

Cardiff Community Housing Association

**Financial statements
for the year ended 31 March 2020**

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Strategic report

Our organisation has continued to be built on stable and robust financial management. I am pleased to present out accounts for the period 2019/20 which sets out our continued financial strength. The last twelve months has seen substantial improvements to our governance and services across Cardiff Community Housing Association. I am pleased to report that the culmination of governance and landlord health and safety improvements has resulted in a regulatory regrading from Welsh Government to their highest level of assurance, standard/standard. Our judgement has validated the hard work over the last eighteen months following our in-year regulatory grading in January 2019. This is a hugely positive step for the organisation, we now embark on a new era setting out our ambitious plans for the coming years.

This year has seen some key board and committee appointments to strengthen our governance arrangements with senior figures from across a number of diverse sectors bringing fresh challenge. Our position has recognised our strong and experienced management team under the leadership of Hayley. Our robust governance improvements have been made possible from a concerted effort across the organisation, with a real focus of one team. The combined strength and capabilities of our staff has led to a new focus on our purpose as an organisation. Our revised culture and values has been demonstrated over the last twelve months going beyond the ever increasing demand for high quality affordable housing. As an organisation we are driven by a clear message of enabling positive outcomes for our tenants and communities.

We have continued our strong financial position. We have a new focus on value for money across the organisation with key reviews on areas such as service charges and the affordability of our rent. This year we demonstrated this commitment with the first evaluation of affordability with future rent increase decisions. We have blended our strong financial position with the affordability of our tenants, ensuring that we continue to provide truly affordable homes, whilst balancing the financial needs of the business. We have spent £7.2 million on improving and maintaining tenants' homes. We have committed our plans to continue to invest in homes with the publication of our revised Asset Strategy. This plan sets out where we want to take our homes over the coming years, investing in green technology to improve energy efficiency and reduce fuel poverty. This is underpinned by the publication of our new repairs policy which has been developed with tenants. This sets out a new focus on commitments to our repairs service. The last twelve months has also seen the introduction of our new in house reactive repair service. Our new Maintenance Team will provide a consistent high quality service, and we welcome a new addition to our organisation. Safety in our homes remains at the top of our agenda. A new focus on our homes and the internalisation of our repairs service demonstrates our absolute commitment to the ongoing maintenance and safety of tenants in their homes.

This year has seen a continued focus on our principles of tenant engagement and involvement. We have put in place a framework which connects our tenant engagement activities with our formal governance framework. I look forward to embedding this approach to work even more closely with our tenants on key areas that effect their homes and services that we provide.

I am very proud of the transformation of governance and landlord health and safety over the last twelve months and to have been part of the changes brought in. We are well placed to rise to the emerging challenges that presented at the end of this financial year with the Covid-19 pandemic. We continue to support our tenants and communities where we can in this unprecedented period of change. We acknowledge that whilst we close a period of relative certainty we move into an uncertain future but with the confidence and knowledge of our financial strength and strong accountable governance arrangements. We continue to place the highest priority on the health and safety of our tenants, colleagues and contractors. We are proud of our continuing record and look towards another successful year ahead. A full review of our activities will be published later this summer in our Self Evaluation.

A handwritten signature in black ink, appearing to read 'M Owen', written in a cursive style.

Michael Owen
Board Chair
June 2020

Annual Governance Statement / Statement of Internal Control

Corporate Strategy

The Corporate strategy operates within the business framework which the board has set. The Board set out its strategic direction of the organisation during 2018/19. The strategy was refined and amended following strategic discussions around the corporate strategy with the board in 2019/20. The revised corporate objectives slightly amends the six core objectives of:

- Community Champion and Advocate;
- Community Anchor and Catalyst for Change;
- An Excellent Landlord;
- Development partner of choice;
- Setting the standard in governance; and
- Employer of choice.

