



REPORT AND FINANCIAL STATEMENTS

Year ended 31st March 2019



#MakingADifference

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Board Members

INDEPENDENT BOARD MEMBERS:	Appointed	Resigned
Jonathon Davies – Chair	22 nd Sept 2016	
Steve Mundy	4 th March 2011	
Harry Lloyd	28 th June 2012	
Shelley Bosson	22 nd September 2016	
Mike Jones	25 th May 2017	
Peter Maggs	26 th January 2017	9 th April 2019

TENANT BOARD MEMBERS:

Denise Davies	28 th July 2015
Samantha Jones	28 th July 2015

COUNCIL BOARD MEMBERS:

Rosalyn Davies	25 th May 2011	3 rd October 2018
Steffan ap Dafydd	31 st May 2017	
Alan Lockyer	28 th June 2012	3 rd October 2018
Sonia Reynolds	19 th March 2018	

CO-OPTEE MEMBER

Daniel Smith	11 th February 2019
Andrew Lycett	28 th March 2019



INFORMATION

Executive Management Team

Linda Whittaker

Chief Executive

Sian Ross

Interim Director of Finance
(Commenced 18th May 2018)

John Andrew

Director of Finance & Corporate Services,
Company Secretary
(Resigned 18th May 2018)

Claire Maimone

Director of Housing & Corporate Services,
Company Secretary

Steve Tucker

Interim Director of Assets

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



INFORMATION

Internal Auditors: Barcud Shared Services
 Tremains Business Park
 Tremains Road
 Bridgend
 CF31 1TZ

Solicitors:

Hugh James	Blake Morgan	Darwin Gray
Hodge House	Bradley Court	Halmont House
114-116 St. Mary Street	Park Place	Churchill Way
Cardiff	Cardiff	Cardiff
CF10 1DY	CF10 3DR	CF10 2HE

Addleshaw Goddard	Geldards	Capsticks
Sovereign House	Dumfries House	Staple House
PO Box 8	House	Staple Gardens
Sovereign Street	Dumfries Place	Winchester
Leeds	Cardiff	SO23 8SR
LS1 1HQ	CF10 3ZF	

Bankers: Barclays Bank
 3 Windsor Place
 Cardiff
 CF10 3ZL



INFORMATION

Funders:

Royal Bank of
Scotland
280 Bishopsgate
London
EC2M 4RB

Nationwide
Moulton Park
Northampton
NN3 6NW

Santander
17 Ulster Terrace
Regent's Park
London
NW1 4PJ

WELSH GOVERNMENT REGISTRATION NO: L154

FCA COMPANY REGISTRATION NO: 31041R



The Board presents its Strategic Report, Board Report and the audited Financial Statements for Tai Tarian (the organisation) for the year ended 31st March 2019.

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 9,031 rented properties, 506 leasehold flats, 17 shops and 782 garage plots as at 31st March 2019.

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 three year 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 2018/19 can be found on our website.

3. OFFER DOCUMENT PROMISES

At the time of transfer a Formal Consultation document was produced that included a number of promises made to tenants including, for example, in relation to WHQS, the improved provision of repairs and other services, creation of anti-social behaviour team and the preservation of tenants’ rights. The Transfer Offer Document outlined 118 promises, all of which have now been delivered and signed off by the Board.

Further details can be found on our website.



4. STRATEGIC OBJECTIVES

Delivering our Corporate Plan 2017-20

Tai Tarian's approved Corporate Plan for 2017-20 outlines our long-term vision, mission and strategic objectives. The Plan recognises the need to continue to build upon the achievements of delivering WHQS and sets out the following four strategic objectives:

- **Continue to invest in our properties and communities**
Our plans include upgrading our neighbourhoods through our external boundaries programme and continuing to maintain our properties to WHQS. We also continue to develop employment initiatives for our communities.
- **Develop our workforce to improve effectiveness of service delivery**
We will continue to develop our staff by adapting to reflect the changing priorities of our customers and the organisation. Our plans include enhancing the skill levels of our staff and improving customer service through excellent leadership.
- **Maximise our use of technology to deliver what matters to customers**
We will review our processes to ensure we are delivering the best possible customer experience. Our plans also include providing solutions which make it as easy as possible for customers to interact with us.
- **Pursue opportunities for growth**
Our ambition is to grow our housing stock and develop new homes and we already have opportunities in hand as set out below. We will also explore opportunities for greater collaboration with other organisations.

Our current Corporate Plan will take us to March 2020 therefore, during 2019, we will review our vision, mission and strategic objectives with a view to launching our new plans early in 2020.



Development 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.

By 31st May 2019, we will have been successful with the delivery of 37 new homes with the completion of the following developments:

Cartref

The former Cartref Sheltered Housing Scheme consisted of 20 studios and apartments; 15 homes in the complex were studios with shared bathing facilities and 5 homes were general needs, self-contained flats. Many of the homes within the complex had been void for some considerable time, having suffered from very low demand due to the unsightly nature of the building, poor condition and shared bathing facilities.



