



Taff Housing Association
Cymdeithas Tai Taf

TAFF HOUSING ASSOCIATION LIMITED

2016

FINANCIAL STATEMENTS 31.03.2016

#notjusthousing



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MANAGEMENT & ADVISERS

BOARD OF MANAGEMENT

David Ellis Jenkins (Chair)

Joint Vice Chair to Sept 2014

Member since 2002

Retired University Lecturer

Roderick Perons (Vice Chair)

Member since 2002

Chartered Surveyor

Lottie Miller (Resigned at AGM 15.09.15)

Member since 2011

Retired Housing Professional

Heidi Beverstock

Re-elected Member 05.09.13

Tenant

Mererid McDaid (Resigned 07.07.15)

Co-opted Member since 2012

Solicitor

Keith Abdi

Elected 18.09.14

Retired Housing Officer, Tenant

Keith Edwards

Co-opted Member since 29.01.15

Housing Specialist

Dianne Bevan

Member since 18.09.14 (Co-opted since 30.01.14)

Retired Solicitor

Mike Jones

Co-opted Member since 29.01.15

Risk Management Specialist

Andrew Knight

Co-opted Member since 25.02.16

HR Professional

John Ramsay (Resigned 25.02.16)

Co-opted Member since 05.09.13

Member (from 2001 to 05.09.13)

Accountant

Simon Dawson

Member since 2002

Housing Professional

Jane Pagler

Member since 2005

Retired Business Adviser

Dafydd Bebb

Member since 18.09.14 (Co-opted 2012)

Solicitor/Legal Director

Sue Carleton

Member since 2012

Tenant

Michelle Davis

Member since 18.09.14

Business Advisor

Sue Stephens (Resigned 09.12.15)

Member since AGM 17.09.15

Tenant

SENIOR EXECUTIVES

Current Job Title	Name	Date Appointed to the Organisation
Chief Executive	Elaine Ballard	January 2000
Director of Customer Services & Development/Deputy Chief Executive	Janet Bochel	September 2003 to April 2016
Director of Finance	Stephen Smith	July 1999
Director of Support Services	Mark Sheridan	January 2009
Director of Corporate Services	Nia Bennett	July 2010

MANAGEMENT & ADVISERS

SECRETARY & REGISTERED OFFICE

Secretary – **Stephen Smith**
Alexandra House
307-315 Cowbridge Road East
Cardiff CF5 1JD

INTERNAL AUDITORS

TIAA Ltd
54-56 Gosport Business Centre
Aerodrome Road, Gosport
PO13 0FQ

AUDITORS

Bevan & Buckland
Chartered Accountants
Langdon House, Langdon Road
Swansea, SA1 8QY

PRINCIPAL BANKERS

Barclays Bank PLC
Nationwide Building Society
Co-operative Bank
Dexia Public Finance Bank
Royal Bank of Scotland
THFC
M&G

Registered under the Co-operative and Community Benefits Act 2014 No. 21408R
Taff Housing Association has adopted charitable rules.
Registered by The Welsh Government No. L009

CORPORATE GOVERNANCE

BOARD OF MANAGEMENT

Taff is governed by a Board, which is ultimately responsible for the control of the Association including the overall strategic policies and monitoring compliance. Day-to-day operations are delegated to the Senior Executives. The Senior Executives comprise a Chief Executive, a Director of Customer Service & Development, a Director of Support Services, a Director of Finance and a Director of Corporate Services.

The Board has reviewed and adopted Community Housing Cymru's Code of Governance and the principles of UK Corporate Governance Code.

BOARD STRUCTURE

The Board has a simple structure consisting of a Board of Management, which meets monthly and focuses on strategy and organisational objectives. This is complemented by an Audit Committee. The role of the Audit Committee is to provide a regular means of communication between the auditors and the Board. It monitors the terms of appointment for internal and external auditors, considers reports from them, meets with both sets of auditors annually and receives reports from the Welsh Government. Events of a serious financial nature will be reported directly to the Association's Chair. No such events arose during the year.

INTERNAL FINANCIAL CONTROL

The Board is ultimately responsible for the Association's system of internal financial control that is designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information used within the business.

The following mechanisms were in place and were designed to provide effective internal control:

- clearly defined management and reporting structures;
- clearly defined standing orders and financial regulations;
- financial training programme;
- procedures manual for staff;
- management information and accounting systems with quarterly reporting of financial data results and other performance indicators;
- rolling five year business plans;
- monitoring of the control system by the audit committee, internal auditors and external audit; and
- Self-evaluation

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TAFF HOUSING ASSOCIATION LIMITED

For the year ended 31 March 2016

In addition to our audit on the financial statements for the year ended 31st March 2016, we have reviewed the Board's statement of Taff Housing Association Limited's ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

OPINION

With respect to the Board's statement on internal financial control on page 2, 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

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

Date: 21st July 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TAFF HOUSING ASSOCIATION LIMITED

For the year ended 31 March 2016

We have audited the financial statements of Taff Housing Association Limited (“the Association”) for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Revenue Reserves, the Statement of Financial Position, the Statement of Cash Flows and the 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”.

The report is made solely to the Association’s members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Our audit work has been undertaken so that we might state to the Association’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by the 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.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND AUDITORS

As explained more fully in the Board of Management’s Responsibilities’ Statement, the Board of Management is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate

to the Association’s circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Board of Management, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Association’s affairs as at 31st March 2016 and of its income and expenditure for the year then ended, and
- 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Bevan + Buckland

Bevan & Buckland

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

Date: 21st July 2016

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

The Board of Management present their report and audited financial statements for the year ended 31 March 2016.

STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act and Registered Social Housing legislation requires the Board of Management to prepare financial statements for each year that give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing the 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 and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the Association will not continue in business.

The Board of Management is responsible for keeping proper books and records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with Co-operative and Community Benefit Societies Acts. The Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Association and hence for taking steps for prevention and detection of fraud and other irregularities.

SELF-EVALUATION AND DELIVERY OUTCOMES

This was the fifth year of the Welsh Government's new approach to regulation for Housing Associations. Since 2010 we have been required to undertake a self-evaluation against a framework called 'Delivery Outcomes'. Some of these relate to our role as a landlord, and some relate to our financial

performance and governance arrangements. The Governance & Finance Outcomes are highlighted here where relevant.

Delivery Outcome 2: We live public sector values, by conducting our affairs with honesty and integrity, and demonstrate good governance through our behaviour.

