



CONSOLIDATED REPORT AND FINANCIAL STATEMENTS



**YEAR ENDED
31st MARCH 2023**

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Board Members

	Co-Opted	Appointed	Resigned
Jonathon Davies – Chair	22 nd September 2016	22 nd March 2017	
Shelley Bosson – Vice Chair	22 nd September 2016	24 th July 2018	
Mike Jones	25 th May 2017	24 th July 2018	
Andrew Lycett	28 th March 2019	23 rd July 2019	
Jonathan Hughes	1 st July 2019	23 rd July 2019	
Samantha Taylor	1 st November 2019	28 th July 2020	
Rachel Rees	1 st October 2020	27 th July 2021	
Lisa Murray	1 st October 2020	27 th July 2021	
Matthew Jones	23 rd September 2021	26 th July 2022	23 rd August 2022
Phineas Brooks	1 st October 2022		
Denise Davies	26 th March 2015	28 th July 2015	28 th April 2022
Samantha Jones	6 th July 2015	28 th July 2015	
Daniel Smith	11 th February 2019	23 rd July 2019	
Ananda Woodley	1 st December 2022		
Huw Freeman	1 st December 2022		



Executive Management Team

Linda Whittaker	Chief Executive
Sian Ross	Director of Finance – Resigned 31 st March 2023
Claire Maimone	Deputy Chief Executive Company Secretary
Andrew Carey	Director of Assets
Clare Way	Director of Housing

Other information

Registered Office: Tŷ Gwyn
Brunel Way
Baglan Energy Park
Neath
SA11 2FP

External Auditors: Bevan Buckland LLP
Ground Floor, Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA



STRATEGIC REPORT

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

Bankers: Barclays Bank
 3 Windsor Place
 Cardiff
 CF10 3ZL

Funders:	The Royal Bank of Scotland plc	Nationwide	Santander
	10 th Floor	Kings Park Road	100 Ludgate Hill
	250 Bishopsgate	Moulton Park	London
	London	Northampton	EC4M 7RE
	EC2M 4AA	NN3 6NW	

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

Welsh Government Registration No: L154

FCA Company Registration No: 31041R



Subsidiary Companies

Company	Company No
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Tirnod Limited	12761146
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The registered office of the above company is Ty Gwyn, Brunel Way, Baglan Energy Park, Neath, SA11 2FP.

Tai Tarian acquired the above subsidiary on 9th March 2021 and owns 100% of the entity's share capital.

Board Members

Jonathan Hughes – Chair

Samantha Taylor

Andrew Carey

Sian Ross

Resigned 31st March 2023

Linda Whittaker

Appointed 27th April 2023

Directors

Andrew Carey

Director

Sian Ross

Director – Resigned 31st March 2023

Linda Whittaker

Director - Appointed 27th April 2023

Jonathan Hughes

Director

Samantha Taylor

Director

Claire Maimone

Company Secretary



The Board presents its Strategic Report, Board Report and the audited Financial Statements for Tai Tarian (the Group) for the year ended 31st March 2023.

STRATEGIC REVIEW

1. PRINCIPAL ACTIVITIES

The Group comprises Tai Tarian (“the organisation”), and its subsidiary undertaking Tirnod Limited (“Tirnod”). 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. The organisation then acquired a 100% shareholding in Tirnod Limited on 9th March 2021 to form the Tai Tarian Group.

The principal activities of the organisation are to provide affordable homes and assist in community development, within the County Borough of Neath Port Talbot and surrounding areas. It owns, manages, and maintains 9,080 rented properties, 452 leasehold flats, 17 shops and 782 garage plots as of 31st March 2023.

The principal activity of Tirnod is the lease of machinery to enable the development of buildings using modern methods of construction.

2. VISION AND VALUES

The Group has adopted ‘**Making a Difference**’ as its vision which is supported by our mission of ‘**Great Homes, Great Communities**’. In 2022 staff, tenants and Board members worked together to agree the values:

- **Be Bold** – this value is to encourage aspiration. We are a bold organisation that is tackling big challenges, so we want our staff to think big.
- **Be Fair** – this value is linked to effectiveness. We will be fair to each other, never exclude others, never show favouritism. We will always play by the rules.
- **Be Kind** – this value focusses on people and tenants. It signifies to staff to always have kindness as the guiding principle in their work with others.

Sitting alongside our Corporate Plan we also have a set of Local Outcomes which were developed by staff, tenants, Board members, leaseholders and community partners and are aligned to our strategic objectives and the expectations of Welsh Government. Our Local Outcomes are set out below and describe the desired impact of our work for customers and other stakeholders and ensure we are all working towards achieving the same goals.



Local Outcomes

Theme: Sustainable Homes
<ul style="list-style-type: none"> ▪ We repair and maintain homes in an efficient, cost effective and responsive way ▪ Tenants feel secure in their homes ▪ Tenants are confident that we will help them to sustain their tenancies through providing additional advice and support ▪ Tenants feel our homes are affordable ▪ We work with our tenants and partners to provide tailored services
Theme: Sustainable Communities
<ul style="list-style-type: none"> ▪ Customers are proud of their neighbourhood as a place to live ▪ Our communities are safer places to live ▪ We create and sustain local employment and create training opportunities ▪ We have a positive impact on our communities through active engagement ▪ We work with our partners to deliver services that matter to our customers
Theme: Sustainable Planet
<ul style="list-style-type: none"> ▪ We work to become carbon neutral ▪ We make the best use of our assets ▪ We use local resources in our activities where possible
Theme: Our Business
<ul style="list-style-type: none"> ▪ We are an employer of choice ▪ The whole organisation is effectively governed and is aligned to delivery of its vision
Themes
<ul style="list-style-type: none"> ▪ VFM - We deliver value for money to make the best use of our resources ▪ We listen, learn and act – <ul style="list-style-type: none"> ○ We are accountable to our customers ○ Customers have opportunities to make a choice ○ We act on our customers’ feedback and are committed to continuously improving our services ○ We understand our customers and deliver services that meet their needs ○ Our tenants and members are able to influence decision making and shape our services

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 2022/23 can be found on our website.



3. STRATEGIC OBJECTIVES

Delivering our Corporate Plan 2020-2025

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

Theme 1: Sustainable Homes

- **Affordable homes for our tenants**

We want to ensure we provide warm, energy efficient homes for our tenants, through the new homes that we build and, also by improving the energy performance of our existing homes. We will upskill our staff to work with tenants to make sure they understand how to minimise the cost of energy and the positive financial impact this may have at the same time ensuring our rents are fair and affordable. This priority has never been more important than in the last twelve months as the cost-of-living crisis took hold.

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

We will gain a better understanding of our tenants in order to ensure we're able to provide the right support, either directly or through the partnerships forged within our communities. Our aim is to identify and focus support where it's needed, providing tailored services to individuals. Where possible, we also aim to deliver services digitally, bringing our tenants on this journey with us. Our partnership work has helped us to provide much needed services to tenants during the last year.

Theme 2: Sustainable Communities

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

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

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

By working with our tenants, we will understand their aspirations for involvement and create opportunities for their views to influence services and decisions. Working with our partners we aim to increase the learning and employment opportunities across our communities, we are also connecting with those involved in social prescribing, to achieve



our aim of improving the health and wellbeing of our tenants, so that individuals can actively contribute to their communities.

Theme 3: Sustainable Planet

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

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

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

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

Development and Acquisition Opportunities

Our development programme continues to grow, and we are increasing 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, we are not simply focused on delivering numbers – we are prioritising provision of the right, affordable and efficient homes in the right location for the people who need them.

Over the last 12 months, Tai Tarian has successfully delivered 20 new homes at Melyn Close, Neath and handovers commenced in respect of the 26 new and 24 refurbished properties, as part of the initial phase at the County Flats project.

In addition to this, we played a key role in the Private Rental Rescue project in conjunction with Welsh Government and Neath Port Talbot County Borough Council. As part of the scheme, we completed the acquisition of 15 properties from a large portfolio that a local private landlord was looking to dispose of, which would otherwise have placed a significant number of individuals at risk of homelessness.



STRATEGIC REPORT

Melyn Close

The development included the demolition of the existing 5-storey block of flats and the construction of twenty new one- and two-bedroom energy efficient flats.