The new development comprises ten single bedroom flats accommodated within a single, two-storey, building fronting onto the street (Burrows Road), four two bedroom houses, an additional block of two single bedroom flats and a bungalow that acts as a “gatehouse” to the parking court.

Built by a local contractor, this development was completed and handed over in December 2018 and all the homes are now occupied.



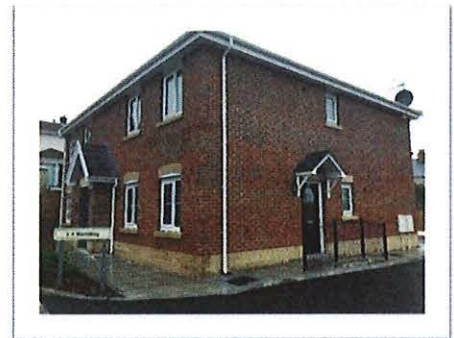
STRATEGIC REPORT

Wembley

The site was a former car park in an established residential area amidst our existing stock. The new development comprises four, single bedroom, flats accommodated within a single, two-storey, building fronting onto the street (Wembley Avenue) with a drive leading to four car parking spaces at the rear. The external boundaries have been landscaped to make the site appealing to tenants and the local community.



Again built by a local contractor, this scheme was completed in September 2018 and all homes are now occupied.



Moorland Road



The site was a former garage compound in an established residential area amidst our existing stock. The site was no longer used as a garage compound and had been laid vacant for a number of years. The development comprises of two, two bedroom, bungalows and was a Welsh Government pilot for the procurement route.

The scheme was completed in early September 2018 and a 26% saving on the contract sum was achieved via the delivery method. Both properties are occupied.



STRATEGIC REPORT

Llys Wern

The development comprises of eight, two bedroom houses and associated car parking spaces off Heol Llwyn Celyn, Caewern amidst a mixture of our own housing stock and owner occupiers. This is the first phase of, potentially, 3 development sites within the area.



Llansawel Crescent

This scheme is the conversion of a disused office block into residential accommodation. The offices were actually residential prior to being converted into community based offices by Neath Port



Talbot CBC and were utilised as offices from 2001 to present day, albeit with a number of long void periods. The scheme will “reconvert” the offices back into residential accommodation by providing six, two bedroomed, flats that more accurately reflect the demand for accommodation in that location.

This conversion will be the starting point for an estate redevelopment that adjoins this block.

This scheme is due to be completed late May 2019 with the prospective tenants already identified by the Housing department.



The following schemes are also due to commence on-site during May 2019:

Parc Newydd

The site currently comprises four, three storey blocks, containing 24 three bedroom flats; their size and condition have made 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, comprised of twelve one bedroom apartments, six two bedroom apartments, ten two bedroom homes, two three bedroom homes and one four bedroom home.

Llys Wern II (Phase 2)

This small in-fill development forms a smaller, second phase of the original scheme at Llys Wern.

Again, the site lies within Tai Tarian ownership situated within the same residential area as the first phase Llys Wern site. The development will consist of two pairs of semi-detached two bedroom houses.

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.

In total the schemes have attracted just over £6.5 million grant funding from the Welsh Government.

In addition we 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, with new opportunities being created continuously to ensure we achieve our plan to provide new homes.



5. 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:

The Affordable Housing Supply Review

The review examines whether more can be done to better respond to a range of housing needs. Recommendations will be made on the following key areas:

- financing affordable housing
- rent policy
- delivering carbon zero homes
- decarbonisation of existing homes

There is a risk that recommendations following the review may negatively impact the organisation’s ability to achieve its strategic objectives. We are engaged in consultation with Welsh Government, through Community Housing Cymru (CHC) to mitigate this risk.



STRATEGIC REPORT

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.

Universal Credit

The 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.

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.



STRATEGIC REPORT

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 57 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

7. BUSINESS PERFORMANCE

Performance and Position

The organisation reports a surplus for the year of £6.2m (2018: £5.8m) after accounting for net interest charges of £7.4m (2018: £7.2m) and profit on sale of fixed assets of £2.6m (2018: £2.0m). During the year, the organisation spent £14.3m (2018: £13.2m) on reactive, cyclical and planned repairs on its housing properties, with £22.4m (2018: £24.8m) spent on improving its properties. The works were financed through operating surpluses, cash balances and a net drawdown of additional loans of £4.6m (2018: additional loans of £22.5m).