We publish Financial Statements, Welsh Government Viability Judgements, Housing Association Regulatory Assessments, Annual Reports, Business Plan summaries together with monthly Board Briefings that summarise our Board meetings; we retain a register that is open to public inspection to record offers of gifts and hospitality to staff and Board members; and we promote best practice compliance with equal opportunities and the Welsh Language Scheme.

Our last stakeholder survey, concluded:

'a response rate of over 81%, which is excellent and says something about how much Taff and its business is valued. Taff's community-based, value-driven, people-centred business is well known and appreciated. Taff staff members are seen as good at their job and easy to deal with – frontline staff in particular are seen as helpful and really friendly. Stakeholders report the pleasure they have dealing with Taff, rate its performance as a social landlord and support provider and think it compares well with its peers. Taff is seen to deliver on its promises. Feedback is very positive, with high levels of satisfaction all round.' (Source: Stakeholder Survey, Summary, 2013, Cyngor Da Housing & Sustainability Consultancy).

HOUSING ASSOCIATION REGULATORY ASSESSMENT

The Association's last Housing Association Regulatory Assessment was published on 30 March 2012. The Overall Assessment concluded:

Summary: Landlord Services

Taff builds new homes which meet local needs to a good quality. It works with others to prevent and alleviate homelessness through support to help people sustain their tenancies and through an open and accessible lettings process. It maintains homes effectively.

Over the past few years, Taff has made significant improvements in services which are important to tenants, including dealing with

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

anti-social behaviour and responsive repairs, which now perform well and demonstrate a high level of tenant satisfaction.

The Association acknowledges it needs to build on these improvements to further enhance service delivery. In particular it needs to analyse letting data more effectively to demonstrate fairness and to assess the scope for continuing to reduce the time it takes to re-let empty homes.

Summary: Governance and Financial Management

Taff can demonstrate positive outcomes across the services it delivers, leading to high tenant satisfaction with individual services and the service the Association provides as a whole. Strong leadership has helped to embed a culture across the Association, which is focussed on making a positive difference to local people and communities.

Taff values the diverse nature of the communities in which it works and knows its customers well – it uses this information to tailor its approach to individual needs. It also values its customers' views and provides a range of ways for feedback to be collected, enabling service users to influence its priorities as part of its planning process.

Taff is a financially sound business with a robust financial management framework.

The Association can increase the outcomes it achieves further by enabling tenants to become more involved in designing services and scrutinising performance. It also needs to continue to develop a clearer outcome focus in its planning and performance management arrangements and to understand more clearly how well it is delivering services and initiatives in relation to equality and diversity within the communities where it works.

Future Regulatory Engagement: Taff is assessed as requiring a **low level** of regulatory engagement in future. This engagement will focus on the following areas:

- Developing an outcome focus across the Association, to understand the outcomes expected when decisions are made and the impact and value for money achieved of work undertaken;
- Enhancing accountability and tenant/service user involvement in service design and scrutiny of performance;

- Analysing service delivery against equality and diversity data, to ensure fair service outcomes and to help target resources where they will have greatest impact; and
- Working with tenants to understand the improvements they wish to see, to increase their satisfaction with the value for money of service charges

Regulatory engagement will encompass a range of activities including contact with service users, senior management, operational staff and the Board, observations of events and initiatives and monitoring Taff's progress against its plans for improvement.

PRINCIPAL ACTIVITIES

The Association's principal activities are the development and management of social housing and providing support services.

Delivery Outcome 3: We make sure our purpose is clear and we achieve what we set out to do – knowing who does what and why.

The Association shapes its services by regular surveys of our Tenants, staff and other stakeholders. The results of these surveys, together with assessments of the economic and political environment drive our business planning process and ultimately the activities of the Association.

We benchmark the quality of our investment in employees through assessment by Investors in People, for which we were awarded the highest accreditation (Gold Standard). Our staff survey measures credibility of leadership and 88% of staff think management is competent at running the business (Source: GPTW survey 2014).

WELSH GOVERNMENT FINANCIAL VIABILITY JUDGEMENT

The Welsh Government has published its latest financial viability judgement on the Association:

“Our judgement of the Association's financial viability remains unchanged from last year. As at June 2016 the judgement is:

- **Pass**

The Association has adequate resources to meet its current and forecasted future business and financial commitments.

This financial viability judgement is issued on the basis that the Association's 30 year

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

financial plan complies with existing Welsh Government Policy, in particular the Policy for Social Housing Rents. Any changes to policy may necessitate a review of the findings of this judgement.

The 30 year financial forecast is suitably funded and shows the Association having sufficient cash and secured loan facilities to meet its funding requirements up to March 2018.

The 30 year financial forecast shows the Association continuing to meet its lenders' loan covenants. The Association's gearing is currently in the region of 47% and remains significantly below the covenant limit of 55% over the life of the plan. Interest cover remains significantly above the minimum level required of 110% throughout the forecast period.

The Association's 30 year forecast shows that it should continue to operate within the lenders' covenants under reasonably foreseeable scenarios.

The Association has reported achieving the Welsh Housing Quality Standard in 2013. It has utilised stock condition survey information to inform the costs included in its 30 year forecast, to continue to meet this standard.

The impact of the UK Government's welfare reforms, to date, has been within the expectations of the Association. Going forward, it has assumed there will be increases in bad debts (from 0.3% in 2014/15 to 5% in 2018/19) as the UK Government introduces Universal Credit. We are satisfied the assumptions made by the Association are reasonable given its experience.

The level of future development included in the forecast is within our expectations of what the Association can achieve and is sufficiently funded. There is a track record of the Association delivering schemes of a similar size in the past to those currently being undertaken.

Around 23% of Taff's Income is grant funded from the Supporting People Programme. We are satisfied that the Association is monitoring its reliance on this income and has taken steps to manage the risk to its operations.

REVIEW OF BUSINESS

Well publicised changes to welfare benefits were expected to adversely affect many of our tenants and ultimately the Association. So far, it has been under-occupation charges that have impacted and this has been successfully managed by offering affected tenants downsizing opportunities. Indeed, arrears and bad debts have not increased. The full impact of welfare reforms has yet to bite. The Association has devoted more resources to preventative measures to assist tenants in paying their rent and rent collection and we will continue to apply pro-active support to help tenants to avoid accumulating rent arrears.

The Association had reached the Welsh Housing Quality Standard in 2013, however on-going assessment and investment is required to maintain properties at this standard.