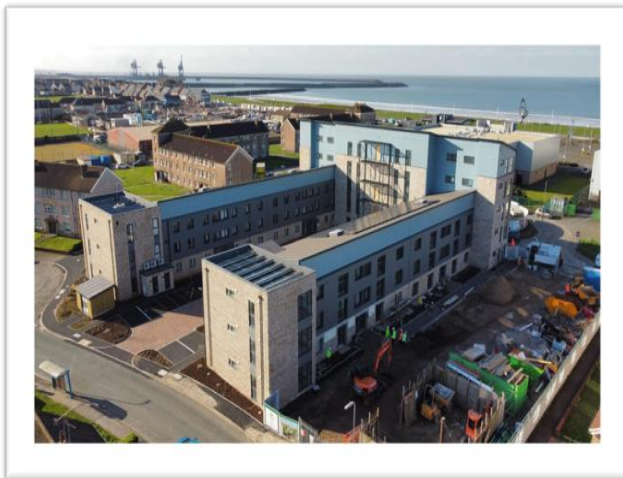
The contract was delivered by Port Talbot based contractor CJ Construction and was completed in April 2022.

The scheme was constructed to achieve an EPC rating of 'A' and attracted just over £1.5m of Social Housing Grant from the Welsh Government.

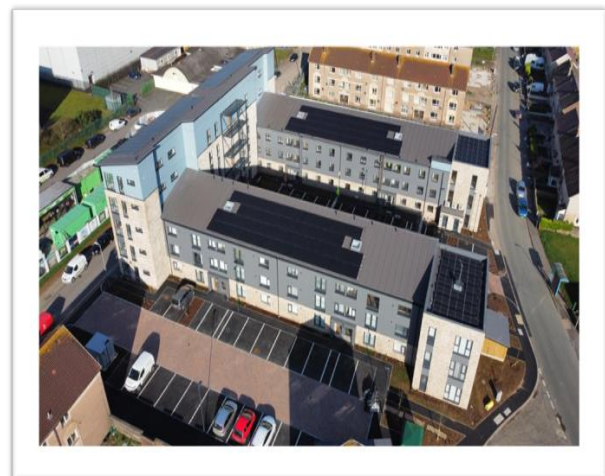


County Flats

Handover has commenced in relation to the initial phase of the project at County Flats in Sandfields, Port Talbot. This phase of the scheme saw 26 new-build properties and 24 existing refurbished properties handed over by Neath based contractor, Hale Construction.



This phase also incorporated 6, fully modular units which were constructed and supplied by Seven Oaks Modular, Hale's 'sister' company. The units were produced in the new modular production facility based in the former Metal Box factory in Milland Road, Neath, located less than 7 miles from the site.



This is a key 'flagship' project which has secured over £7.0m of grant from Welsh Government via Social Housing Grant and Innovative Housing Programme funding.

The second phase of the project commenced during April 2023.

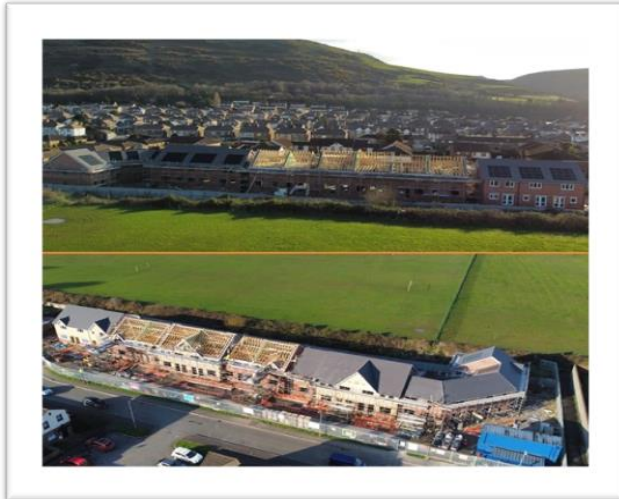


STRATEGIC REPORT

Ongoing Development Schemes

On 31st March 2023, there were three ongoing schemes, Pant Celydd and Eaglesbush commenced in the early part of 2022 and our most recent scheme, Eagle House became live on 27th March 2023.

Pant Celydd, Margam



Work is ongoing at Pant Celydd, previously a privately owned disused area of overgrown land in a well populated residential area. Works to the superstructures is nearing completion and internal works have commenced and are progressing well.

The development is being delivered by local contractor CJ Construction and will consist of one- and two-bedroom flats and two- and three-bedroom houses all constructed to reach an EPC rating of 'A'.

The scheme secured just over £2.4m in Social Housing Grant funding from the Welsh Government and commenced on site in April 2022.

Eaglesbush, Neath

Despite some initial challenges, work is now progressing well at Eaglesbush, a privately owned unused greenfield site, on the periphery of an existing residential estate of current Tai Tarian stock.

The mains utility diversions and Section 278 works are now complete, along with the completion of the new main access and the foundations to several plots are now underway and ongoing. Upon completion, the project will deliver 52 new homes, consisting of one- and two-bedroom flats, two-, three- and four-bedroom houses and two-bedroom bungalows.



The scheme has received £5.7m in financial support from Welsh Government in the form of Social Housing grant and a site start was made in early April 2022.



Committed Schemes

Heol Crwys

This is a potential regeneration scheme, which is currently at feasibility and design stage.

The proposal would be to demolish the existing 30 properties, which are post Second World War prefabricated properties, designed/constructed as temporary accommodation, and replace with 42 new energy efficient properties, consisting of one- and two-bedroom bungalows and one-bedroom flats.

We have undertaken the Pre-Application Consultation (PAC) and Welsh Government technical scrutiny process and are now working towards full planning submission. The estimated timescale for a planning decision would be late 2023, with a site start envisaged in March 2024.

The scheme is included in the PDP for 2023/24 with a Social Housing Grant allocation of £4.8m.

County Flats Phase 2

This scheme would be the natural continuation of the regeneration of the 'County Flats' and an opportunity to build on the success of the current scheme. The project is currently at initial design/feasibility stage and proposals are being considered.

The current iteration of the scheme proposes partial demolition and construction of approximately 100 new units, and refurbishment of the remaining existing units.

Further design and investigative work have been undertaken, with an aim of submitting a planning pre-application to the Local Authority in late Spring 2023.

Work is also ongoing to address the Leaseholder risk/implications to proceeding with the scheme prior to incurring significant expenditure on scheme design. Currently the number of leaseholders stands at 8 that are directly affected and initial discussions to date have been positive.

Pipeline & PDP Update

In February, the Local Authority invited RSL's to submit PDP (Planned Development Programme/SHG (Social Housing Grant) applications for consideration as part of the 2023/24 Quarter 1 PDP. Of the 600-unit pipeline currently being worked on by the Development team, 419 were proposed as part of the PDP application process.

The following schemes were submitted on the 20th February 2023.

Main Programme Scheme Submissions

- Commercial Road, Rhyd y Fro
- Margam Boys Club, Margam
- Swan Road, Baglan
- Ti'r Morfa, Port Talbot
- Tudor Inn, Cimla



STRATEGIC REPORT

- Velindre School, Port Talbot
- St Asaph's Drive, Port Talbot

The main programme submissions total 191 units with a grant requirement of £30.9m.

Reserve Scheme Submissions

- Brynna Road (North), Cwmavon
- Brynna Road (South), Cwmavon
- Heol y Glo (North), Tonna
- Heol y Glo (South), Tonna
- Penyralltwen Park, Rhos
- Penyralltwen, Rhos

The reserve programme submissions total 228 units with a grant requirement of £35.3m.

The Quarter 1 PDP should be issued late April/early May 2023, which will provide confirmation of the status of the above schemes.

We are undertaking ongoing assessment of our current list of identified sites in addition to the above and are committed to looking forward to maximising new and existing opportunities to ensure we build a sustainable development programme and approach to providing new homes.

Reducing Our Carbon Footprint

The Group is committed to do its part to reduce its impact on the planet and deliver against its commitment to become carbon neutral by 2030 and improving biodiversity in our communities.

It is estimated that the Group's carbon emissions for 2022/23 was 22,305 tonnes, a reduction of 38 tonnes from 2021/22. The housing stock continues to contribute the largest share – 21,483 tonnes.

This reduction has been achieved in the following areas:

- 12 tonnes reduced from the housing stock, which reflects energy efficiency works completed over the last few years
- 30 tonnes reduced from fuel consumption and reduced mileage from grey and white fleet
- There has been an increase of 4 tonnes from electricity used at our offices. This is in part a result of increased usage from charging electric vehicles.

Energy improvements from the 2022/23 fabric programme and Optimised Retrofit programme have yet to be measured and will therefore be updated at a later date.