Value for Money

The drive to pursue and achieve value for money on a daily basis is an integral part in the way we work at Tai Tarian. Our value for money principles directly supports our corporate objectives. During the year value for money savings were used to:

- invest in our housing stock
- invest in our communities
- invest in service improvements
- minimise our borrowing requirements

The drive to pursue and achieve value for money is embedded across the organisation, 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:



Indicator	2018/19 Actual	2017/18 Actual	2018 Global Accounts LSVT Average	Notes
Operating costs for lettings per Social Housing unit	£3,059	£2,854	£3,186	Increased in line with higher operating expenditure but still below LSVT average.
Management costs per Social Housing unit	£1,247	£1,151	£1,217	Increased in line with higher costs.
Reactive repair costs per Social Housing unit	£1,235	£1,181	£1,113	Reactive repair costs have been higher than expected in 18/19. Costs are predicted to decrease in 19/20, becoming more in line with LSVT average.
Major repairs and component costs per Social Housing unit	£2,491	£2,745	£2,222	Lower costs in 2018/19 following completion of Haven Housing refurbishment. Costs are predicted to decrease further in 2019/20 but remain higher than LSVT average due to Externals programme.
Bad debts per Social Housing unit	£38	£33	£32	Reflects on-going roll out of Universal Credit.
Weighted average cost of capital	8.43%	8.40%	4.60%	Remains higher than LSVT average due to impact of fixed rate hedges taken out at Transfer.
Free cash flow (before draw down or repayment of loans)	(£10.1m)	(£11.2m)	£383	Lower negative free cash flow reflects reduced spend on major works following completion of Haven Housing refurbishment
Gross Arrears/Social Housing turnover	4.88%	4.87%	4.50%	Reflects on-going roll out of Universal Credit.
Total rent per Social Housing unit	£4,662	£4,388	£5,294	Increased in line with Welsh Government rent policy. Lower social rents than LSVT average.
Rental void loss per Social Housing unit	£135	£164	£79	Void losses have decreased following actions to reduce long-term voids and to improve the re-let process.



STRATEGIC REPORT

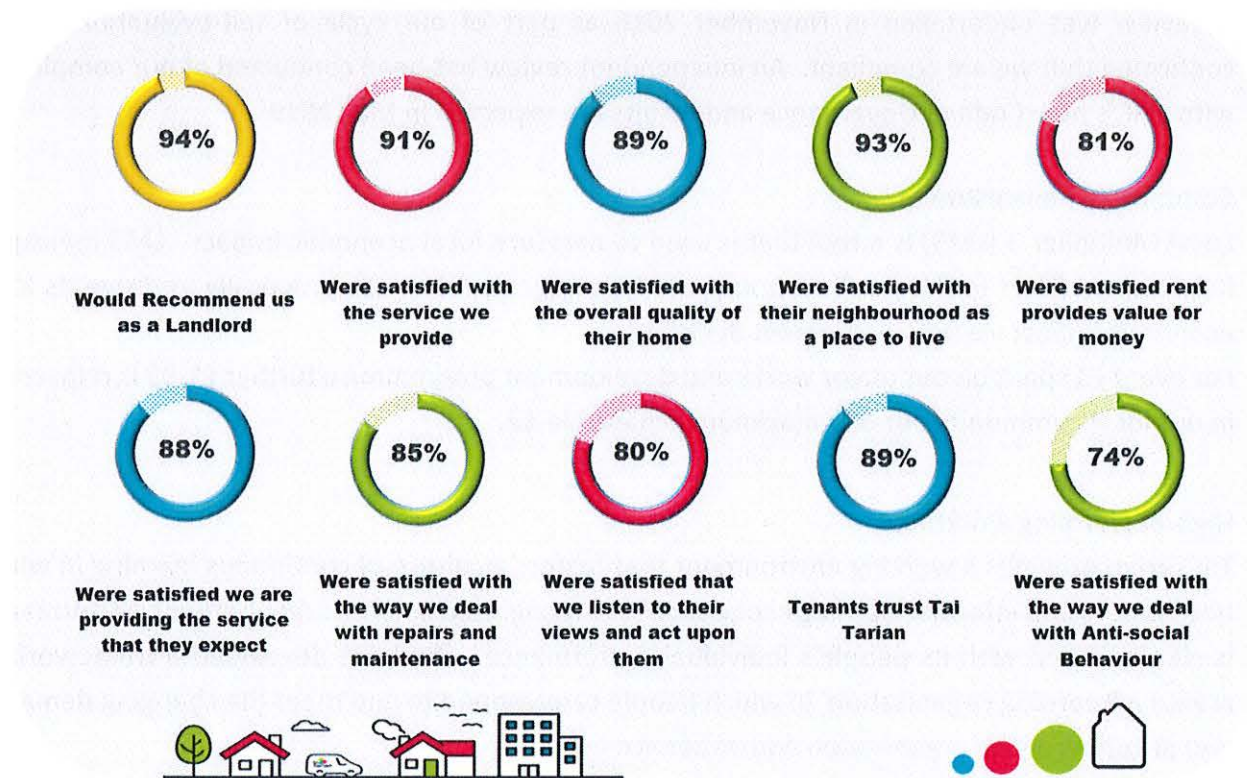
Key Achievements in 2018/19

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.

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

Customer Satisfaction – 2018/19



Strategic and 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.

As well as measuring performance against strategic objectives, 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 has been developed to include business critical measures which will have a significant impact on the business should performance be lower than expected levels.