Expenditure on repairs and maintenance amounted to £1.865m, 68% of this on planned works and statutory Health & Safety related cyclical servicing of boilers and electrical testing. The programme included 35 properties having window replacements, 41 new kitchens, 47 new heating systems, 276 electrical improvement works, 69 new doors, 27 damp works and 5 new roofs. We carried out external decoration and communal internal painting to homes in the Canton area of Cardiff. We have carried out fire improvement works throughout the communal areas of our stock as a result of the Fire Inspection works undertaken by our fire consultant.

Support services continued to be delivered throughout the year: the Association directly managing three hostels Ty Enfys, Ty Seren and Ty Haul; as well as Red Sea House, Gold and Manor Street and Cardiff Foyer. A total of 206 people received support in these schemes. In addition 710 Taff/Local Authority Tenants were supported under floating support contracts and 434 people were supported by the Taff Shine project. In total 1,350 people were recipients of Taff's support service during the whole or part of the year. In addition, a further 143 self-contained supported housing units were managed by partners.

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

The Association completed St Canna Court on the site of the former Canton Police Station. This 17 flat scheme, that was partly funded by Welsh Government's Housing Finance Grant, includes 2 ground floor wheelchair adapted units and a 94m² commercial unit that is expected to be let by August 2016. Development of the former Church of Sacred Hearts, Broad Street continued comprising 20 flats and 4 houses that are due to be completed in December 2016. The Association acquired a new site Clos Parc Morgannwg during the year. Development work started on the 18 flats and 17 houses that are expected to be completed in July 2017.

There was no requirement to draw additional private finance during the year (2015 - £1,034,000). The Association has yet to draw on its £5m facility with Santander. The need for private finance was reduced by the generation of £1,723,000 free cash flow, £870,000 of which was used for existing loan repayments.

Rental income from Social Housing amounted to £7.7m (£7.4m - 2015) and revenue grants amounted to £796,000 (£899,000 - 2015) for supported housing. The number of units available for letting at 31 March 2016 was 1,374 (1,359 at 31 March 2015). This includes 202 hostel rooms or self-contained units available for tenants in need of supported housing.

The surplus for the year was £0.6m before transfers to/from other reserves which are set out in Note 22 to the Financial Statements.

SURPLUS LEVEL

The introduction of new financial reporting requirements has significant impact for the way housing associations report their financial performance. The Association's reported surplus, £640,000 (2015 - £1.3m) now includes: £642,000 (2015 - £630,000) amortisation of Social Housing Grant within Turnover; substantially increased housing property depreciation; and recognition of the Association's allocated share of new deficit arising from the multi-employer Social Housing Pension Scheme's 2014 triennial valuation results notified to the Association during the year. The surplus was further depressed by a reduction in valuation of the Association's commercial units and other investments amounting to £313,000. Nevertheless, Free

Cash Flow generated after loan repayments amounted to £853,000 and the Board believe this to be sufficient to maintain its annual target level of investment in 40 new homes set out in the Business Plan and is consistent with the Association's not-for-profit status and its primary purpose to provide affordable housing. The Board remain of the opinion that the Association's priority is to continue to develop new housing for affordable renting. Existing affordable rent regulation and in particular the introduction of Welsh Government's New Policy for Social Rents, together with post 2008 changes to the financial markets, necessitate the Association generates around £1m in cash each year from its operating activities in order to bridge the funding subsidy shortfall in the Social Housing Grant/Regulatory rent regime equation to support an on-going development programme of around 40 units per year. This Development/Reserves/Treasury Strategy also maintains our Gearing position and thus safeguards our existing loan agreements, without which our interest costs would be much higher.

FUTURE DEVELOPMENTS

Next year the Association's development programme anticipates more on site development with completion of the 24 units started during 2015/16. More site acquisitions are expected, some to be developed with new, innovative subsidies.

The availability of grant is likely to continue to decline and Taff will continue to develop new homes with reduced or no grant, applying intermediate rents so long as such schemes do not threaten the Association's viability and the schemes continue to be supported by our Local Authority partners. This will inevitably accelerate the increase in our Gearing and the Association will seek to reduce its treasury risk by continuing to maintain a high proportion of its loans with fixed interest rates and maintain adequate interest cover.

Further instalments of changes to welfare benefits are expected to adversely affect many of our tenants and ultimately the Association. Universal Credit will substantively end payment of housing benefit directly to housing associations; further cuts to welfare benefit caps have been announced. Rent will become harder to collect and more resources will be

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

needed to support our tenants and manage rent collection.

Further cuts in Supporting People budgets are expected to continue in 2016/17 with many existing services expected to be tendered at existing or lower tariff levels accompanied by strategic cuts to least prioritised services.

BOARD OF MANAGEMENT

The present Board of Management, those serving throughout the year, and Senior Executives are listed on page 2.

Each member of the Board of Management holds one fully paid share of £1 each in the Association. The Senior Executives of the Association hold no interest in the Association's share capital and, although not having legal status of directors, they act as executives within the authority delegated to them by the Board of Management.

OUR PEOPLE

Taff continues to provide information on our objectives, progress and activities to staff through regular team meetings, staff briefings and intranet announcements. Taff has cross organisational business planning groups that enable each member of staff to have the opportunity to work on matters outside their normal day to day area of work. Each business planning group links in with one of our business plan objectives. In November 2015, we introduced an Intranet to help with internal communication and facilitate cross organisational collaborative working. A Workforce Development Plan was delivered to ensure targeted training to meet business needs and we invested in training for all our line managers to ensure that they are able to lead, manage and coach effectively in accordance with Taff's values and business needs. We launched our e-Academy in April 2015. 20 Training modules have been developed to date, 8 of which form part of Taff's core training programme. This allows for greater access to and flexibility around learning. 536 individual training sessions have been completed on the e-Academy learning platform during this financial reporting period.

We had 20 successful recruitment campaigns in the last year, recruiting to 25 individual posts. 6 members of staff were promoted and a further 2 having the opportunity to be seconded to alternative roles. Our closing number of staff stood at 176 this equates to 147 full time equivalent staff. Our voluntary turnover increased to 10.36% but remains lower than the national average of 13.6% (source CIPD). Our sickness and absence rate increased slightly to 3.2%, but remains lower than the national average of 3.7% (source CIPD).