Over the last twelve months the organisation's focus has been on delivering initiatives, including:

- Replacing 14 combustion engine vehicles with electric vehicles
- Building 23 new homes to EPC A
- Undertaking retrofit and fabric improvement work to 107 existing homes
- Continuing with our Let it Bee campaign across our land

We intend to continue to deliver against our corporate plan themes of Sustainable Homes, Sustainable Communities and Sustainable Planet. Our Sustainable Planet Strategy, which provides the direction of travel for the Planet theme, is the main focus of our priorities.

To reduce emissions from our housing stock, we have completed trials as part of the Welsh Government's Optimised Retrofit Programme. Through this and our own component replacement programme, we have improved standards of external wall insulation (EWI), installed energy generation and storage as well as trialling some innovative solutions to heating, including installation of a hybrid gas and air source heat boiler. It is important that our interventions deliver against our carbon agenda as well as other priorities such as fuel poverty, thermal comfort, and affordability. The results of this work will be used to prepare us to roll out solution across our properties.

Information on energy usage, travelling etc is key to being able to reduce consumption and improve efficiency. We have developed a system for recording energy usage and are utilising our vehicle tracking system to better understand practices in operation such as vehicle idling, excess mileage, utilisation rates and so on. Further work is needed on this to better forecast changes in fuel use.

In recognition of the need to educate and inform colleagues and stakeholders of their role in becoming more sustainable, a programme of carbon literacy training is being rolled out to all staff. During 2023, thirty of our colleagues became carbon literate, with a programme for further training to be rolled out during 2023/24.

The organisation continues to improve its understanding of our carbon emissions, particularly embodied energy associated with the production process of products and materials. This will be achieved by following industry guidance and best practice.

We continue with actions to reduce our emissions and improve biodiversity. During 2023/24 we will:

- Undertake further fabric improvements and retrofit work to 150 properties
- Continue building 25 new homes during 2023/24 to EPC A
- Implement an updated maintenance plan for our land, in which land use determines maintenance arrangements
- Review our use of technology to provide services.



Collaboration with Sevenoaks Modular Ltd

Modern Methods of Construction

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

In response to Welsh Government’s plans, Tai Tarian, and subsidiary Tirnod, which was acquired 9th March 2021, entered into collaboration with Sevenoaks Modular Ltd (SOM), a local company specialising in timber frame/modular manufacturing, to increase housing supply, utilising Welsh Government’s loan finance to acquire new equipment and platform, to hugely increase timber frame/modular build capacity within the factory.

The collaboration provides an excellent opportunity for the creation of a large-scale project that directly aligns with all elements of our Corporate Plan and Foundational Economy.

Expected Outcomes:

- An increase in the number of new homes being built in Wales, which are sustainable and affordable for our tenants
- Additional Employment within the Borough
- Safeguard Jobs within the Borough
- Provide training within the Borough
- Develop Foundational/Circular Economy objectives

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 clearly articulate their risk appetite and to gain 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 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 risk 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.

Financial Risk Management

Liquidity 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 ensures compliance to loan agreement covenants and sufficient access to the long-term financial requirements of the organisation. Its objective is to manage risk on a cost-effective basis and speculative transactions are not permitted.

Short, Medium, and Long term cashflows are regularly reviewed along with forecasts, budgets, and business plans to ensure that the business always has sufficient funds to meet its financial obligations in a timely manner.

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.

Interest Rate Risk

Over the past 12 months the Bank of England have gradually been increasing interest rates. Interest rate risk refers to the potential impact of changes in interest rates on the amount of interest we pay on our loans. The organisation stress tests the impact of interest rate increases on its Business Plan, but as a majority of loans are fixed interest rates, the interest rate forecast does not cause significant issues to future investment.



Strategic Risk Management

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

Development Risk

The demand for affordable housing in Wales continues to grow, and Tai Tarian has helped to increase the amount of affordable housing available in Wales with our development programme. Development helps the organisation to grow, reduces overall costs of maintenance to our properties, helps to regenerate communities and provides local employment. Risks to development are managed with robust Business Planning reviews for affordability and each scheme undergoes a viability assessment with regards to housing demands, costs, and environmental impacts such as flooding and biodiversity. All our new homes are built to the Welsh Government WDQR standards and deliver the highest energy performance standards and attract Social Housing Grants to support the development costs.

Pension scheme deficit

The LGPS is a funded defined benefit plan with benefits earned up to 31st March 2014 being linked to final salary. Benefits after 31st March 2014 are based on a Career Average Revalued Earning scheme. Therefore, there is a risk of increased exposure to rising pension contribution costs and deficit related to our membership of the Local Government Pension Scheme.

The FRS 102 accounting results at 31st March 2023 have resulted in a significant increase in the amount recognised in the Statement of Comprehensive Income, actuarial gain of £30.8m (2022 £18.8m) and within the Statement of Financial Position, pension liability decrease of £28.6m (2022 £15.5m decrease). Although the net return on assets over the period has been higher than expected the impact of changes to assumptions has had a significant impact on liabilities. Further information is available within Note 31, page 70.

A defined contribution scheme for new starters was introduced in April 2016 to reduce the impact of this risk.

Dowry Gap Funding – Welsh Government

The organisation receives Dowry Gap Funding of £6.2m per annum. The funding is subject to an annual monitoring report and approval by Welsh Government, guaranteeing funding for a following two years. If we do not receive this funding there will be a loss of £6.2m, impacting on wider budgets and the ability to deliver objectives. The business plan is stress tested with a variety of scenarios and reviewed by Board.

Data Protection

Tai Tarian must comply with the requirements of the UK Data Protection Act 2018 and other associated legislation. If we do not have robust data protection arrangements in place and comply with legislation, we risk, significant breaches, fines, reputational damage, and legal action. The risk



is mitigated by regular compliance reviews, policies, procedures and mandatory GDPR staff training.

Cost of Living Crisis

The cost-of-living crisis is far reaching and been driven initially by the cost of energy and fuel, but now more impacted by the cost of food. Food inflation currently stands at 19.1% and this is mainly for basic items. For this reason, it features as a cause of many risks on our strategic risk register, including damp mould and condensation, voids, and bad debt.

Those on low incomes are disproportionately affected, as they tend to shop locally, which is more costly, and many of our tenants have multiple low paid jobs so would be hit by the petrol prices, and energy costs take up a higher proportion of their spending. Bills are higher than income for the poorest 60% of society and this presents obvious risks around ability of tenants to pay bills including rent. Many tenants are left with around £70 per week to cover all other bills including food, gas, electric, water, mobile phone for example.

This squeeze on income has an obvious risk for rental payments and we are seeing a movement between the lowest and higher arrears bandings.

In mitigation, Tai Tarian utilise many tools and the expertise of its in-house Financial Inclusion and UC teams. These include:

1. Support fund – created with funds from Tai Tarian to support tenants with rental and energy payments, especially those experiencing in work poverty.
2. Discretionary Housing Payments – fund administered by the Local Authority to help with shortfalls in Housing costs received by tenants.
3. Fuel Bank - accessed by FIT as we are approved partners and can access vouchers for those with pre-payment meters.
4. Off grid fuel support – fund accessed for those using coal, oil, or LPG in their homes.
5. DAF – Discretionary Assistance Fund, accessed in emergency for food, gas, clothing etc. or as payments for white goods.
6. Re-use and recycle scheme. Unwanted items at void properties gifted to tenants who need them.
7. Food banks – vouchers issued by officers to help with emergency situations.
8. UC managed payments – housing costs can be paid directly to us in situations where the tenancy is at risk. Increasing use of this tool is expected.
9. Money mentors – staff trained to recognise signs of financial distress and signpost to appropriate support services and agencies.

There is a need for Tai Tarian to balance the needs of tenants with the need to remain a financially viable business and this includes an annual review of the rent charged. For the financial year 2023/24 a 6.5% increase was applied to the rent envelope, which was the maximum permitted by the Welsh Government. Before applying this increase, it was checked against our local rent setting



principles and was found to be affordable in line with the living rent model which draws upon local income data.

Damp, Mould, and Condensation

Ensuring homes remain free from damp, mould, and condensation (DMC), is a priority for the organisation. There has been significant investment over the last few years in work that addressed dampness and improved energy efficiency through measures such as installation of external wall insulation. Despite our efforts and investment, cases of damp, mould and condensation continue to be a risk for the organisation and our tenants.

Developments across the sector over the last few months have made us question our own approach to how we deal with our responsibility of keeping tenants safe in their homes in relation to DMC. We have reflected on our approach and critically challenged it to ensure it delivers against our responsibilities. This review highlighted that for reactive issues, we have established processes, up to date skills and so on. It also highlighted the need for better data and a need to be able to identify issues proactively.