STRATEGIC REPORT

The key outcomes from our strategic performance objectives in 2018/19 were as follows:

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 2019 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

A review was undertaken in November 2016 as part of our cycle of self-evaluation, which confirmed that we are compliant. An independent review has been conducted of our compliance with CHC's new Code of Governance and results are expected in May 2019.

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.

Staff engagement

We used the Gallup Q12 staff engagement survey tool to assess the level of engagement of our staff and to help us to identify what we need to do to get the best out of our employees in the future.

In 2018 we scored 4.25 out of 5. Our results meant we were in the 93 percentile or, out of 100 organisations we would be the 7th best performing, compared to other organisations of a similar size.



Key Performance Indicators

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	2018/19	2017/18	Movement from last year	Comment
% of rent owed by current tenants	2.32%	2.35%	↓ 0.03%	Improved
% of rent owed by former tenants	0.80%	0.55%	↑ 0.25%	
% of rent lost on our empty homes	1.87%	3.76%	↓ 1.89%	Improved

2 – Customer

Customer perspective	2018/19	2017/18	Movement from last year	Comment
How satisfied are you with the most recent repair carried out to your home?	99%	98%	↑ 1%	Improved
The average number of complaints not closed within 30 calendar days of receipt (per month)	1	1	→	



3 – Internal Process

Internal process perspective	2018/19	2017/18	Movement from last year	Comment
How long on average it takes us to make our empty homes available for new tenants	97		-	This measure was redefined in 2018/19 comparable information is therefore not available.
The percentage of our tenant' homes that are gas safe	99.98%	99.99%	↓ 0.01%	
The percentage of asbestos compliance	100.00%		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.
The percentage of legionella compliance	100.00%		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.
The percentage of fire safety reviews completed	100.00%		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.
The percentage of tenancies ending within 12 months	12.62%		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.
The number of data protection breaches	19		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.
How many injuries, diseases or dangerous occurrences have we had to report to the Health & Safety Executive (HSE)	3	4	↓ 1	Improved

4 – Innovation Learning and Growth

Innovation, Learning and Growth	2018/19	2017/18	Movement from last year	Comment
How many days on average are our staff on sick leave?	0.5	0.5	→	
How many staff stay with us?	86%	86%	→	
How many followers of Tai Tarian across all social media platforms	7677		-	This was a newly introduced measure for 2018/19 comparable information is therefore not available.



STRATEGIC REPORT

Our Work in the Community

Community Challenge 2018/19

Following a trial period during 2018, through our external boundaries programme we collaborated with Buglife Cymru’s B-Line project. This involved engaging with our communities to encourage the migration of bees through the planting of native plants and other environmental initiatives.

The Community Challenge will be reverting to its original format and will be re-launched during the Autumn of 2019.



The “Better Together” Partnership

We are working with our partners to improve safety in our communities. The co-design work undertaken with the Police in relation to anti-social behaviour has allowed us to develop a “Better Together” partnership in order to tackle crime and anti-social behaviour in our communities.



Staff from our Housing department and Community Police Officers visited communities where anti-social behaviour problems had previously been reported. They spoke to residents and gave advice on what to do if problems reoccurred.

We are also ensuring that we are minimising fire risks by working with the Fire and Rescue Service to reduce hoarding in our properties.

End High Cost Credit Alliance

Tai Tarian is a key member of an organisation called End High Cost Credit Alliance which was founded by actor Michael Sheen. The Alliance aims to tackle the unfair targeting of high cost credit at those who can least afford it.

We are committed to working with communities to come up with solutions to the problems of high cost credit.



Equality and Diversity

Tai Tarian has continued to embed equality and diversity throughout the organisation. During 2018-19:

- 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.

8. GOVERNANCE

Board Structure and Membership

The Board is constituted of 12 full 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 2019 the Board had 10 full members, with one tenant and one independent member position vacant. In addition, there was one tenant and one independent co-opted to the Board. 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 Board is ultimately responsible for setting the future direction and strategy for the organisation, for determining policies, managing risk and monitoring performance but must ensure that there is active community involvement in these activities. 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 recommendation to Board for all matters relating to investment appraisal, internal and external audit, internal control, insurance and risk, finance and treasury.

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.

Remuneration Committee – has delegated responsibility for considering and making recommendations to Board for the 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 and Board member pay.

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

Approved by the Board on 27th June 2019 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, 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**

Three of the four senior executives are appointed under employment contracts with a three month period of notice. The Interim Director of Assets, provides his services under a fixed-term contractor arrangement.

- **Pensions**

Two of the three senior executives appointed under employment contracts are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The third 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 is 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. During the year we introduced 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

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 continued to implement our action plan in order to achieve full compliance. We have made significant progress in this area and will be undertaking an audit during 2019 to assess our compliance with the legislation.

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 14 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 along with all other areas relating to Offer Document Promises.



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 2019. 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 2019 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 2019.

