

NPTCBC is a party to the Transfer Agreement that established the organisation and holds the right to nominate 2 (2019: 2) members to the Board and one member vote at the AGM.

During the year the organisation made payments of £0.1m (2019: £0.2m) to NPTCBC relating to a satellite office's rent, rates and service level agreements. As at the year end, the organisation owed NPTCBC a total of £35 (2019: £4,787) and was owed a total of £32,663 (2019: £40,686) by NPTCBC.

No expenses have been incurred during the year relating to debt due from related parties.



23. OPERATING LEASES

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Total future minimum lease payments under non-cancellable operating leases as follows:				
Lease payments due:				
within 1 year	75	699	75	672
between two and five years	51	1,114	125	1,387
in over 5 years	267	-	269	-
	393	1,813	469	2,059

24. CAPITAL COMMITMENTS

	2020 £'000	2019 £'000
Expenditure contracted but not provided for	21,638	18,740
Expenditure authorised by the Board but not contracted	10,927	13,763
	32,565	32,503

Capital commitments are those which are due within a year, of which £14.7m (2019: £18m) relate to major works and will be funded by cash generated from operations and our existing loan facilities as detailed in Note 19.



25. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2020 £'000	2019 £'000
Surplus for the year	6,595	6,223
Adjustments for non-operating activities		
Surplus on disposal of fixed assets	(2,380)	(2,589)
Interest receivable	(171)	(44)
Interest payable	7,524	7,361
Local Government Pension Scheme (LGPS) net financing loss	610	600
Adjustments for non-cash items		
Amortisation of intangible assets	27	52
Depreciation of tangible fixed assets	9,066	8,750
Impairment of housing properties	-	51
Amortisation of deferred grant income	(235)	(147)
Amortisation of deferred financing costs	64	63
Pension costs less contributions payable	2,340	1,080
Decrease in debtors	7,803	17,936
Decrease in creditors	(6,506)	(20,087)
(Increase)/Decrease in stocks	(3)	4
Net cash generated from operating activities	24,734	19,253

26. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	2020 £'000	2019 £'000
(Decrease)/Increase in cash	1,534	(2,529)
Increase in loans	-	(4,575)
Increase in net debt	1,534	(7,104)
Net debt at start of year	(82,813)	(75,709)
Net debt at end of year	(81,279)	(82,813)



27. ANALYSIS OF NET DEBT

	Cash at bank & in hand	Loans due in less than one year	Loans due in more than one year	Changes in net debt
	£'000	£'000	£'000	£'000
At beginning of year	8,687	(1,200)	(90,300)	(82,813)
Net cash flows	1,534	-	-	1,534
At 31st March 2020	10,221	(1,200)	(90,300)	(81,279)

28. FREE CASH FLOW

	2020 £'000	2019 £'000
Net cash generated from operating activities	24,734	19,253
Interest paid	(7,562)	(7,363)
Interest received	171	44
Taxation paid	-	-
Adjustments for reinvestment in existing properties		
Component replacements	(17,264)	(21,882)
Purchase of other replacement fixed assets	(451)	(487)
Component replacement grant received	-	-
Free cash consumed before loan repayments	(371)	(10,435)
Loans repaid (excluding revolving credit and overdrafts)	-	-
Free cash consumed after loan repayments	(371)	(10,435)



29. VAT SHELTER / DEVELOPMENT AGREEMENT

Upon the transfer of the housing stock, NPTCBC contracted Tai Tarian to carry out an agreed schedule of refurbishment works to the properties (the Development Agreement). The work was costed at £346.3 million of which £190.7 million (2019: £179.0m) has been completed.

The cost to NPTCBC of these works was offset by an equal increase in the purchase price for the housing stock paid by Tai Tarian, and payment between the parties was assumed to have taken place on the transfer date. In accordance with FRS 102, the resulting debtor and creditor are disclosed separately in the financial statements. The arrangement constitutes an allowable VAT shelter, whereby Tai Tarian is able to reclaim VAT charged by suppliers and contractors in fulfilling the works.

It is forecast that the work will be performed over a 15 year period and the costs will be capitalised as they are incurred, in accordance with the organisation's accounting policy. Should the work not be completed as specified, the Development Agreement may be terminated with no financial loss to Tai Tarian.