Actions we have already taken include setting up a taskforce to oversee cases of DMC, improving our operating procedure, updating communication arrangements, and reviewing our approach to issues with accessing homes.

There is also a commitment to go further. We are adopting a proactive approach to dealing with DMC through focusing on six priority areas:

1. Data – Better data, improved reporting, and monitoring
2. Skills – Developing skills to better understand, diagnose, and address cases of DMC
3. Culture – Continuing to monitor cases of DMC, recognising it as a seventh strand of compliance and taking a zero-tolerance approach
4. Technology – Recognising the benefits of new technology and determining its role in keeping tenants safe in their homes
5. Communication – Making ourselves visible and accessible to tenants
6. Process – Launching our Making Every Contact Count initiative, ensuring that any issue with tenants at their home does not get overlooked.

Work has already begun on these actions, and we are monitoring progress to ensure they have the intended outcomes. Progress will be reported regularly to our Executive Management Team which will in turn be overseen by our Board.

Cyber Security Risk

The past few years has seen a significant rise in the frequency and sophistication of cyber-attacks. Many large corporations, public bodies and even some of our direct contractors have succumbed to ransomware, reputational damage, or major service disruption often attracting financial penalties.



STRATEGIC REPORT

To demonstrate to our stakeholders that Technology and Innovation has the ability and capability to deliver a secure and robust service, we have implemented a comprehensive information security management system, ISMS.online. This allows us to take a risk-based approach to service delivery whilst improving our cybersecurity posture by aligning with the ISO 27001 framework. The framework includes operations security, asset management, human resource security, security controls, access controls and ultimately reduced risk exposure.

BUSINESS PERFORMANCE

Performance and Position

The organisation reports a surplus for the year of £2.4m (2022: £2.7m) after accounting for net interest charges of £7.5m (2022: £7.5m) and loss on sale of fixed assets of £0.2m (2022: profit on sale £0.5m).

During the year, the organisation spent £15.6m (2022: £14.8m) on reactive, cyclical and planned repairs on its housing properties, with £24.2m (2022: £21.8m) spent on improving its properties. The works were financed through operating surpluses and cash balances.

Value for Money

The drive to pursue and achieve value for money is embedded across the organisation. Our value for money strategy directly supports our corporate objectives and has been updated in line with our 5-year Corporate Plan.

The drive to achieve Value for Money (VfM) for our tenants is embedded across the organisation through our VfM model by setting annual VfM objectives, improving operational costs and investing in what matters to our tenants. Our value for money strategy directly supports our corporate objectives with a Value for Money Statement published annually.



STRATEGIC REPORT

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

Value for Money Indicator	2022/23 Actual	2021/22 Actual	Comment
Total operating costs per Social Housing unit	£3,542	£3,416	Increase due to inflationary increases and higher planned maintenance (compliance)
Management costs per Social Housing unit	£1,517	£1,524	Marginal decrease overall, lower pension costs (£1.0m), off-set by inflationary increases and higher ICT costs (cloud based solutions)
Reactive repair costs per Social Housing unit	£1,334	£1,324	Marginal increase due to material costs, as well as number and type of jobs
Major repairs and component costs per Social Housing unit	£1,206	£1,140	In line with programme delivery, plus increases in material and labour costs
Bad debts per Social Housing unit	£42	£36	Reflects an increase in arrears, plus movements in debt categorisation
Weighted average cost of capital	7.63%	7.96%	Remains high due to impact of fixed rate hedges taken out at Transfer
Free cash flow (before draw down or repayment of loans) per Social Housing Unit	£593	£317	Increased inline with higher net cash generated from operating activities (lower pension costs) plus increased interest receivable
Gross Arrears/Social Housing turnover	6.07%	5.67%	Arrears have marginally increased, partly due to year on year timing of housing benefit /universal credit receipts and partly due to the impact of cost of living crisis
Turnover per Social Housing unit	£5,199	£5,052	Increased in line with Welsh Government rent policy and affordability principles, plus an increase in unit numbers
Rental void loss per Social Housing unit	£85	£82	Void losses remain static, marginal increase in line with increased charges

Key Achievements in 2022/23

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 with strategic and other relevant business decisions.

With the introduction of the new Corporate Plan in 2020, a full review of performance indicators was undertaken to incorporate measures to monitor the delivery of the new Corporate Plan together with business-critical measures, those which will have a significant impact on the business should performance be lower than expected levels.



STRATEGIC REPORT

It is through these performance indicators that the Group's Board and Executive Management Team receive regular information during the year on various aspects of performance.

The dashboard below provides a high-level overview of the progress made by the Group in respect of performance against a suite of indicators.

Sustainable Homes & Environment					
		2022/23	2021/22		Comments
Reinvesting & Regeneration	Void turnaround time (average)	63 days	62 days	—	Void performance during the year was just below the target level of 64 days.
	Repairing our homes	Routine repairs completed on time	92%	94%	✓
	Emergency repairs completed on time	100%	100%	✓	Performance is in line with target.
New homes	Number of new homes	66 homes	31 homes	✓	Delivered more new homes than expected due, in part, to involvement with the property rescue scheme.

Tenant Engagement & Sustainable Communities					
		2022/23	2021/22		Comments
Tenant Sustainability	Evictions	4	1	-	Level of evictions remain low.
	Tenancies ending in less than 12 months	35	42	✓	More tenancies sustained this year.
Tenant Satisfaction	Overall satisfaction	95%	95%	✓	Performance remains high.

Organisational Health					
		2022/23	2021/22		Comments
Financial Health	Current tenant arrears	3.13%	2.76%	✗	The cost of living crisis has had an impact on our tenants ability to pay rent.
	Former Tenant Arrears	0.68%	0.70%	✓	Performance is in line with target.
	Rent Loss	1.60%	1.59%	✓	Performance is in line with target.
Staff Health	Staff sickness	0.86	0.75	✗	Performance is outside of our target of 0.80.
	Staff Leavers (voluntary turnover)	7.27%	7.98%	✓	Performance is in line with target.

Doing the right thing					
		2022/23	2021/22		Comments
Staff Safety	RIDDORs	2	2	—	The number of incidents remain low.
	Accident Rate	2.25	2.40	✓	The number of incidents remain low.
Customer Safety	Gas	99.83%	99.86%	—	Performance is slightly outside of target.
	Electrical	99.90%	99.85%	✓	Performance is in line with target.
	Fire Safety	100%	100%	✓	Performance is in line with target.
	Asbestos	100%	100%	✓	Performance is in line with target.
	Legionella	100%	100%	✓	Performance is in line with target.
Organisational Compliance	Data Protection breaches	28	25	-	Levels of breaches are similar to those reported across the sector.
	Regulatory Judgement	Standard	Standard	✓	Performance is in line with expectations.



Regulatory Judgement

Welsh Government regularly assesses how we are performing and whether we are meeting the required standards. During the pandemic the Regulator provided interim judgements to all housing associations in Wales, assessments have been based on risk and financial viability. Our last regulatory judgement rating for 2021 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 required level of compliance in all areas of governance, services, and financial viability. The judgement can be viewed on our website.

Compliance with Community Housing Cymru (CHC) Code of Governance

Every three years we undertake an independent review of our compliance with CHC’s Code of Governance, our latest review, which was commissioned in February 2023 also considered the Regulatory Board for Wales’ report ‘The Right Stuff’. The review concluded that we are compliant with CHC’s code of Governance.

Community Reinvestment

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

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

High-performing workforce

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

Organisational Wellbeing

Tai Tarian continues to place a strong emphasis on employee Wellbeing. Our Wellbeing Strategy focusses on the needs of our employees and the specific support they require. During the Cost-of-Living crisis the organisation reacted by offering financial wellbeing to employees via our own in-house income teams as well as promoting emotional health support services. The organisation continued to hold Gold and Platinum Corporate Health Awards by Public Health Wales.



STRATEGIC REPORT

Our Work in the Community

Our focus this year has been to create and publish community mapping booklets for each area within the Neath and Port Talbot Borough. As a result of this community mapping process, we took the decision to replace the six-stage engagement and create a new three stage engagement process which consists of Research, Consult, and Implement.

Alongside coordinating this project, we have continued to maximise Community Benefits and Target Recruitment & Training, which has helped as many groups as possible within our communities.

Community Benefits



Through their community benefit obligations two of Tai Tarian’s contractors; Carl F Group and Jones Brothers Ltd kindly donated packed lunches for 135 children over two days of sport sessions.