Approved by the Board on 27th June 2019 and signed on its behalf by:



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 2019 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 2019 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 29), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board are responsible for assessing the 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 LLP
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 27/6/2019



In addition to our audit on the financial statements for the year ended 31st March 2019, 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 28, 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 27/6/2019



STATEMENT OF COMPREHENSIVE INCOME
AT 31ST MARCH 2019

	Note	2019 £'000	2018 £'000
Turnover	3	49,059	46,576
Operating expenditure	3	(37,445)	(34,926)
Operating surplus	3	11,614	11,650
Surplus on disposal of fixed assets	4	2,589	1,969
Interest receivable	5	44	61
Interest and financing costs	6	(7,424)	(7,207)
Local Government Pension Scheme (LGPS) net financing loss	30	(600)	(640)
Surplus before taxation		6,223	5,833
Taxation	10	-	-
Surplus for the year		6,223	5,833
Actuarial gain/(loss) in respect of pension scheme	30	120	350
Total comprehensive income for the year		6,343	6,183

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



**STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH 2019**

	Note	2019 £'000	2018 £'000
Fixed assets			
Housing properties	11	187,505	170,795
Other fixed assets	12	4,541	4,471
Intangible assets	13	48	72
		192,094	175,338
Current assets			
Stocks	14	80	84
Debtors	15	171,763	189,698
Cash and cash equivalents		8,687	11,216
		180,530	200,998
Creditors: amounts falling due within one year	16	(27,307)	(34,799)
Net current assets		153,223	166,199
Total assets less current liabilities		345,317	341,537
Creditors: amounts falling due after more than one year	17	(246,350)	(250,474)
		98,967	91,063
Pensions liability	30	(25,620)	(24,060)
Net assets		73,346	67,003
Capital and reserves			
Non-equity share capital	20	-	-
Revenue reserve		73,346	67,003
Total capital and reserves		73,346	67,003

The financial statements on pages 35 to 67 were approved by the Board of Management on 27th June 2019.

Signed on behalf of the Board:

J.P. Davis
Board Chair

A. Lloyd
Board Member

M. Maimone
Secretary



STATEMENT OF CHANGES IN RESERVES

AT 31ST MARCH 2019

	2019	2018
	£'000	£'000
At beginning of year	67,003	60,820
Surplus for the year	6,223	5,833
Actuarial (loss)/gain	120	350
At end of year	73,346	67,003



STATEMENT OF CASH FLOWS

AT 31ST MARCH 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	25		19,253		22,175
Cash flow from investing activities					
Purchase of tangible fixed assets		(26,617)		(29,957)	
Proceeds from disposal of tangible fixed assets		3,303		2,262	
Grants received		4,276		1,371	
Interest received		44		61	
			(18,994)		(26,263)
Cash flow from financing activities					
Interest paid		(7,363)		(7,158)	
New loans		11,700		-	
Repayment of borrowing		(7,125)		-	
			(2,788)		(7,158)
Net change in cash and cash equivalents			(2,529)		(11,246)
Cash and cash equivalents at beginning of the year			11,216		22,462
Cash and cash equivalents at the end of the year			8,687		11,216



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 2014 (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, 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.

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 over their estimated useful economic lives to the business.

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

Traditional housing structures	30-100 years
Office structures	100 years
Roofs	25-50 years
External render	50 years
External wall insulation	25 years
Electrics	15-30 years
Windows and doors	25 years
Bathrooms	25 years
Kitchens	15 years
Heating systems	15-30 years
Door entry systems	15 years
Landscaping and environmental improvements	20-40 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.



NOTES TO THE FINANCIAL STATEMENTS

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

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.



NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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	2019 £'000	2018 £'000
Income		
Rents receivable	40,129	37,685
Service charges receivable	1,980	1,864
	42,109	39,549
Welsh Government Dowry	6,200	6,200
Supporting People grants	-	88
Amortisation of Social Housing & other Government grants	147	238
Other income from social housing lettings	603	501
Turnover from social housing lettings	49,059	46,576
Expenditure		
Management costs	11,552	10,680
Service costs	2,487	2,610
Maintenance costs	14,253	13,176
Losses from bad debts	351	407
Depreciation and amortisation	8,802	8,053
Operating costs on social housing lettings	37,445	34,926
Operating surplus on social housing lettings	11,614	11,650
Rent loss due to voids (memorandum note)	(1,221)	(1,485)



4. SURPLUS ON DISPOSAL OF FIXED ASSETS	2019	2018
	£'000	£'000
Disposal proceeds	3,345	2,304
Disposal costs	(756)	(335)
Surplus on disposal	2,589	1,969

5. INTEREST RECEIVABLE	2019	2018
	£'000	£'000
Bank and short term deposit interest receivable	44	61

6. INTEREST AND FINANCING COSTS	2019	2018
	£'000	£'000
Bank interest payable and similar charges	6,860	6,737
Non-utilisation fees	501	428
Amortisation of deferred financing costs	63	42
	7,424	7,207

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:

	2019 £'000	2018 £'000
Depreciation and amortisation of fixed assets	8,802	8,053
Amortisation of deferred Government grants	(147)	(238)
Operating leases		
- Property	88	102
- Vehicles	464	454
- Other	284	260
Auditor's remuneration (inclusive of VAT)		
- Statutory audit fees	24	23
- 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:

	2019 Number	2018 Number
Central Support	57	66
Operational delivery		
Housing	126	125
Assets	322	321
	448	446
Total	505	512

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:

	2019 £'000	2018 £'000
Wages and salaries	13,524	12,736
Social security costs	1,232	1,154
Other pension costs - employer's contributions payable (Legal & General defined contribution scheme)	98	47
Other pension costs - employer's contributions payable (LGPS defined benefit scheme)	1,890	1,834
Other pension costs - difference between current and past service cost and contributions payable (LGPS defined benefit scheme)	1,080	1,310
Total	17,824	17,081



NOTES TO THE FINANCIAL STATEMENTS

9. BOARD MEMBERS' AND DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Directors		
Salaries and fees	411	412
Pension contributions	43	53
	454	465

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 £27,554 (2018: £nil). The total of expenses paid to the Board was £2,654 (2018: £2,389).

Remuneration of the highest paid director, excluding pension contributions and social security costs:

	2019 £'000	2018 £'000
Salary	128	126

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 £21,832 (2018: £21,532).

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:

	2019	2018
£90,000 - £99,999	2	1
£110,000 - £119,999	1	2
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-

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.



NOTES TO THE FINANCIAL STATEMENTS

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	445	194,883	1,447	196,775
Additions during the year:				
Completed properties acquired	114	794	-	908
Components capitalised	-	21,588	-	21,588
Works to existing properties	-	851	2,489	3,340
Transfers on completion	-	2,570	(2,570)	-
Disposals during the year	-	(919)	-	(919)
At 31st March 2019	559	219,767	1,366	221,692
Depreciation				
At beginning of year	-	(25,978)	-	(25,978)
Charged during the year	-	(8,362)	-	(8,362)
Eliminated on disposals	-	153	-	153
At 31st March 2019	-	(34,187)	-	(34,187)
Net book value				
At 31st March 2019	559	185,580	1,366	187,505
At 31 st March 2018	444	168,904	1,447	170,795

	Cost £'000	Dep'n £'000	2019 £'000	2018 £'000
Housing properties held for letting comprise:				
Freehold land	559	-	559	445
Freehold property capitalised repairs, replacements and improvements	208,407	(33,413)	174,994	161,373
Freehold property constructed	6,313	(454)	5,859	3,302
Freehold property under construction	1,366	-	1,366	1,447
Freehold property acquired	5,047	(320)	4,727	4,228
	221,692	(34,187)	187,505	170,795



NOTES TO THE FINANCIAL STATEMENTS

Houses and bedspaces in management at the end of the year	2019 Number	2018 Number
Housing accommodation		
General needs	8,599	8,598
Sheltered accommodation (Haven Housing)	432	433
	9,031	9,031
Leasehold management services	506	515
	9,537	9,546

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	36	422	2,197	7,183
Additions during the year	-	-	49	407	456
Disposals during the year	-	(5)	-	-	(5)
At 31 st March 2019	4,528	31	471	2,604	7,634
Accumulated Depreciation					
At beginning of year	(566)	(36)	(148)	(1,959)	(2,709)
Charged during the year	(108)	-	(59)	(222)	(389)
Eliminated on disposals	-	5	-	-	5
At 31 st March 2019	(674)	(31)	(207)	(2,181)	(3,093)
Net book value					
At 31 st March 2019	3,854	-	264	423	4,541
At 31 st March 2018	3,962	-	274	238	4,474



NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE FIXED ASSETS

	Computer software £'000
Cost	
At beginning of year	891
Additions during the year	31
Disposals during the year	-
At 31 st March 2019	922
Amortisation	
At beginning of year	(822)
Charged during the year	(52)
Eliminated on disposals	-
At 31 st March 2019	(874)
Net book value	
At 31 st March 2019	48
At 31 st March 2018	72

14. STOCKS

	2019 £'000	2018 £'000
Stock of materials	80	84



15. DEBTORS	2019 £'000	2018 £'000
Amounts due within one year		
Arrears of rent and service charges	2,054	1,931
Less: provision for bad and doubtful debts	(669)	(529)
	1,385	1,402
VAT Shelter agreement (note 29)	20,800	20,845
Other debtors and prepayments	2,913	2,013
Less: provision for bad and doubtful debts	(376)	(352)
	24,722	23,908
Amounts due after more than one year		
VAT Shelter agreement (note 29)	146,396	165,466
Other debtors and prepayments	644	324
	147,040	165,790
	171,763	189,698

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Housing loans (note 19)	1,160	7,068
Trade creditors	4,438	6,115
Taxation and social security	308	298
Rent and service charges received in advance	327	228
Deferred Income: Social Housing and other Government Grants	219	190
VAT Shelter agreement (note 29)	20,800	20,845
Other creditors	55	55
	27,307	34,799