In December 2015, Taff was re-assessed and awarded Investors in People Award at Gold Standard. We proactively engage with our staff to ensure that we remain an Employer of Choice and support their Health & Wellbeing. In addition to training our Line Managers to coach, support and identify potential health issues, we have a proactive cross organisational Health & Wellbeing Staff Group that promotes, encourages and supports a healthy lifestyle. Taff has been awarded the Silver Corporate Health Standard by the Welsh Government in recognition of our work in this area.

Taff is committed to equal opportunities for all its employees, customers and stakeholders. The Association has a standing Equality & Diversity Business Plan Group, which reports to the Board. Taff continues to produce Equality Impact Assessments for all Policy development and events. Equality & Diversity, Cultural Awareness and Dignity at Work training remain part of our core-training programme for all staff. The Association operates in an area with a relatively high proportion of ethnic minority households. The Association has taken positive steps to ensure both the Board and staff are representative of the wider community and are responsive to the communities' diverse needs and 17% of staff identify themselves as being from BME backgrounds. Taff signed up to the Chartered Institute of Housing Leading Diversity by 2020 initiative and continues to be an accredited Living Wage Employer.

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

RESERVES AND DONATIONS

Transfers to and from reserves are set out in Note 21. The Association's general reserves are available to finance land banking, development of housing properties not fully funded by other sources, other fixed assets and future maintenance of existing properties.

There were no donations made during the year (2015: none).

By Order of the Board



S J Smith
Secretary

21 July 2016

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 March 2016

	Reported under FRS102		Reported under UK GAAP			
	Restated		As originally reported			
BALANCE SHEET	2016	2015	2015	2014	2013	2012
	£'M	£'M	£'M	£'M	£'M	£'M
Fixed Assets						
Housing Properties	96.4	94.6	101.6	99.2	95.4	91.0
Less: Social Housing Grant			(63.2)	(62.8)	(60.5)	(57.9)
	96.4	94.6	38.4	36.4	34.9	33.1
Investments	1.3	1.3	1.3	1.3	1.2	1.2
Other Fixed Assets	2.2	2.0	2.0	2.0	2.1	2.2
	99.9	97.9	41.7	39.7	38.2	36.5
Net Current Assets/ (Liabilities)	(1.0)	(0.2)	0.6	1.2	(0.8)	(0.1)
Long Term Liabilities	(87.9)	(87.4)	(32.6)	(32.4)	(30.1)	(30.4)
Net Assets	11.0	10.3	9.7	8.5	7.3	6.0
Share Capital and Reserves	11.0	10.3	9.7	8.5	7.3	6.0
INCOME AND EXPENDITURE ACCOUNT	2016	2015	2015	2014	2013	2012
	£'M	£'M	£'M	£'M	£'M	£'M
Operating Income:						
Rent & Services	8.6	8.4	8.4	8.0	7.6	7.3
Support Services	1.6	1.7	1.7	1.5	1.5	1.5
Amortised Grants	0.6	0.6	-	-	-	-
Other	0.3	0.3	0.3	0.4	0.3	0.2
	11.1	11.0	10.4	9.9	9.4	9.0
Less: Repairs and Maintenance	2.1	2.0	2.0	1.9	1.9	1.4
Housing Management Costs	3.6	4.1	3.7	3.2	3.3	3.0
Service Costs	0.8	0.5	0.5	0.6	0.4	0.4
Support Service Costs	1.5	1.6	1.6	1.5	1.5	1.5
Other	0.2	0.1	0.1	0.2	0.1	0.1
	8.2	8.3	7.9	7.4	7.2	6.4
Operating Surplus	2.9	2.8	2.5	2.5	2.2	2.6
Movement in fair values	(0.3)	-	-	-	-	-
Pension deficit contributions	(0.6)	(0.1)	-	-	-	-
Surplus on Disposal of Fixed Assets	-	0.1	0.1	0.2	0.4	0.3
Interest Payable and Similar Charges	(1.4)	(1.5)	(1.5)	(1.4)	(1.3)	(1.4)
Surplus for Year	0.6	1.3	1.1	1.3	1.3	1.5
Financial Ratios						
Gearing			47%	47%	46%	48%
Interest Cover			2.14	2.15	2.17	2.28

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016	2015
		£000	Restated £000
Turnover	4	11,102	11,068
Operating Costs	4	(8,188)	(8,290)
Operating Surplus		2,914	2,778
Surplus on Sale of Fixed Assets - Housing Properties		18	69
Interest Receivable		2	5
Interest Payable and Similar Charges	9	(1,423)	(1,474)
Movement in Fair Value of Investments	12	(313)	-
Surplus for the year		1,198	1,378
Re-measurement of Pension Liability		(558)	(65)
Total Comprehensive income for the year		640	1,313
The surplus for the year includes the following unrealised deficits:			
Movement in Fair Value of Investments		(313)	-
Re-measurement of pension liability		(558)	(65)
		(871)	(65)

Continuing Operations

None of the Association's activities were acquired or discontinued during the above two financial years.

The financial statements were approved by the Board of Management on 21 July 2016 and signed on its behalf by:

Ellis Jenkins
Chair

Rod Perons
Vice Chair

Stephen Smith
Secretary

STATEMENT OF CHANGES IN REVENUE RESERVES

For the year ended 31 March 2016

	Notes	2016	2015
		£000	Restated £000
Revenue Reserves	22		
At 1 April 2015 (as previously reported)		-	8,281
Prior Year Adjustment		-	471
At 1 April 2015 (restated)		10,067	8,752
Surplus from statement of comprehensive income		640	1,313
Transfer to Restricted Reserve		2	2
At 31 March 2016		10,709	10,067

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Notes	2016 £000	Restated 2015 £000
Tangible Fixed Assets			
Housing Properties - Gross Cost	11	109,934	107,095
- Depreciation		(13,549)	(12,480)
Other Fixed Assets	13	2,168	2,027
Investments	12	1,360	1,273
Total Fixed Assets		99,913	97,915
Current Assets			
Cash at Bank and In-hand		2,157	1,419
Debtors : amounts falling due within one year	14	751	769
Debtors : amounts falling due after one year	15	905	920
		3,813	3,108
Creditors: amounts falling due within one year	16	(4,192)	(2,679)
Social Housing and other Government Grants: amounts falling due within one year	20	(642)	(631)
Net Current Liabilities		(1,021)	(202)
Total Assets Less Current Liabilities		98,892	97,713
Creditors:			
Amounts falling due after one year	17	(31,814)	(32,671)
Social Housing Grant due after one year	20	(54,504)	(53,470)
Defined Pension Liability due after one year	23	(1,605)	(1,243)
Total Net Assets		10,969	10,329
Capital & Reserves			
	21 & 22		
Revenue Reserves		10,709	10,067
Restricted Reserves		260	262
Total Capital and Reserves		10,969	10,329