The purpose of the programme was to target the children in the most deprived areas and allow them to enjoy free sports activities as well as a packed lunch.

Targeted Recruitment and Training

The Community Benefits programme isn’t just about giving donations to groups, it’s also about giving opportunities to local people.

During the year, our Target Recruitment and Training programme has been a remarkable success. We have been able to work in partnership with our contractors and external partners to share a variety of employment opportunities on our website, complete mock interviews, provide on-site work placements, and provide apprenticeship opportunities.



STRATEGIC REPORT

Working in partnership with our contractor Hale construction and Cyfle Building Skills, two school leavers were given the opportunity to study for technical apprenticeships at our redevelopment site, County Flats.

Through our partnership with Pinnacle Scaffolding, two local young men were given the opportunity to work towards completing their apprenticeships before becoming fully qualified scaffolders.



Biodiversity Projects

We have continued to collaborate with our partners and our communities, and naturally, engagement with schools is a key part of this. The team have been delivering sessions with local primary schools on biodiversity and the importance of nature.



We have also focused on enhancing our own land for tree planting projects as part of our carbon neutral initiative while creating habitats to encourage the migration of bees by planting native plants alongside other environmental initiatives identified as part of the 'B-lines' project. We have also actively encouraged community growing to create sustainable communities.

Equality and Diversity

We are committed to equality and diversity throughout the organisation. Over the last 12 months we have:

- Developed a new Equality, Diversity, and Inclusion Framework with clear objectives in the organisation's journey to create an inclusive culture for both employees and contract holders.



STRATEGIC REPORT

- Set up an Equality Impact Assessment group, with both employees and contract holders, 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.

GOVERNANCE

Board Structure and Membership

The composition of the Board is drawn from the following groups:

- 3 Tenant Members** Who are recruited through an open selection process
- 9 Independent Members** Who are recruited through an open selection process

On 31st March 2023 the Board had 10 full members, 1 independent co-opted member and 2 tenant co-opted members. 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.

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

Board Responsibilities and Operation

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

Board Committees

There are five committees that report to the Board:

The Audit and Risk Committee - has delegated responsibility for all matters relating to investment appraisal, internal and external audit, internal control, insurance and risk, data protection, cyber



STRATEGIC REPORT

security, finance, and treasury, subject to those identified as requiring a recommendation to the Board.

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

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

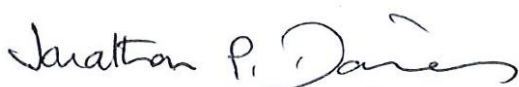
Asset Management Committee - has delegated responsibility for considering and where necessary reporting to Board for approval all matters relating to the asset management of Tai Tarian. This includes property and land services, development and acquisitions, capital investment, health and safety and decarbonisation.

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

Operations Committee – has delegated responsibility for monitoring the effective and efficient provision of services for those people living in Tai Tarian homes and those who seek assistance in meeting their housing needs. It also has delegated responsibility for monitoring staff performance, development, engagement and health and well-being.

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

Approved by the Board on 22nd June 2023 and signed on its behalf by:



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 Group's subsidiary Tirnod Limited is a private limited company registered in England & Wales.

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

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

GOING CONCERN

After making enquiries and considering the current economic climate, 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 Group 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**

Five senior executives are appointed under employment contracts with a three-month period of notice.

- **Pensions**

Four of the five senior executives appointed under employment contracts are members of the Local Government Pension Scheme which is a defined benefit pension scheme. The fifth 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.

EMPLOYEES

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

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

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

The organisation is committed to equality of opportunity for all, creating a safe and supportive space for people to express their talents and live in their identities free from prejudice and discrimination.

WELSH LANGUAGE SCHEME

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

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

MODERN SLAVERY ACT 2015

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



BOARD REPORT

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)

Revised legislation was introduced in 2018. The Board acknowledges its responsibility for ensuring that appropriate internal controls are in place for compliance, the Audit and Risk Committee receive reports on activity and performance.

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 all relevant committees. For further information on the organisation's risk strategy, see page 17 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.

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



BOARD REPORT

- 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 2023. 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 2023 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
- 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



BOARD REPORT

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.

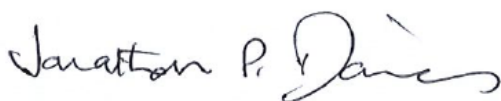
AUDITORS

The auditors, Bevan Buckland LLP, are currently in year three of a three-year term.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 25th July 2023.

Approved by the Board on 22nd June 2023 and signed on its behalf by:

A handwritten signature in black ink that reads 'Jonathan P. Davies'.

Board Chair



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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent organisation's affairs as at 31st March 2023 and of the group's and parent organisation's 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 group, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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



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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the Group 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 parent association has not kept proper accounting records; or
- the parent financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 30), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Identifying and assessing potential risks related to irregularities

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;



- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the organisation operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group.

Audit response to risks identified

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

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

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



INDEPENDENT AUDITOR'S REPORT

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

Use of our report

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

Bevan Buckland

Bevan Buckland LLP
 Ground Floor, Cardigan House
 Castle Court
 Swansea Enterprise Park
 Swansea
 SA7 9LA

Date: *22 June 2023*



INDEPENDENT AUDITOR'S REPORT

In addition to our audit on the financial statements for the year ended 31st March 2023, 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 31, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

Bevan Buckland

Bevan Buckland LLP
Ground Floor, Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: *22 June 2023*



**GROUP & PARENT
STATEMENT OF COMPREHENSIVE INCOME
AT 31ST MARCH 2023**

	Note	GROUP		TAI TARIAN	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	3	54,944	53,409	54,944	53,409
Operating expenditure	3	(44,734)	(42,868)	(44,734)	(42,868)
(Loss)/Surplus on disposal of fixed assets	4	(247)	503	(247)	503
Operating surplus	3	9,963	11,044	9,963	11,044
Interest receivable	5	734	84	734	84
Interest and financing costs	6	(7,505)	(7,509)	(7,505)	(7,509)
Local Government Pension Scheme (LGPS) net financing loss	32	(750)	(900)	(750)	(900)
Surplus before taxation		2,442	2,719	2,442	2,719
Taxation	10	-	-	-	-
Surplus for the year		2,442	2,719	2,442	2,719
Actuarial gain/(loss) in respect of pension scheme	32	30,790	18,800	30,790	18,800
Total comprehensive income for the year		33,232	21,519	33,232	21,519

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

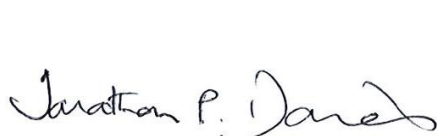


**GROUP & PARENT
STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH 2023**

	Note	GROUP		TAI TARIAN	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Housing properties	11	229,959	216,526	229,959	216,526
Other fixed assets	12	3,965	4,177	3,965	4,177
Intangible assets	13	188	144	188	144
Investment in subsidiaries	14	-	-	-	-
		234,112	220,847	234,112	220,847
Current assets					
Stocks	15	180	184	180	184
Debtors	16	142,279	148,535	142,731	148,987
Cash and cash equivalents		32,379	31,684	31,927	31,232
		174,838	180,403	174,838	180,403
Creditors: amounts falling due within one year	17	(31,095)	(24,110)	(31,095)	(24,110)
Net current assets		143,743	156,293	143,743	156,293
Total assets less current liabilities		377,855	377,140	377,855	377,140
Creditors: amounts falling due after more than one year	18	(249,923)	(253,850)	(249,923)	(253,850)
		127,932	123,290	127,932	123,290
Pensions asset/(liability)	31	-	(28,590)	-	(28,590)
Net assets		127,932	94,700	127,932	94,700
Capital and reserves					
Non-equity share capital	21	-	-	-	-
Revenue reserve		127,932	94,700	127,932	94,700
Total capital and reserves		127,932	94,700	127,932	94,700

The financial statements on pages 40 to 73 were approved by the Board of Management on 22nd June 2023.