NOTES TO THE FINANCIAL STATEMENTS

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

	2019 £'000	2018 £'000
Housing loans (note 19)	89,275	78,726
Deferred Income: Social Housing and other Government grants	10,679	6,282
VAT Shelter agreement (note 29)	146,396	165,466
	246,350	250,474

18. DEFERRED INCOME - GOVERNMENT GRANTS

	Freehold Housing Properties held for letting £'000	Freehold Housing Properties under construction £'000	Total £'000
Grants			
At beginning of year	5,804	1,586	7,390
Transferred on completion	1,389	(1,389)	-
Additions during the year	135	4,438	4,573
Disposals during the year	-	-	-
At end of year	7,328	4,635	11,963
Amortisation of Grants			
At beginning of year	(918)	-	(918)
Charge for the year	(147)	-	(147)
Disposals during the year	-	-	-
At end of year	(1,065)	-	(1,065)
Net book value			
At 31 st March 2019	6,263	4,635	10,898
At 31 st March 2018	4,886	1,586	6,472
Amounts falling due:			
Due within one year	219	-	219
Due after one year	6,044	4,635	10,679



19. DEBT ANALYSIS

	2019 £'000	2018 £'000
Bank Loans		
On demand or within one year	1,200	7,125
Less: transaction costs on issue	(40)	(57)
	1,160	7,068
Between one and two years	-	-
Between two and five years	9,600	4,800
After five years	80,700	75,000
Less: transaction costs on issue	(1,025)	(1,074)
	89,275	78,726
	90,435	85,794

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	Balance	Fixed Rate	Margin	Total	Maturity
A - Term Loan	3	£12.00m	4.97%	2.50%	7.47%	21/09/2034
A - Term Loan	4	£17.55m	5.02%	2.50%	7.52%	21/03/2035
A - Term Loan	5	£20.25m	5.04%	2.50%	7.54%	21/03/2036
A - Term Loan	6	£41.70m	5.18%	2.50%	7.68%	21/03/2034
A - Term Loan	Total	£91.50m				

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

At 31st March 2019 the organisation had unutilised facilities of £37.7m (2018: £42.8m).

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:

	2019 £	2018 £
At beginning of the year	280	320
Issued during the year	5	10
Cancelled during the year	(17)	(50)
At end of the year	268	280

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	224	224
Leaseholder	10	10
Independent	5	5
Associate	29	0
Total	268	239

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, are decided in accordance with the weightings of votes as shown above, with a simple majority of each category determining the casting of their weighted votes.



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS		2019	2018
	Note	£'000	£'000
Financial assets			
Measured at undiscounted amount receivable			
Rent arrears and other debtors	15	171,763	189,698
Financial liabilities			
Measured at amortised cost			
Loans payable	19	90,435	85,794
Measured at undiscounted amount payable			
Trade and other creditors	16,17	183,222	199,479
		273,657	285,273

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

		2019	2018
		£'000	£'000
Interest income and expense			
Total interest payable and similar charges for financial liabilities at amortised cost	6	(7,424)	(7,207)

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 (2018: 3) Board members, one of which is a co-optee member. The total rent payable was £13,550 (2018: £12,099). At the year-end £178 (2018: £180) was owed to the organisation, of which £Nil (2018: £Nil) was overdue. In addition rented accommodation was provided to 2 (2018: 6) close relatives of Board members.

NPTCBC is a party to the Transfer Agreement that established the organisation and holds the right to nominate 2 (2018: 4) members to the Board and one member vote at the AGM.

During the year the organisation made payments of £0.2m (2018: £0.3m) 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 £4,787 (2018: £10,184) and was owed a total of £40,686 (2018: £11,168) by NPTCBC.

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



NOTES TO THE FINANCIAL STATEMENTS

23. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases as follows:

	2019		2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Lease payments due:				
within 1 year	75	672	75	644
between two and five years	125	1,387	176	1,603
in over 5 years	269	-	293	-
	469	2,059	544	2,247

24. CAPITAL COMMITMENTS

	2019 £'000	2018 £'000
Expenditure contracted but not provided for	18,740	-
Expenditure authorised by the Board but not contracted	13,763	32,375
	32,503	32,375

Capital commitments are those which are due within a year, of which £18m (2018: £30m) 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

	2019 £'000	2018 £'000
Surplus for the year	6,223	5,833
Adjustments for non-operating activities		
Surplus on disposal of fixed assets	(2,589)	(1,969)
Interest receivable	(44)	(61)
Interest payable	7,361	7,165
Local Government Pension Scheme (LGPS) net financing loss	600	640
Adjustments for non-cash items		
Amortisation of intangible assets	52	91
Depreciation of tangible fixed assets	8,750	7,962
Impairment of housing properties	51	30
Amortisation of deferred grant income	(147)	(238)
Amortisation of deferred financing costs	63	42
Pension costs less contributions payable	1,080	1,310
Decrease in debtors	17,936	23,051
Decrease in creditors	(20,087)	(21,660)
Decrease in stocks	4	(21)
Net cash generated from operating activities	19,253	22,175