The financial statements were approved by the Board of Management on 21 July 2016 and signed on its behalf by:

Ellis Jenkins
Chair

Rod Perons
Vice Chair

Stephen Smith
Secretary

STATEMENT OF CASH FLOW

For the year ended 31 March 2016

Notes	2016 £000	Restated 2015 £000
Operating Surplus	2,914	2,778
Adjustments For Non-Cash Items:		
Depreciation of Tangible Fixed Assets	1,426	1,379
Government Grants Amortised in Year	(666)	(685)
Working Capital movements:		
Debtors	38	(150)
Creditors	145	(160)
Provisions	(1)	12
Pension Deficit Cash Contributions	(164)	(158)
Net Cash Generated from Operating Activities	3,692	3,016
Interest Received	2	5
Interest and Loan Costs Paid	(1,346)	(1,406)
Adjustment for Reinvestment in Existing Properties:		
Component Replacements	(295)	(295)
Purchase or Other Replacement Fixed Assets	(330)	(102)
Free Cash Generated before Loan Repayments	1,723	1,218
Loans Repaid	(870)	(803)
Free Cash Generated after Loan Repayments	853	415
Cash Flow from Investing Activities:		
Purchase and Development Properties		
New Capital Expenditure	(2,826)	(3,205)
Proceeds from Sale of Properties and Other Fixed Assets	171	196
Investments	(400)	-
Grants Received	2,940	845
Cash Flow from Financing Activities:	738	(1,749)
New Secured Loans and Drawdowns from Existing Facilities	-	1,034
Net Increase in Cash and Equivalents	738	(715)
Cash and Cash Equivalents at the Beginning of Year	1,419	2,134
Cash and Cash Equivalents at the End of Year	2,157	1,419

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. LEGAL STATUS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice for "Accounting by Registered Social Housing Providers" as updated in 2014 (Housing SORP 2014), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015

Adoption of Housing SORP 2014

During the year, the Association adopted Housing SORP 2014 and, as appropriate, Financial Reporting Standard 102 (FRS 102). All results for 2016 are stated in accordance with these accounting standards and the comparative financial information presented for 2015 has been fully restated to reflect the same accounting treatments as 2016. The change in accounting policy has given rise to prior year adjustments to the financial position of the Association for the previous year. Note 28 provides details of the adjustments made from the signed financial statements for the year ended 31 March 2015 presented under Housing SORP 2010 and the restated comparatives included in the financial statements.

Turnover

Turnover represents rental and service income less voids, amortised government grants, charges for support services and revenue based grants receivable. In the case of supported housing that is not directly managed by the Association, only charges made to managing partners together with revenue grants are included in turnover. Turnover from affordable housing property lets are recognised for complete weeks only; usually a 52 week rental year, but an additional week when 53 Mondays fall in one accounting year.

Operating Surplus

Operating surplus represents Turnover less Operating Costs. Operating Costs are set out in Note 4 comprising all costs with the exception of financing costs, future pension deficit contributions and costs associated with fixed asset disposals.

Housing Properties

Housing properties are shown at historical cost. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed. The Association does not capitalise interest on loans financing development of housing properties.

Profit or loss on disposal of a property is recognised on the date of sale. The profit or loss on disposal is the difference between the sale price and the total of the depreciated cost and any associated costs. The grant originally received on a property is repayable.

Where housing property comprises of two or more components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to replacement or renewal of components is capitalised as incurred.

Depreciation is charged on cost on a straight line basis over the component's expected economic useful life as follows:

Main Structure	-	100 years
Bathrooms	-	25 years
Solar Panels	-	25 years
Central Heating	-	15 years
Kitchens	-	15 years

Development Costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Other Tangible Fixed Assets and Depreciation

Other tangible fixed assets (excluding Investment Properties) are stated at cost less accumulated depreciation. Depreciation is charged on the bases indicated over the expected useful economic lives of the assets at the following rates:

- Office premises: 2% Straight line
- Computer equipment: 33% Straight line
- Office furniture & equipment: 20% Straight line
- Housing furniture & equipment: 20% Straight line
- Vehicles: 20% Straight line
- Plant and Equipment: 33% Straight line

Impairment

Housing properties, including those with individual components and other assets are assessed whether an indication of impairment exists at each reporting date.

Where there is evidence of impairment, assets are written down to their recoverable amount, being the higher of the value in use to the Association and the fair value less costs to sell. Any such write down is charged to operating surplus.

Investment Property

Investment properties consist of commercial properties not held for the social benefit or for use in the business. Investment properties are measured at costs on initial recognition and subsequently at fair value at the year end, with any changes in fair value recognised in income and expenditure.

Loans

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

Grants

Unamortised government grants, including Social Housing Grants (SHG), are included as Creditors. Government grants are amortised over the life of the properties for which they have been provided. This is 100 years from the year in which the property comes into management for freehold properties and the remaining life on leasehold properties where less than 100 years to run.

Upon confirmation of Housing Finance Grant (HFG), the net present value of the HFG receivable over the agreed payment term is shown as a creditor in a similar manner to SHG. A deferred debtor for the net present value of HFG receivable that remains outstanding is shown under assets. The financing element of HFG is credited to the Income and Expenditure Account.

Social Housing Grants received from the Strategic Capital Investment Fund (SCIF) enjoys the same accounting treatment as (and combined with) SHG.

SHG arising from properties sold under the Right to Acquire is treated as a current liability where the grant is expected to be recycled.

Grant received in respect of revenue costs are accounted for through the Income and Expenditure Account in the period in which those costs are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Pensions

Pensions – Defined Benefit Scheme

The Association makes payments to Defined Benefit Pension Schemes on behalf of its employees. The schemes are funded by contributions partly from the employees and partly by the Association at rates determined by independent actuaries. The scheme assets are invested separately from the Association assets in independently administered multi-employer funds.

Triennial valuations by the independent actuaries of the schemes highlight the estimated pension liability in respect of past service commitments, and the requisite employer contributions resulting from the projected surplus or deficit. The present value of these estimated future contributions is recognised as a liability in the Statement of Financial Position.

The Statement of Comprehensive Income reflects both a financing cost in respect of the calculated present values of future contributions, as well as a charge for pension deficit contributions arising directly in the year in which triennial valuation is published by the scheme actuaries.