CCHA is a community-based housing association whose main business aims are to provide a wide range of high-quality homes and services, supporting and regenerating the communities in Cardiff. CCHA will achieve this by:

- Understanding the varied needs of the communities we serve and will be an advocate for their well-being and future;
- Work in partnership to develop and sustain prosperous and resilient communities of opportunity;
- Provide great homes and excellent services;
- Be an exemplar in sound governance;
- Work in partnership to develop new homes that contribute positively to our neighbourhoods and meet the

diverse housing needs of the future; and

- Recruiting and retaining a community focussed, diverse workforce who enjoy working as part of the team and act as ambassadors for the organisation.

We understand that to innovate we must manage planned and emerging risks effectively. We mitigate planned and emerging risks with a robust Risk Management Framework that is overseen by the Corporate Leadership Team and the Board. We have a number of innovative projects and we must continue to ensure that we evidence that we will make a return on our core business operations. We continue to innovate and enhance the delivery of our core business across a 'do it better and more cost effective' mantra.

Our Board of Management

During 2019/20 CCHA secured a 'standard/standard' the highest regulatory grading from its regulator the Welsh Government in relation to its Governance, Service Delivery and Financial Management. This replaced the previous regulatory intervention in 2017/2018 and revised in year upgrade to 'increased' in 2018/2019. This has been the culmination of considerable work over the period since regulatory intervention. CCHA continues to operate to the highest regulatory grading level with Welsh Government.

The Board is comprised of seven members during the 2019/20 financial year, with an independent audit and risk committee member. CCHA's rules also permit Board observers, as required to ensure continuity of skills and succession planning. New Board members are appointed in accordance with a maximum term of office of nine years. All board members are subject to both individual and group appraisals.

The Board's central role is to direct the strategic direction of CCHA's work. The Board is responsible in establishing a robust control and risk management framework and to ensure that CCHA achieves its outcomes. Ensuring that tenants' voices are heard and embedded in the work that we do is fundamental to the achievement of our objectives. In 2019/20 the Board approved a Tenant Engagement Strategy that formally embeds tenants' voices within the governance model.

The Board meets formally 10 times per year and delegates the day-to-day management and implementation of the Association's work to the Chief Executive and Corporate Leadership Team. The Board's structure is supported by committees and working groups which in 2019/20 included:

- Audit and Risk Committee;
- People and Culture Committee; and
- Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee met six times during 2019/20. The Committee supports the Board primarily with risk control, governance and both internal and external audit. The Committee is appointed by the board annually and is comprised of at least two board members and other independent

members as directed by the board. In July 2019 one independent member was appointed to support the work of the Committee.

The Committee's overall purpose is to review on behalf of the Board and to make recommendations to the Board about the integrity of the financial statements, the appointment and work of the internal and external auditors, internal controls and risk management framework, the overall risk strategy and any matters relating to governance, statutory and legal compliance including health and safety and fraud.

The Audit and Risk Committee receives assurance reports from a range of external sources as third line of defence materials, these include:

- Internal audit reviews and compliance reports based on an agreed annual plan from the Committee, reviewed and linked against our risk management framework;
- External auditor's management letters and reports;
- Compliance reports issued by the Welsh Government as the organisation's regulator; and
- Other independent assurance sources such as the Gas Safe.

The internal and external audit contracts continued in 2019/20 with Mazars operating as the appointed provider for the organisation's internal audit service and Bevan Buckland LLP were appointed as the external audit provider. During 2019/20 the Audit and Risk Committee continued to review the effectiveness of these contracts as part of their arrangements for assessing 'fitness to serve'.

Both internal and external audit providers undertake their work in accordance with a plan approved annually by the Audit and Risk Committee. These plans are subject to the overall risk management framework and match planned and emerging risks throughout the year. Based on this approach these plans adopt a dynamic approach which are subject to amendments if higher risks areas are identified and emerge during the year. This ensures that the Audit and Risk Committee can adapt its sources of assurance as risks emerge.