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

	2019 £'000	2018 £'000
(Decrease)/Increase in cash	(2,529)	(11,246)
Increase in loans	(4,575)	-
Increase in net debt	(7,104)	(11,246)
Net debt at start of year	(75,709)	(64,463)
Net debt at end of year	(82,813)	(75,709)



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	11,216	(7,125)	(79,800)	(75,709)
Net cash flows	(2,529)	5,925	(10,500)	(7,104)
At 31st March 2019	8,687	(1,200)	(90,300)	(82,813)

28. FREE CASH FLOW

	2019	2018
	£'000	£'000
Net cash generated from operating activities	19,253	22,175
Interest paid	(7,363)	(7,158)
Interest received	44	61
Taxation paid	-	-
Adjustments for reinvestment in existing properties		
Component replacements	(21,882)	(25,945)
Purchase of other replacement fixed assets	(487)	(286)
Component replacement grant received	-	-
Free cash consumed before loan repayments	(10,435)	(11,153)
Loans repaid (excluding revolving credit and overdrafts)	-	-
Free cash consumed after loan repayments	(10,435)	(11,153)



NOTES TO THE FINANCIAL STATEMENTS

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 £179.0 million (2018: £160.0m) 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 £2.5m (2018: £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 2016 was prepared by Aon Hewitt Limited.



NOTES TO THE FINANCIAL STATEMENTS

Principal assumptions used within this valuation were:

	2019 % pa	2018 % pa
RPI Inflation	3.2	3.1
CPI Inflation	2.1	2.0
Pension accounts revaluation rate	2.1	2.0
Rate of increase in salaries	3.0	3.0
Rate of increase in pensions	2.1	2.0
Discount rate	2.5	2.6

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:

	2019 Years	2018 Years
Males		
Retiring today	23.0	22.9
Retiring in 20 years	24.7	24.6
Females		
Retiring today	24.6	24.5
Retiring in 20 years	26.4	26.3

The analysis of the Fund assets was as follows:

	31 st March 2019 % pa	31 st March 2018 % pa
Equities	75.2	77.6
Government bonds	10.9	10.6
Other bonds	0.9	0.8
Property	4.7	4.5
Cash/liquidity	4.5	3.8
Other	3.8	2.7
Total	100.0	100.0

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



NOTES TO THE FINANCIAL STATEMENTS

Amounts recognised in the Statement of Comprehensive Income	2019	2018
	£'000	£'000
Current service cost	2,970	3,100
Past service cost	-	44
Interest on pension liabilities	2,110	2,070
Interest income on assets	(1,510)	(1,430)
Pension cost expensed	3,570	3,784
Recognised in other comprehensive income	(120)	(350)
Total pension cost recognised in the Statement of Comprehensive Income	3,450	3,434

Amount included in the Statement of Financial Position	2019	2018
	£'000	£'000
Present value of scheme liabilities	(88,914)	(81,374)
Fair value of scheme assets	63,294	57,314
Deficit in the scheme	(25,620)	(24,060)

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

	2019	2018
	£'000	£'000
Opening present value of liabilities	81,374	76,540
Current service cost	2,970	3,100
Interest cost	2,110	2,070
Contributions by the participants	640	670
Past service cost	-	44
Actuarial (gains)/losses on liabilities	2,860	(20)
Benefits and transfers paid	(1,040)	(1,030)
Total value of liabilities	88,914	81,374



NOTES TO THE FINANCIAL STATEMENTS

Movements in the fair value of scheme assets during the year:	2019	2018
	£'000	£'000
Opening fair value of assets	57,314	54,080
Interest income on assets	1,510	1,430
Actuarial gains/(losses) on assets	2,980	330
Contributions by the employer	1,890	1,834
Contributions by the participants	640	670
Benefits and transfers paid	(1,040)	(1,030)
Total fair value of plan assets	63,294	57,314
Interest income on assets	1,510	1,430
Actuarial gains/(losses) on assets	2,980	330
Actual return on assets	4,490	1,760



NOTES TO THE FINANCIAL STATEMENTS

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£m)	87.03	88.89	90.78
% change in present value of total obligation	-2.1%		2.1%
Projected service costs (£m)	3.14	3.23	3.32
Approximate % change in projected service cost	-2.7%		2.7%

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)	89.64	88.89	88.15
% change in present value of total obligation	0.8%		-0.8%
Projected service costs (£m)	3.23	3.23	3.23
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)	90.03	88.89	87.77
% change in present value of total obligation	1.3%		-1.3%
Projected service costs (£m)	3.32	3.23	3.14
Approximate % change in projected service cost	2.7%		-2.7%

Past retirement mortality assumption

Adjustment to mortality age rating assumption*	-1 year	Base figure	+ 1 year
Present value of total obligation (£m)	91.63	88.89	86.17
% change in present value of total obligation	3.1%		-3.1%
Projected service costs (£m)	3.35	3.23	3.11
Approximate % change in projected service cost	3.7%		-3.7%