Pensions – Defined Contribution Scheme

The Association makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and the Association. The scheme assets are invested separately from the Association assets in independently administered funds in the names of employees concerned and there is no residual liability for the Association beyond remittance of these contributions.

The associated expenditure is recognised immediately in the Statement of Comprehensive Income in the year in which contributions are earned.

Restricted Reserve

A special reserve has been created representing funds transferred from Young Women's Housing Association.

3. KEY JUDGEMENTS AND ESTIMATES

In preparing the financial statements, the Board has made the following key judgements and estimates:

- Housing Property has useful economic life of 100 years
- The Association's Board has considered the option available under transitional arrangements for adopting FRS102 and has decided not to opt to revalue its housing properties as at the date of adoption
- Board approved a restructure on 28th January 2016. As a consequence costs associated with a restructure have been estimated and provided for at £113,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Year ended 31 March 2016			Year ended 31 March 2015		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
Income & Expenditure From Lettings	£000	£000	£000	£000	£000	£000
Social housing lettings	7,003	(4,927)	2,076	6,766	(4,886)	1,880
Supported Housing	2,176	(1,548)	628	2,238	(1,590)	648
Total From Lettings	9,179	(6,475)	2,704	9,004	(6,476)	2,528
Other Income & Expenditure						
Support Services	1,573	(1,459)	114	1,734	(1,617)	117
Other Activities	350	(173)	177	330	(128)	202
Development Admin.	-	(81)	(81)	-	(69)	(69)
Total	11,102	(8,188)	2,914	11,068	(8,290)	2,778

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported Housing	2016	2015
	£000	£000	£000	£000
Income				
Rents	5,906	1,025	6,931	6,714
Service Charges	455	355	810	761
Amortised Government Grant	642	-	642	630
Grants for Supported Housing	-	796	796	899
Turnover from Social Housing Lettings	7,003	2,176	9,179	9,004
Cost				
Management Costs	1,298	1,016	2,314	2,680
Service Charge Costs	609	182	791	518
Maintenance	1,748	327	2,075	1,994
Rent Loss From Bad Debts	13	21	34	19
Depreciation of Housing Properties	1,259	2	1,261	1,265
Operating Costs Social Housing Activities	4,927	1,548	6,475	6,476
Operating Surplus on Social Housing Activities	2,076	628	2,704	2,528
Rent Loss Due to Voids	32	3	35	40

Overheads are allocated directly by function and, where this is not possible, overheads are allocated on the basis of staff costs, staff numbers, office space or departmental usage as appropriate for each overhead category.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. EMOLUMENTS OF OFFICERS AND SENIOR EXECUTIVES

The full time equivalent number of key management personnel (including the Chief Executive) whose remuneration payable in the year fell within the following bands (including pension contributions) was:

	2016	2015
	No.	No.
£Nil	15	15
£60,001 - £70,001	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
	<u>20</u>	<u>20</u>

A provision of £99,000 has been provided for in the accounts for potential director redundancy costs which may be made due to the decision to restructure of the Senior Team.

The remuneration paid to the Directors of the Association (the Board of Management and Senior Executives) was:

	2016	2015
	£	£
Emoluments (including pension contributions and benefits in kind)	397,937	385,556
Emoluments (excluding pension contributions) paid to the highest paid Director	91,094	78,522

The Chief Executive is an ordinary member of a contributory pension scheme (SHPS - Defined Benefit Scheme). No enhanced or special terms apply and the Association makes no contribution to any individual pension arrangement.

Costs of £2,000 were incurred during the year for committee expenses (2015 - £1,700).

No remuneration was paid to the members of the Board of Management during the year (2014 - Nil).

Interested and Related Party Transactions

Board Member Related Party Transactions During the Year:

The Association provided rented accommodation to four Tenant Board members during the year (2015 - 4) and charged rent to those members on the Association's standard terms. The Association bought £35,806 services from Blake Morgan, Solicitors, a firm where Board member Mererid McDaid is an employee and £4,631 from Cooke and Arkwright, Chartered Surveyors, a firm where Board member Roderick Perons is a Partner. The Association bought £1,489 services and sold £98,734 services with Cadwyn Housing Association Ltd, a company where Michelle Davis is an employee.

All transactions which took place in the year occurred on an "Arm's Length" basis.

Senior Officer Related Party Transaction:

The Association invested £250,000 in Locality Solutions Ltd and bought £12,600 services from the company in which Stephen Smith is a Director and Company Secretary. This Office is held on the basis of agent for Taff Housing Association and is unpaid.

All transactions which took place in the year occurred on an "Arm's Length" basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

7. EMPLOYEES AND EMPLOYEE COSTS

	2016	2015
	£000	£000
Staff Costs During the Year:		
Wages and Salaries	3,662	3,844
Social Security Costs	287	300
Pension and PHI Costs	404	414
	<u>4,353</u>	<u>4,558</u>

	No.	No.
The average weekly number of staff (full time equivalent) employed during the year:	147	156

8. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2016	2015
	£000	£000
Proceeds from Sale of Housing Properties	18	200
Cost of Housing Property Sales	-	(131)
	<u>18</u>	<u>69</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£000	£000
On loans repayable by instalments	941	951
On loans repayable other than by instalments	409	448
On Pension Deficit	26	41
Cost of arranging loans	47	34
	<u>1,423</u>	<u>1,474</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

10. OPERATING SURPLUS FOR THE YEAR

	2016	2015
	£000	£000
Operating surplus for the year is stated after charging/(crediting):		
Grants released to Income & Expenditure Account	(666)	(54)
Depreciation	1,261	865
Auditor's remuneration:		
• In their capacity as auditors	11	8
• In respect of other services	-	-
Operating Lease expenses included in income & expenditure account		
DLO Vehicles	11	14
Operating Lease for DLO Vehicles Repayable instalments		
Within two to five years	-	14

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Housing properties held for letting	Housing properties in the course of construction	Total 2016	Total Restated 2015
	£000	£000	£000	£000
Cost				
At beginning of year	105,446	1,648	107,094	104,836
Transferred on completion	-	-	-	-
Additions during year	2,568	582	3,150	3,341
Disposals	(310)	-	(310)	(1,083)
At end of year	107,704	2,230	109,934	107,094
Depreciation				
At beginning of year	12,480	-	12,480	12,203
Charge for year	1,261	-	1,261	1,232
Disposals	(192)	-	(192)	(955)
At end of year	13,549	-	13,549	12,480
Net Book Value				
At end of year	94,155	2,230	96,385	94,614
At beginning of year	92,966	1,648	94,614	92,633