Internal Control

The Board is responsible for ensuring that our business operates effectively in achieving its objectives. It is the Board's overall responsibility to ensure that the organisation has a system in place that identifies and manages risks. This includes effective internal control systems and procedures to minimise the loss through fraud, corruption, errors and mismanagement. Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Audit Committee which will rely on forms of assurance to fulfil this purpose.

Sources of assurance include:

- The Audit and Risk Committee receives, and reviews reports on all aspects of internal controls to ensure they are working efficiently, effectively and being followed across the organisation. This includes controls for the prevention of fraud and irregularities;
- Regular reports from directors and managers which cover operational and financial matters which gives assurances to the Committee that internal controls are working effectively;
- Regular monitoring and reports of all risk related matters including specific standalone deep dives of risk areas. Assurances include effective and mitigating controls for identified and emerging risks with actions to ensure that current risk scores meet target risk score within the overall risk score appetite. Reports are contained within the overall three lines of defence risk framework, linked against strategic risks. The application of risk management is articulated within the overall Risk Strategy;
- The Audit and Risk Committee reviews and monitors reports from Internal Audit to provide reasonable assurance that control procedures are in place and being followed and actions effectively implemented and followed up periodically; and
- The Audit and Risk Committee reviews reports from the external auditors and other external assurance sources on areas where assurance is required. Grant funded projects which are subject to separate audits are reported separately.

The Board has strategies in place for preventing, detecting and the recovery of assets of the association with:

- Fraud and corruption;
- Bribery; and
- Money laundering.

Risk Assessments associated with these strategies are reviewed and suspected irregularities are reported to the Audit and Risk Committee Annually.

CCHA has received the internal audit annual report which highlights the following audits were undertaken during the 2019/20:

- Development;
- Key controls health check no.1 – Human Resources, Finance, ICT, Data Protection;
- Welfare reform & universal credit;
- Core housing service delivery;
- Cyber Security;
- Key controls health check no.2 - Property Services, Landlord H&S;
- Treasury & cashflow management;
- Data Integrity Review;
- Stress Testing;
- Landlord health & safety;
- Follow Up;
- Key controls health check no.3 - Human Resources, Finance, ICT, Data Protection; Housing Management;
- Fire Safety; and
- Planning & management.

All areas have reported adequate and substantial controls and data integrity with the exception of the key controls health check in the third quarter which looked into lone working. This audit identified a number of control improvements which were subsequently acted on and improved.

Our internal auditors have stated in their annual report that:

‘In our opinion, CCHA has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association.

In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in

our internal audit reports, CCHA has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the Association’s objectives.

No instances of actual or suspected fraud have been encountered during our audit work.’

Risk Management

Managing risk is integral if CCHA is to operate in an effective, safe and dutiful manner. Under the Regulatory Framework from the Welsh Government it is a regulatory requirement for the Board to understand the risks facing the organisation and to clearly demonstrate that there are effective controls in place to manage them.

Effectively managing Risk

We operate a formal Risk Strategy which is annually approved by the Board. This strategy clearly articulates the risk appetite of the Board and places clear responsibility for risk management with the Board.

The Corporate Leadership Team led by the Chief Executive is delegated risk management at an operational level on a day to day basis. The Board has delegated its responsibility for the monitoring and scrutiny or risk management issues with the Audit and Risk Committee.

The current operating environment places a number of challenges on CCHA. Clearly understanding risk and being able to respond to emerging operational changes enables the organisation to appropriately respond to challenges. The risk appetite of the organisation as set out in the Risk Strategy defines the Boards attitude to risk as cautious. Whilst the Board is cautious it does not drive a culture that stifles innovation. A balance of caution and opportunism drives the organisation, with a clear definition of the understanding of what is an unacceptable level of risk to operate in.

We believe that an acceptable level of risk exposure is to not:

- Damage the capacity of the organisation to exist into the future, and does not significantly impede its financial or operational viability;
- Materially damage the relationship with its tenants or the tenant/service user experience; and
- Significantly impact on the good reputation of CCHA overall.