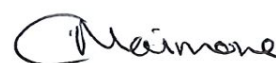
Signed on behalf of the Board:



Board Chair



Board Member



Secretary



**GROUP & PARENT
STATEMENT OF CHANGES IN RESERVES
AT 31ST MARCH 2023**

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At beginning of year	94,700	73,181	94,700	73,181
Surplus for the year	2,442	2,719	2,442	2,719
Actuarial gain/(loss)	30,790	18,800	30,790	18,800
At end of year	127,932	94,700	127,932	94,700



**GROUP & PARENT
STATEMENT OF CASH FLOW
AT 31ST MARCH 2023**



	Note	GROUP		TAI TARIAN	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net cash generated from operating activities	26	23,378	20,694	23,378	20,242
Cash flow from investing activities					
Purchase of tangible fixed assets		(23,998)	(21,476)	(23,998)	(21,476)
Proceeds from disposal of tangible fixed assets		199	713	199	713
Grants received		7,827	10,796	7,827	10,796
Interest received		734	84	734	84
		(15,238)	(9,883)	(15,238)	(9,883)
Cash flow from financing activities					
Interest paid		(7,445)	(7,413)	(7,445)	(7,413)
New loans		-	7,729	-	7,729
Repayment of borrowing		-	-	-	-
		(7,445)	316	(7,445)	316
Net change in cash and cash equivalents		695	11,127	695	10,675
Cash and cash equivalents at beginning of the year		31,684	20,557	31,232	20,557
Cash and cash equivalents at the end of the year		32,379	31,684	31,927	31,232



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Accounting

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

The accounting policies within this note have been applied consistently.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Tai Tarian and its subsidiary as at 31st March. The organisation is required under the Co-operative and Community Benefit Societies Act 2014 to prepare Group Accounts. The consolidation has been carried out in accordance with current accounting standards in order to show the financial information for the Group as a single economic entity. Where any conflict arises between the Housing SORP 2018 and applicable financial reporting standards, then the Housing SORP 2018 prevails.

Subsidiaries are consolidated from the date of acquisition. This is the date upon which the Group achieves control. This is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries continue to be consolidated until the Group ceases to have control, with any minority interest of other shareholders removed in accordance with FRS102.

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.



NOTES TO THE 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 occupation contracts and lease agreements.

Social Housing Grant (SHG) and 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 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

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 include 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



NOTES TO THE FINANCIAL STATEMENTS

- 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.

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

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

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

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

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

Depreciation

Freehold Land

Freehold land is not depreciated.

Housing Properties and office premises

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



NOTES TO THE FINANCIAL STATEMENTS

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

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

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.

Investment in Subsidiary

Investment in the subsidiary is accounted for at cost less any impairment.

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.



NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

Financial assets carried at amortised cost

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

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

Financial liabilities carried at amortised cost

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

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

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

Stocks

Stocks are stated at the lower of cost or net realisable value, measured on a first in first out basis. Cost includes all costs incurred in bringing each item to its present location and condition.

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.

Finance Leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. At the commencement of the lease term, the lessor should record a finance lease in the Balance Sheet as a receivable, at an amount equal to the net investment in the lease.

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.



NOTES TO THE FINANCIAL STATEMENTS

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. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is only recognised to the extent that it is recoverable either through reduced contributions to the plan or by way of a cash refund from the plan. For more information see Note 31.

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

Tirnod Limited has no employees therefore there is no pension scheme in place.

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.

Tirnod Limited recorded no profit or loss in the year, therefore no provision has been made for Corporation tax or any group taxation charge.

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.

Tirnod Limited, is separately registered for VAT and is not party to any VAT schemes.

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.



NOTES TO THE FINANCIAL STATEMENTS

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 must 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 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.

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 and charged in the first full year the asset is bought into use and charged in full in year of disposal.

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.

Management have carefully considered the extent to which a pension asset should be recognised under accounting standards, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling,



NOTES TO THE FINANCIAL STATEMENTS

defined to be the present value economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund. Management have taken advice to understand the circumstances under which any surplus assets might not be refunded or reduce future contributions and have made the judgement to limit the recognition of the pension asset to £Nil in line with the relevant accounting standards.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Income				
Rents receivable	45,006	43,463	45,006	43,463
Service charges receivable	2,548	2,478	2,548	2,478
	47,554	45,941	47,554	45,941
Welsh Government Dowry	6,200	6,200	6,200	6,200
Amortisation of Social Housing & other Government grants	353	311	353	311
Other income from social housing lettings	837	957	837	957
Turnover from social housing lettings	54,944	53,409	54,944	53,409
Expenditure				
Management costs	14,251	14,233	14,251	14,233
Service costs	3,608	2,988	3,608	2,988
Maintenance costs	15,574	14,785	15,574	14,785
Losses from bad debts	441	348	441	348
Depreciation and amortisation	10,860	10,514	10,860	10,514
Operating costs on social housing lettings	44,734	42,868	44,734	42,868
(Loss)/Surplus on disposal of fixed assets	(247)	503	(247)	503
Operating surplus on social housing lettings	9,963	11,044	9,963	11,044
Rent loss due to voids (memorandum note)	(772)	(740)	(772)	(740)



NOTES TO THE FINANCIAL STATEMENTS

4. (LOSS)/SURPLUS ON DISPOSAL OF FIXED ASSETS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Disposal proceeds	204	725	204	725
Disposal costs	(451)	(222)	(451)	(222)
(Loss)/Surplus on disposal	(247)	503	(247)	503

5. INTEREST RECEIVABLE

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank and short term deposit interest receivable	734	84	734	84

6. INTEREST AND FINANCING COSTS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank interest payable and similar charges	6,970	6,974	6,970	6,974
Non-utilisation fees	471	471	471	471
Amortisation of deferred financing costs	64	64	64	64
	7,505	7,509	7,505	7,509

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

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Operating surplus for the year is stated after charging:				
Depreciation and amortisation of fixed assets	10,814	10,137	10,814	10,137
Accelerated depreciation on component disposal	46	377	46	377
Amortisation of deferred Government grants	(353)	(311)	(353)	(311)
Covid job retention scheme grants	-	-	-	-
Operating leases				
- Property	71	75	71	75
- Vehicles	552	580	552	580
- Other	290	261	290	261
Auditor's remuneration (inclusive of VAT)				
- Statutory audit fees	24	22	24	22
- Other professional fees	1	1	1	1

8. EMPLOYEE NUMBERS AND COSTS

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

	GROUP		TAI TARIAN	
	2023 Number	2022 Number	2023 Number	2022 Number
Central Support	74	70	74	70
Operational delivery				
Housing	133	128	133	128
Assets	297	306	297	306
	430	434	430	434
Total	504	504	504	504

The basis of the calculation of full-time equivalent number of employees is the total number of hours worked in each month divided by a standard 37-hour week, shown as an annual average. In total, the actual average monthly number of staff was 518 (2022: 518).



The aggregate employment costs of these persons were as follows:

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	15,536	14,633	15,536	14,633
Social security costs	1,519	1,352	1,519	1,352
Other pension costs - employer's contributions payable (Legal & General defined contribution scheme)	281	217	281	217
Other pension costs - employer's contributions payable (LGPS defined benefit scheme)	1,868	1,959	1,868	1,959
Other pension costs - difference between current and past service cost and contributions payable (LGPS defined benefit scheme)	1,450	2,430	1,450	2,430
Total	20,654	20,591	20,654	20,591

9. BOARD MEMBERS' AND DIRECTORS' REMUNERATION

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Directors				
Salaries and fees	650	582	650	582
Pension contributions	116	112	116	112
	766	694	766	694

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 £75,198 (2022: £73,833). The total of expenses paid to the Board was £960 (2022: £120).

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

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Salary	150	145	150	145



NOTES TO THE FINANCIAL STATEMENTS

The highest paid director (Chief Executive) is an ordinary member of the LGPS pension scheme and no enhanced special terms apply. Tai Tarian's contribution in respect of the Chief Executive's pension fund amounted to £33,474 (2022: £32,359).

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:

	GROUP		TAI TARIAN	
	2023 Number	2022 Number	2023 Number	2022 Number
£110,000 - £119,999	-	1	-	1
£130,000 - £139,999	2	3	2	3
£140,000 - £149,999	1	-	1	-
£160,000 - £169,999	1	-	1	-
£170,000 - £179,999	-	1	-	1
£180,000 - £189,999	1	-	1	-

In respect of Tirnod Limited, the Board members and directors are unpaid.

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.