Housing Properties comprise:

Freeholds	94,869	93,053
Leaseholds	1,294	1,326
Short leaseholds	222	235
	96,385	94,614

	No.	No.
General needs housing properties in management	1,172	1,162
Women's hostel bed spaces	54	54
Supported housing bed spaces	148	143
	1,374	1,359

Fixed charges have been granted in favour of the Welsh Government on all properties to secure Social Housing Grant where grant funding has been received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

12. TANGIBLE FIXED ASSETS – INVESTMENTS

	Shares	Freehold Property	Total	Total
	£000	£000	£000	£000
At the beginning of year	33	1,240	1,273	1,273
Additions in year	250	150	400	-
Revaluation in year	(243)	(70)	(313)	-
At end of year	40	1,320	1,360	1,273

The Association acquired an ordinary share in Locality Solutions Ltd on 2 July 2013. The Association holds 50% of the issued share capital. The write down results from the Board estimating fair value of the share at 31 March 2016.

The freehold interests in the Retail Unit at St Canna Court, Hayes Place and Alexandra House, all at Cowbridge Road East, Cardiff held by Taff Housing Association Limited were valued as at 31 March 2016 by Stuart Munro MRICS of Jones Lang LaSalle Limited, acting as External Valuers. The valuations were carried out in accordance with the requirements of the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors (“RICS”). The valuations were prepared on the basis of Fair Value as defined in the Standards.

The Valuer’s opinion of Fair Value was primarily derived using comparable recent market transactions on arm’s length terms.

Stuart Munro MRICS has not previously valued these properties, although they were valued by Jones Lang LaSalle Limited in 2011. The relationship between Jones Lang LaSalle and Taff Housing Association Limited complies with the RICS guidelines.

13. TANGIBLE FIXED ASSETS – OTHER

	Freehold Offices	Plant, Furniture & equipment	Housing furniture & equipment	Computer equipment	Total 2016	Total 2015
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	2,338	312	592	793	4,035	3,908
Additions	112	22	51	121	306	127
Disposals	-	-	-	-	-	-
At end of year	2,450	334	643	914	4,341	4,035
Grants						
At beginning of year	150	-	10	-	160	160
At end of year	150	-	10	-	160	160
Depreciation						
At beginning of year	312	304	508	724	1,848	1,701
Charge for year	34	11	38	82	165	147
At end of year	346	315	546	806	2,013	1,848
Net Book Value						
At end of year	1,954	19	87	108	2,168	2,027
At beginning of year	1,876	8	74	69	2,027	2,047

Charges have been granted on the Freehold Offices to secure an overdraft facility and term loan facility.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	Restated
	£000	2015
		£000
Arrears of Rent and Service Charges	354	357
Less: Provision for Bad and Doubtful Debts	(124)	(129)
	<u>230</u>	<u>228</u>
Housing Finance Grant	15	14
Prepayments and Accrued Income	279	412
Other Debtors	227	115
	<u>751</u>	<u>769</u>

15. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£000	£000
Housing Finance Grant	905	920

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£000	£000
Trade Creditors	537	461
Loan Principal	1,002	949
Loan Interest	108	104
Prepayment of Rent and Service Charges	122	123
Accruals & Deferred Income	338	294
Other Grants paid in advance	1,493	350
Recyclable Social Housing Grant	107	-
Capital expenditure on housing properties	179	150
Pension Deficit	221	163
Other Creditors including tax and social security	85	85
	<u>4,192</u>	<u>2,679</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£000	£000
Loans	32,073	32,947
Less: costs of raising loans	(259)	(277)
	31,814	32,670
Loans repayable by instalments fall due as follows:		
In one year or less, or on demand	1,002	949
In more than one year but not more than two years	1,048	992
In more than two years but not more than five years	3,315	3,253
In more than five years	16,950	17,938
	22,315	23,132
Loans repayable other than by instalments fall due as follows:		
In more than five years	10,761	10,764

Housing loans are secured by fixed charges on housing properties.

Summary of principal loan terms:

£M	Interest rate	Repayments
0.7	Fixed (3.96% + margin)	Regular over 20 years
1.0	Fixed (8.75%)	Interest only
0.5	Fixed (8.625%)	Interest only
1.4	Fixed (5.6%)	Interest only
3.8	Fixed (4.68%)	Interest only
7.7	Fixed (3.85% + margin)	30 year annuity
5.0	Variable (LIBOR + margin)	25 year annuity
1.6	Variable (LIBOR + margin)	25 year annuity
2.0	Variable (LIBOR + margin)	10 year annuity
0.5	Variable (LIBOR + margin)	30 year annuity
0.4	Fixed (10.824%)	23 year annuity
6.4	Fixed (4% + margin)	25 year annuity
2.1	Fixed (5.47%)	Interest only

18. CONTINGENT LIABILITIES

The Association amortises government grants over the useful life of the properties. If the Association were to dispose of the properties the government grants may become repayable and therefore, technically the amortised amount at 31 March 2016 £9,779,000 (2015 - £9,137,000) represent a contingent liability.

The Association is a member of a multi-employer pension scheme SHPS. The Association accounts for the Association's allocated share of scheme deficit in its Financial Statements. Should the Association withdraw from the scheme the estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30 September 2014 was £12 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. SOCIAL HOUSING GRANT

Gross Grant Creditor

	2016	Restated
	£000	2015
		£000
At beginning of the year		
as originally stated	-	-
Prior year adjustments – reclassification from Housing Properties	63,238	62,813
as restated	63,238	62,813
SHG receivable in the year	1,758	425
Housing Property Disposals	(71)	-
At end of the year	<u>64,925</u>	<u>63,238</u>

Amortisation

	2016	Restated
	£000	2015
		£000
At beginning of the year		
as originally stated	-	-
Prior year adjustments	9,137	8,506
as restated	9,137	8,506
Credit for the year	642	631
At end of the year	<u>9,779</u>	<u>9,137</u>
Net Grant Creditor	<u>55,146</u>	<u>54,101</u>