Risk is measured and reported in clear dashboards to the Audit and Risk Committee and Board which sets out a clear register of three lines of defence and assurance. We have continued to enhance our approach to the management of risk in 2019/20 with the inclusion of deep dive exercises to understand the multi-faceted impact of complex risks such as Brexit.

We continue to operate within our thirty-year financial forecasting which is reviewed annually by the board. The forecasting is robustly stress tested each year to ensure that it is resilient to a range of external factors. The

Welsh Government in its standard/standard judgement as our regulator has validated the financial strength of the organisation. Positive internal audit work graded as substantial in the period has also bolstered assurance on our financial plans and forecasts.

Key Strategic Risks in 2019/20

The key strategic risks at the year-end under exception have been detailed. We have continued to effectively manage risk; details of strategic risks are detailed below:

Causing Serious neglect or harm to staff – Following the development of internal second line of defence checks we identified some gaps in the controls around lone working with regard to the systems used during the 2019/20 period. Following this internal exercise led by the Governance Team we instructed Mazars to independently look at key controls around this area. Following the confirmation from Mazars that controls were not effective we have completed a full audit and rebuild of our approach to lone working. The executive has since mitigated this risk by embedding changes to lone worker controls. This area was identified internally with Mazars verifying concerns already identified demonstrating a mature and robust approach to risk and governance. Corona Virus (Covid-19) was an emerging risk at the end of 2019/20 under staff safety which is detailed separately.

Inability to maintain service delivery in the event of a serious disruption to activities - One of the most significant risks presented in the period within the risk register for disruption to services was the notification from Axis, the organisations reactive repair contractor the they would no longer provide the service from April 2020. The risk presented a potential but significant short-term disruption to services however a comprehensive response from the CCHA has ensured that a fully mobilised internal workforce was in place for the beginning of April 2020. During the latter part of March 2020 with the unprecedented lockdown of the country due to the Corona Virus (Covid-19) outbreak tenants did not see a disruption to services due to the short notice of the Axis contract ending. Due to this reactive response to this risk, an emergency service for reactive repairs was maintained throughout the latter part of March 2020 as the lockdown continued. This risk was effectively mitigated following the launch of the internal maintenance team on the 31st March 2020.

Inadequate preparation for Brexit has an adverse impact on service delivery and operations – Throughout 2019/20 there was a continued pressure on CCHA regarding clarity on the outcome of the Brexit process. Uncertainty on whether there would be a no-deal scenario or a clear exit strategy with an agreed withdrawal agreement continued to present a key risk for the organisation. Towards the end of 2019/20 the risk on uncertainty regarding the multitude of Brexit related impacts on the business remains. With the unprecedented impact of Corona Virus (Covid-19) negotiations with Europe have been delayed. The risk has since been mitigated by delays to the Brexit

process in the short term whilst Westminster focuses on responding to the pandemic. This still presents risks in the medium to long term. The organisation remains diligent in tracking the changing Brexit picture and managing emerging risks appropriately.

Causing serious harm or neglect to a tenant, supplier or third party – The risk regarding causing serious harm or neglect remained under caution on the risk register. This is in respect of ongoing enquiries relating to a singular serious incident that occurred in quarter one in 2019/20. Ongoing engagement with the Health and Safety Executive (HSE) continued at the end of 2019/20. There was no risk to tenants following on from this incident, however this risk remained a focus at the end of 2019/20. Covid-19 was an emerging risk at the end of 2019/20 under tenant, supplier and third-party safety which is detailed separately.

Impact of rent arrears of Universal Credit and welfare Reform – 2019/20 saw an incremental increase in arrears over the period. As Universal Credit was rolled out across wider groups CCHA saw a variance of 2.96 per cent in April 2019 to 3.67 per cent at the end of March 2020. CCHA had identified improvements to how it collects arrears and supports its tenants with sustainable tenancies. We have significantly reduced evictions in 2019/20. At the end of the financial year the risk profile of arrears changed with the outbreak of Covid-19. Tenants faced unprecedented challenges to household incomes as the economy started to feel the impact of the pandemic.