No provision for corporation tax has been made in respect of Tirnod Limited as the company transactions gave rise to no profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

11. FIXED ASSETS - HOUSING PROPERTIES - GROUP & TAI TARIAN

	Freehold Housing Properties held for letting £'000	Freehold Housing Properties under construction £'000	Total £'000
Cost			
At beginning of year	265,447	11,977	277,424
Additions during the year:			
Completed properties acquired	2,011	-	2,011
Components capitalised	10,948	11,275	22,223
Transfers on completion	7,012	(7,012)	-
Disposals during the year	(500)	(446)	(946)
At 31 st March 2023	284,918	15,794	300,712
Depreciation			
At beginning of year	(60,898)	-	(60,898)
Charged during the year	(10,355)	-	(10,355)
Eliminated on disposals	500	-	500
At 31 st March 2023	(70,753)	-	(70,753)
Net book value			
At 31 st March 2023	214,165	15,794	229,959
At 31 st March 2022	204,549	11,977	216,526

	Cost £'000	Dep'n £'000	2023 £'000	2022 £'000
Housing properties held for letting comprise:				
Freehold property capitalised repairs, replacements and improvements	249,590	(68,221)	181,369	182,260
Freehold property constructed	22,855	(1,435)	21,420	12,618
Freehold property under construction	15,794	-	15,794	11,977
Freehold property acquired	12,473	(1,097)	11,376	9,671
	300,712	(70,753)	229,959	216,526



NOTES TO THE FINANCIAL STATEMENTS

Houses and bedspaces in management at the end of the year	2023 Number	2022 Number
Housing accommodation		
General needs	8,648	8,587
Sheltered accommodation (Haven Housing)	432	432
	9,080	9,019
Leasehold management services	452	462
	9,532	9,481

12. OTHER FIXED ASSETS - GROUP & TAI TARIAN

	Office premises £'000	Office furniture and equipment £'000	IT £'000	Total £'000
Cost				
At beginning of year	4,528	600	3,420	8,548
Additions during the year	-	105	138	243
Disposals during the year	-	(11)	(1,707)	(1,718)
At 31 st March 2023	4,528	694	1,851	7,073
Accumulated Depreciation				
At beginning of year	(998)	(412)	(2,961)	(4,371)
Charged during the year	(108)	(76)	(271)	(455)
Eliminated on disposals	-	11	1,707	1,718
At 31 st March 2023	(1,106)	(477)	(1,525)	(3,108)
Net book value				
At 31st March 2023	3,422	217	326	3,965
At 31 st March 2022	3,530	188	459	4,177



13. INTANGIBLE FIXED ASSETS - GROUP & TAI TARIAN

	Computer software £'000
Cost	
At beginning of year	1070
Additions during the year	94
Disposals during the year	-
At 31 st March 2023	1,164
Amortisation	
At beginning of year	(926)
Charged during the year	(50)
Eliminated on disposals	-
At 31 st March 2023	(976)
Net book value	
At 31st March 2023	188
At 31 st March 2022	144

14. FIXED ASSET INVESTMENTS

	GROUP		TAI TARIAN	
	2023 £	2022 £	2023 £	2022 £
Investment in subsidiaries	-	-	1	1

On 9th March 2021 Tai Tarian acquired 100% of the issued share capital of Tirnod Limited, a company incorporated in the United Kingdom. Tirnod Limited is not a Registered Social Landlord. The registered office of Tirnod Limited is set out on page 6.

The financial results and position of Tirnod Limited for the year ended 31 March 2023 have been consolidated into the group financial statements.

Aggregate share capital and reserves	£	1
Profit & Loss	£	-



15. STOCK

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials	106	102	106	102
Finished goods	74	82	74	82
Stock of materials	180	184	180	184

16. DEBTORS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts due within one year				
Arrears of rent and service charges	2,866	2,584	2,866	2,584
Less: provision for bad and doubtful debts	(1,099)	(976)	(1,099)	(976)
	1,767	1,608	1,767	1,608
VAT Shelter agreement (note 30)	12,500	12,500	12,500	12,500
Other debtors and prepayments	4,413	2,653	4,942	3,182
Less: provision for bad and doubtful debts	(655)	(580)	(655)	(580)
Lease debtor	2,788	2,788	-	-
	20,813	18,969	18,554	16,710
Amounts due after more than one year				
VAT Shelter agreement (note 30)	120,277	128,336	120,277	128,336
Other debtors and prepayments	1,189	1,230	1,189	1,230
Inter company loan	-	-	2,711	2,711
	121,466	129,566	124,177	132,277
	142,279	148,535	142,731	148,987



NOTES TO THE FINANCIAL STATEMENTS

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Housing loans (note 20)	7,447	2,640	7,447	2,640
Trade creditors	7,917	5,329	7,917	5,329
Taxation and social security	351	352	351	352
Rent and service charges received in advance	473	648	473	648
Deferred Income: Social Housing and other Government Grants	603	402	603	402
VAT Shelter agreement (note 30)	12,500	12,500	12,500	12,500
Other creditors	28	34	28	34
Grants received in advance	1,776	2,205	1,776	2,205
	31,095	24,110	31,095	24,110

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

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Housing loans (note 20)	90,889	95,632	90,889	95,632
Deferred Income: Social Housing and other Government grants	38,757	29,882	38,757	29,882
VAT Shelter agreement (note 30)	120,277	128,336	120,277	128,336
	249,923	253,850	249,923	253,850



NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED INCOME - GOVERNMENT GRANTS - GROUP & TAI TARIAN

Grants	Freehold Housing Properties held for letting £'000	Freehold Housing Properties under construction £'000	Other Fixed Assets £'000	Recycled Capital Grant Fund £'000	Total £'000
At beginning of year	14,153	17,966	-	41	32,160
Transferred on completion	2,115	(2,115)	-	-	-
Additions during the year	2,515	6,857	57	-	9,429
Transferred to RCGF	-	(12)	-	12	-
At end of year	18,783	22,696	57	53	41,589
Amortisation of Grants					
At beginning of year	(1,876)	-	-	-	(1,876)
Charge for the year	(353)	-	-	-	(353)
At end of year	(2,229)	-	-	-	(2,229)
Net book value					
At 31st March 2023	16,554	22,696	57	53	39,360
At 31 st March 2022	12,277	17,966	-	41	30,284
Amounts falling due:					
Due within one year	592	-	11	-	603
Due after one year	15,962	22,696	46	53	38,757

20. DEBT ANALYSIS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank & Welsh Government Loans				
On demand or within one year	7,500	2,700	7,500	2,700
Less: transaction costs on issue	(53)	(60)	(53)	(60)
	7,447	2,640	7,447	2,640
Between one and two years	3,300	2,100	3,300	2,100
Between two and five years	5,100	9,900	5,100	9,900
After five years	83,329	84,529	83,329	84,529
Less: transaction costs on issue	(840)	(897)	(840)	(897)
	90,889	95,632	90,889	95,632
	98,336	98,272	98,336	98,272



NOTES TO THE FINANCIAL STATEMENTS

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

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

Term Loan:

Facility	Loan	Fixed/Variable	Balance (£m's)	Fixed Rate	Margin	Total	Maturity	Maturity
A - Term Loan	3	Fixed	12.00	4.97%	2.50%	7.47%	21/09/2034	21/09/2034
A - Term Loan	4	Fixed	17.55	5.02%	2.50%	7.52%	21/03/2035	21/03/2035
A - Term Loan	5	Fixed	20.25	5.04%	2.50%	7.54%	21/03/2036	21/03/2036
A - Term Loan	6	Fixed	36.90	5.18%	2.50%	7.68%	21/03/2034	21/03/2034
A - Term Loan	Total		86.70					

Variable Loans:

Facility	Loan	Fixed/Variable	Balance (£m's)	SONIA + CRA	Margin	Total
A	6	Variable	4.80	4.21%	2.50%	6.71%

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

At 31st March 2023 the organisation had unutilised facilities of £37.7m (2022: £37.7m).

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

Term Loan:

Facility	Type	Balance (£m's)	Total	Maturity	Repayment
Sevenoaks Modular	Interest Free	2.85	0.00%	2031	Bullet
County Flats	Interest Free	4.88	0.00%	2040	Bullet
Welsh Government Loans	Total	7.73			

At 31st March 2023, the organisation had 2 interest-free loans in place with Welsh Government, one repayable in 2031 and one repayable in 2040.

21. NON-EQUITY SHARE CAPITAL

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

At beginning of the year

Issued during the year

Cancelled during the year

At end of the year

GROUP		TAI TARIAN	
2023	2022	2023	2022
£	£	£	£
228	243	228	243
4	2	4	2
(14)	(17)	(14)	(17)
218	228	218	228



NOTES TO THE FINANCIAL STATEMENTS

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	178	178
Leaseholder	5	5
Independent	7	7
Associate	28	0
Total	218	190

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

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



22. FINANCIAL INSTRUMENTS

		GROUP		TAI TARIAN	
Note		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets					
Measured at undiscounted amount receivable					
Rent arrears and other debtors	16	142,279	148,535	142,731	148,987
Financial liabilities					
Measured at amortised cost					
Loans payable	21	98,336	98,272	98,336	98,272
Measured at undiscounted amount payable					
Trade and other creditors	17,18	182,682	179,688	182,682	179,688
		281,018	277,960	281,018	277,960

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

		GROUP		TAI TARIAN	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest income and expense					
Total interest payable and similar charges for financial liabilities at amortised cost	6	(7,505)	(7,509)	(7,505)	(7,509)

23. 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 5 (2022: 3) Board members. The total rent payable was £13,714 (2022: £14,470). At the year-end £446 (2022: £Nil) was owed to the organisation, of which £446 (2022: £Nil) was overdue. In addition, rented accommodation was provided to 1 (2022: 2) close relative of Board members.