20. SOCIAL HOUSING GRANT - CREDITORS:

	2016	2015
	£000	£000
Social Housing Grant creditors fall due within one year:		
In one year or less, or on demand	642	631
Social Housing Grant creditors fall due after one year:		
In more than one year but not more than two years	642	631
In more than two years but not more than five years	1,927	1,893
In more than five years	51,935	50,946
	<u>54,504</u>	<u>53,470</u>
Total Unamortised Social Housing Grant	<u>55,146</u>	<u>54,101</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

21. SHARE CAPITAL

	2016 £000	2015 £000
Shares of £1 each fully paid		
In issue at beginning of period	141	141
Issued during the period for cash	4	10
Shares cancelled in year	(12)	(10)
	<u>133</u>	<u>141</u>

22. RESERVES

	Restricted Reserves	Revenue Reserve			Total	Total
	Capital	Furniture	Recyclable SHG	General	2016	2015
	£000	£000	£000	£000	£000	£000
B/F as originally stated	262	1,027	-	8,386	9,675	8,545
PYA	-	-	-	654	654	471
B/F as restated	262	1,027	-	9,040	10,329	9,016
Surplus for year	-	-	-	-	-	-
Original	-	-	-	-	-	1,129
PYA	-	-	-	-	-	184
As restated	-	-	-	640	640	1,313
Transfers to/from reserves	(2)	110	107	(215)	-	-
Movement in year	(2)	110	107	425	640	1,313
At end of year	<u>260</u>	<u>1,137</u>	<u>107</u>	<u>9,465</u>	<u>10,969</u>	<u>10,329</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

23. PENSION COSTS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a Defined Benefit Scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a Defined Benefit Scheme. Therefore it accounts for the scheme as a Defined Contribution Scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

SHPS plan based on the financial position of the scheme as at 30 September 2014 was £12 million.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit Contributions:

Tier 1 From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1st April)	£40.6m per annum
Tier 2 From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1st April)	£28.6m per annum
Tier 3 From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)	£32.7m per annum
Tier 4 From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)	£31.7m per annum

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost

Assumptions:

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	223	164	158
Year 2	232	171	164
Year 3	241	179	171
Year 4	251	186	179
Year 5	216	194	186
Year 6	179	158	194
Year 7	185	118	158
Year 8	155	123	118
Year 9	124	91	123
Year 10	127	58	91
Year 11	66	59	58
Year 12	-	31	59
Year 13	-	-	31

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the Income And Expenditure Account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

	2016 £000	Restated 2015 £000
B/F as originally stated	-	-
Prior year adjustments	1,406	1,457
B/F As restated	1,406	1,457
Paid during the year	(163)	(158)
Pension deficit re-measurements	558	65
Finance charge in the year	25	42
	1,826	1,406

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

23. PENSIONS (CONTINUED)

	2016	Restated
	£000	2015
		£000
Amounts falling due:		
Within one year or less	221	163
Between one and two years	226	167
Between two and five years	661	523
In five years or more	718	553
In more than one year	1,605	1,243
Total Pension Provision	1,826	1,406

24. CAPITAL COMMITMENTS

	2016	2015
	£000	£000
Contracted less certified	4,546	3,082
Funded by:		
Social Housing Grant	1,819	779
Cash at Bank/Existing Loan facilities	2,727	2,304
	4,546	3,082
Authorised by the Board of Management but not contracted	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. OPERATING LEASES

	2016	2015
	£000	£000
Motor Vehicle leases expiring:		
Within one year	-	11

26. POST BALANCE SHEET EVENTS

There were no events requiring reporting between the balance sheet date and the date on which these financial statements were approved.

27. TAX STATUS

The Association has adopted charitable rules and is therefore not liable to Corporation Tax.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

28. RECONCILIATION ON ADOPTION OF HOUSING SORP 2014

The Association adopted Housing SORP 2014 and FRS 102 with a transition date of 1 April 2014, representing the earliest period for which comparative information has been provided in these first financial statements produced in accordance with the new standard.

Reserves at 1 April 2014

	£000
Reserves under former UK GAAP and Housing SORP	8,545
Property depreciation adjustment	(6,556)
Grant amortisation adjustment	8,506
Liability for past service pension deficit adjustment	(1,457)
Interest adjustment	28
Other adjustments	(50)
Reserves under FRS 102 and Housing SORP 2014	9,016

Reserves at 31 March 2015

	£000
Reserves under former UK GAAP and Housing SORP	9,674
Property depreciation adjustment	(7,070)
Grant amortisation adjustment	9,137
Liability for past service pension deficit payments	157
Liability for past service pension deficit finance costs	(41)
Liability for past service pension deficit re-measurement	(1,522)
Interest adjustment	47
Other adjustments	(53)
Reserves under FRS 102 and Housing SORP 2014	10,329

Income and Expenditure for the year ended 31st March 2015

	Association £
Surplus for the year under former UK GAAP and Housing SORP	1,129
Property depreciation adjustment	(514)
Grant amortisation adjustment	631
Liability for past service pension deficit payments	157
Liability for past service pension deficit finance costs	(41)
Liability for past service pension re-measurement	(65)
Interest adjustment	19
Other adjustments	(3)
Surplus for the year under FRS 102 and Housing SORP 2014	1,313

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

The following were changes in accounting policies arising from transition to FRS 102:

Government Grants

Government grants (including Social Housing Grants) now appear within liabilities in the statement of financial position, having previously been deducted directly from the gross costs of the assets they were used to partially fund. This has the impact of increasing the gross cost of those assets and therefore commensurately increasing the associated depreciation charges. However, such increases are partially offset in the statement of comprehensive income by amortisation applied to the gross grant liability balances. The impact of these changes on the 2016 results is £642,000 (2015: £630,000).

Housing Property Depreciation

The SORP introduces strict rules for determining housing property depreciation: Land cannot form part of the depreciable amount and Social Housing Grant cannot reduce the depreciable amount. The impact of these changes (along with a change in estimation of the useful economic life of freehold property from 50 to 100 years) on the 2016 results is £533,000 (2015: £514,000).

Pension Liabilities

Liabilities arising from the Association's participation in the Social Housing Pension Scheme (SHPS) continue to appear only in the financial statements of the pension scheme. However, under FRS 102, the Association's liability in respect of obligations to make future payments into the scheme in respect of obligations to make future payments into the scheme in respect of the scheme trustees' deficit recovery plans now appear as a liability on the statement of financial position, representing the present value of those future payment obligations.

Financing Transactions

Debt instruments are required to be classified as basic or non-basic. The Association's financing transactions are basic and have been restated from inset by the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The impact of these changes on the 2016 results is £0 (2015: £2,000)

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