30. PENSION

The organisation is an admitted body to the Local Government Pension Scheme (LGPS) operated by the City and County of Swansea (the Fund). The organisation was admitted to the Scheme on 4th March 2011.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Employer and employee contributions in the period totalled £2.6m (2019: £2.5m). The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

In accordance with the requirements of FRS 102, the Fund has been valued by a qualified independent actuary, Aon Hewitt Limited in order to ascertain the value of the Fund as at the year end.

The Fund Regulations require that a full actuarial valuation is carried out every third year, the purpose of this being to establish that the Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial valuation as at 31st March 2019 was prepared by Aon Hewitt Limited.



Principal assumptions used within this valuation were:

	2020	2019
	% pa	% pa
CPI Inflation	1.9	2.1
Pension accounts revaluation rate	1.9	2.1
Rate of increase in salaries	3.0	3.0
Rate of increase in pensions	1.9	2.1
Discount rate	2.3	2.5

Mortality assumptions:

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. The assumed life expectations on retirement at age 65 are:

	2020	2019
	Years	Years
Males		
Retiring today	22.2	23.0
Retiring in 20 years	23.2	24.7
Females		
Retiring today	24.2	24.6
Retiring in 20 years	25.7	26.4

The analysis of the Fund assets was as follows:

	31st March	31st March
	2020	2019
	% pa	% pa
Equities	78.4	75.2
Government bonds	9.8	10.9
Other bonds	1.2	0.9
Property	3.8	4.7
Cash/liquidity	3.1	4.5
Other	3.7	3.8
Total	100.0	100.0

Other holdings include hedge funds, currency holdings, asset allocation futures and other financial instruments.



Amounts recognised in the Statement of Comprehensive Income	2020	2019
	£'000	£'000
Current service cost	3,500	2,970
Past service cost	810	-
Interest on pension liabilities	2,210	2,110
Interest income on assets	(1,600)	(1,510)
Pension cost expensed	4,920	3,570
Recognised in other comprehensive income	3,100	(120)
Total pension cost recognised in the Statement of Comprehensive Income	8,020	3,450

Amount included in the Statement of Financial Position	2020	2019
	£'000	£'000
Present value of scheme liabilities	(90,810)	(88,914)
Fair value of scheme assets	59,140	63,294
Deficit in the scheme	(31,670)	(25,620)

Movements in the present value of defined benefit obligations during the year:

	2020	2019
	£'000	£'000
Opening present value of liabilities	88,890	81,350
Current service cost	3,500	2,970
Interest cost	2,210	2,110
Contributions by the participants	620	640
Past service cost	810	-
Actuarial (gains)/losses on liabilities	(3,930)	2,860
Benefits and transfers paid	(1,290)	(1,040)
Total value of liabilities	90,810	88,890



Movements in the fair value of scheme assets during the year:	2020	2019
	£'000	£'000
Opening fair value of assets	63,270	57,290
Interest income on assets	1,600	1,510
Actuarial gains/(losses) on assets	(7,030)	2,980
Contributions by the employer	1,970	1,890
Contributions by the participants	620	640
Benefits and transfers paid	(1,290)	(1,040)
Total fair value of plan assets	59,140	63,270
Interest income on assets	1,600	1,510
Actuarial gains/(losses) on assets	(7,030)	2,980
Actual return on assets	(5,430)	4,490



Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£m)	88.72	90.81	92.90
% change in present value of total obligation	-2.3%		2.3%
Projected service costs (£m)	3.31	3.43	3.55
Approximate % change in projected service cost	-3.5%		3.6%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£m)	91.17	90.81	90.45
% change in present value of total obligation	0.4%		-0.4%
Projected service costs (£m)	3.43	3.43	3.43
Approximate % change in projected service cost	0.0%		0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£m)	92.54	90.81	89.08
% change in present value of total obligation	1.9%		-1.9%
Projected service costs (£m)	3.55	3.43	3.31
Approximate % change in projected service cost	3.6%		-3.5%

Past retirement mortality assumption

Adjustment to mortality age rating assumption*	-1 year	Base figure	+ 1 year
Present value of total obligation (£m)	93.72	90.81	87.90
% change in present value of total obligation	3.2%		-3.2%
Projected service costs (£m)	3.56	3.43	3.30
Approximate % change in projected service cost	3.8%		-3.8%