During the year the organisation made payments of £205,434 (2022: £157,213) to NPTCBC relating to Upvc factory rent, rates, and service level agreements. As at the year end, the organisation owed NPTCBC a total of £2,765 (2022: £557) and was owed a total of £4,095 (2022: £29,348) by NPTCBC.

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

The Group has taken exemption under paragraph 33.1A of FRS102 in relation to related party transactions between members of the Group which are wholly owned subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING LEASES - GROUP & TAI TARIAN

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

	2023		2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Lease payments due:				
within 1 year	52	724	75	588
between two and five years	148	582	148	346
in over 5 years	355	-	387	-
	555	1,306	610	934

25. CAPITAL COMMITMENTS

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted but not provided for	15,932	19,591	15,932	19,591
Expenditure authorised by the Board but not contracted	11,749	10,831	11,749	10,831
	27,681	30,422	27,681	30,422

Capital commitments are those which are due within a year, of which £11.5m (2022: £12.4m) relate to major works and will be funded by cash generated from operations, grant income and our existing loan facilities as detailed in Note 20.



26. NET CASH GENERATED FROM OPERATING ACTIVITIES

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Surplus for the year	2,442	2,719	2,442	2,719
Adjustments for non-operating activities				
Loss/(Surplus) on disposal of fixed assets	247	(503)	247	(503)
Interest receivable	(734)	(84)	(734)	(84)
Interest payable	7,441	7,445	7,441	7,445
Local Government Pension Scheme (LGPS) net financing loss	750	900	750	900
Adjustments for non-cash items				
Amortisation of intangible assets	50	11	50	11
Depreciation of tangible fixed assets	10,810	10,503	10,810	10,503
Amortisation of deferred grant income	(353)	(311)	(353)	(311)
Amortisation of deferred financing costs	64	64	64	64
Pension costs less contributions payable	1,450	2,430	1,450	2,430
Decrease in debtors	7,428	13,798	7,428	13,346
Decrease in creditors	(6,221)	(16,295)	(6,221)	(16,295)
Decrease in stocks	4	17	4	17
Net cash generated from operating activities	23,378	20,694	23,378	20,242

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

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Increase in cash	695	11,127	695	10,675
Increase in loans	-	(7,729)	-	(7,729)
Increase in net debt	695	3,398	695	2,946
Net debt at start of year	(67,545)	(70,943)	(67,997)	(70,943)
Net debt at end of year	(66,850)	(67,545)	(67,302)	(67,997)



28. ANALYSIS OF NET DEBT

GROUP	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	31,684	(2,700)	(96,529)	(67,545)
Net cash flows	695	(4,800)	4,800	695
At 31st March 2023	32,379	(7,500)	(91,729)	(66,850)

TAI TARIAN	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	31,232	(2,700)	(96,529)	(67,997)
Net cash flows	695	(4,800)	4,800	695
At 31st March 2023	31,927	(7,500)	(91,729)	(67,302)



29. FREE CASH FLOW

	GROUP		TAI TARIAN	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net cash generated from operating activities	23,378	20,694	23,378	20,242
Interest paid	(7,445)	(7,413)	(7,445)	(7,413)
Interest received	734	84	734	84
Taxation paid	-	-	-	-
Adjustments for reinvestment in existing properties				
Component replacements	(10,948)	(10,279)	(10,948)	(10,279)
Purchase of other replacement fixed assets	(337)	(227)	(337)	(227)
Component replacement grant received	-	-	-	-
Free cash consumed before loan repayments	5,382	2,859	5,382	2,407
Loans repaid (excluding revolving credit and overdrafts)	-	-	-	-
Free cash consumed after loan repayments	5,382	2,859	5,382	2,407

30. 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 £213.6million (2022: £205.5m) 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.



NOTES TO THE FINANCIAL STATEMENTS

31. 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. 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. Employer and employee contributions in the period totalled £2.4m (2022: £2.6m).

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 2022 was prepared by Aon Hewitt Limited.

The FRS 102 accounting results at 31st March 2023 have resulted in a significant increase in the amount recognised in the Statement of Comprehensive Income, actuarial gain of £30.8m (2022 £18.8m gain) and within the Statement of Financial Position, pension liability decrease of £28.6m (2022 decrease of £15.5m). Although the net return on assets over the period has been higher than expected the impact of changes to assumptions has had a significant impact on liabilities.

Principal assumptions used within this valuation were:

	2023	2022
	% pa	% pa
CPI Inflation	2.7	2.9
Pension accounts revaluation rate	2.7	2.9
Rate of increase in salaries	4.2	4.4
Rate of increase in pensions	2.7	2.9
Discount rate	4.7	2.7

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:



	2023 Years	2022 Years
Males		
Retiring today	22.2	22.1
Retiring in 20 years	22.9	23.2
Females		
Retiring today	24.7	24.2
Retiring in 20 years	25.8	25.7

The analysis of the Fund assets was as follows:	31 st March 2023	31 st March 2022
	% pa	% pa
Equities	70.8	78.9
Government bonds	0.9	3.6
Other bonds	0.0	4.8
Property	3.8	4.5
Multi asset credit	2.1	2.3
Cash/liquidity	7.3	0.9
Other	15.1	5.0
Total	100.0	100.0

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

Amounts recognised in the Statement of Comprehensive Income	2023 £'000	2022 £'000
Current service cost	3,320	4,400
Past service cost	-	-
Interest on pension liabilities	3,110	2,540
Interest income on assets	(2,360)	(1,640)
Pension cost expensed	4,070	5,300
Recognised in other comprehensive income	(30,790)	(18,800)
Total pension cost recognised in the Statement of Comprehensive Income	(26,720)	(13,500)



NOTES TO THE FINANCIAL STATEMENTS

Amount included in the Statement of Financial Position	2023 £'000	2022 £'000
Present value of scheme liabilities	(79,500)	(115,860)
Fair value of scheme assets	87,320	87,270
Unrecognised asset	(7,820)	-
Asset/(Liability) in the scheme	-	(28,590)

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

	2023 £'000	2022 £'000
Opening present value of liabilities	115,860	121,560
Current service cost	3,320	4,400
Interest cost	3,110	2,540
Contributions by the participants	570	600
Past service cost	-	-
Actuarial (gains)/losses on liabilities	(41,240)	(11,390)
Benefits and transfers paid	(2,120)	(1,850)
Total value of liabilities	79,500	115,860

Movements in the fair value of scheme assets during the year:

	2023 £'000	2022 £'000
Opening fair value of assets	87,270	77,500
Interest income on assets	2,360	1,640
Actuarial gains/(losses) on assets	(2,630)	7,410
Contributions by the employer	1,870	1,970
Contributions by the participants	570	600
Benefits and transfers paid	(2,120)	(1,850)
Total fair value of plan assets	87,320	87,270
Interest income on assets	2,360	1,640
Actuarial gains/(losses) on assets	(2,630)	7,410
Actual (loss)/return on assets	(270)	9,050



Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£m)	77.99	79.50	81.01
% change in present value of total obligation	-1.9%		1.9%
Projected service costs (£m)	1.68	1.75	1.82
Approximate % change in projected service cost	-3.8%		3.9%

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)	79.74	79.50	79.26
% change in present value of total obligation	0.3%		-0.3%
Projected service costs (£m)	1.75	1.75	1.75
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)	80.77	79.50	78.23
% change in present value of total obligation	1.6%		-1.6%
Projected service costs (£m)	1.82	1.75	1.68
Approximate % change in projected service cost	3.9%		-3.8%

Past retirement mortality assumption

Adjustment to mortality age rating assumption*	-1 year	Base figure	+ 1 year
Present value of total obligation (£m)	81.65	79.50	77.35
% change in present value of total obligation	2.7%		-2.7%
Projected service costs (£m)	1.81	1.75	1.69
Approximate % change in projected service cost	3.6%		-3.6%