On the 20 March 2020, the UK Government announced a series of wide-ranging measures to assist businesses and employees through the pandemic crisis. The Chancellor detailed a Job Retention Scheme known as the 'furloughed' scheme. This scheme mitigates some risks presented to income collection at CCHA in the short term for those tenants which might have otherwise been made redundant. Economists are predicting a wide-ranging economic recession as a result of the pandemic. At the time of writing this report the 'furloughed' scheme was extended to October 2020. It is unclear how this risk will materialise in the medium to long term with the onset of a recession that is predicting to have a significant impact on the United Kingdom.

Due to the impact of incomes on tenants' homes and the delays in payment from Universal Credit the impact of rent arrears remained one of the top risks at the end of 2019/20 for CCHA. This risk is being mitigated with an increase of resources to support tenants to access Universal Credit and financial advice within the remit of CCHA's regulated activities. CCHA will closely monitor emerging government policy into 2020/21 to respond to this dynamic risk. CCHA is confident that with its financial strength and robust response to emerging challenges on its income streams this risk can be effectively managed into the 2020/21 period. CCHA's response continues to be sustaining tenancies.

Emerging Risk

Covid-19 – The UK was put into lockdown on the 23rd March 2020 in an unprecedented step to attempt to limit the spread of Covid-19. The Prime Minister announced in March 2020 that all UK residents must stay at home to

protect the NHS amid the growing threat of Covid-19. The decision presented CCHA with a number of challenges at the end of 2019/20. CCHA was presented with an unprecedented risk to staff and tenant safety from the pandemic. This risk was mitigated quickly with a swift response of adjusting service delivery to ensure tenants were kept safe and emergency repairs and health and safety coverage was safeguarded. CCHA ensured that all staff were kept safe with clear risk assessments and home working across the entire workforce. The organisation mitigated this risk as effectively as it could to areas within its control. The risk of a changing operating environment and uncertainty across a multitude of areas continues into the 2020/21 period. A complete organisational focus on tenant and staff safety continues in everything that the organisation does. CCHA will continue to monitor this dynamic risk and respond appropriately.

Going concern

The Board ensures that all significant decisions are taken in accordance with CCHA's rules, policies and procedures and in line with its thirty-year forecast. The regulatory upgrading to standard/standard in March 2020 includes a positive Financial Viability Judgment on the association's ability to meet its future challenges. Financial modelling has been undertaken to show the effect of the various Covid 19 risks to the financial business plan

Overall assessment

Based on the assessment within the Annual Governance and Statement of Internal Control the Board can conclude that CCHA has appropriate arrangements in place to give it assurance on the adequacy of the governance, internal controls and risk management frameworks operated at CCHA.

Over the last 12 months there has been significant progress, building on the effective governance improvements in the previous financial year to address the remaining concerns which led to the Welsh Government's Regulatory intervention in 2018/19. Completion of the Regulatory Assurance Plan's actions culminated in the award of the highest rating of a standard/standard judgement from the Welsh Government. This provides the bedrock for CCHA to look to the future with effective and appropriate governance arrangements in place.

Statement of Board of Management responsibilities.

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102) Under the Housing Association legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair

view of the state of affairs and surplus or deficit of the Association for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers SORP 2018, 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 Association will continue in business.

The Board is responsible for maintaining an adequate system of internal control and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware:

- there is no relevant audit information of which the Association's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.
- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to Auditors

At the date of approval of this report the Board have confirmed:

- as far as Board members are aware, there is no relevant audit information of which the Association's auditors are unaware; and
- Board members have taken all steps that they ought to have taken to make themselves aware of a relevant audit information and to establish that the Association's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting (AGM) date will be confirmed pending government guidance on lockdown restrictions and social distancing measures. A report will be presented to Board regarding governance arrangements for a remote AGM subject to rules amendments if required.

At this meeting, the Association's 2019/20 Annual Report will be presented for adoption and a resolution to re-appoint Bevan Buckland LLP as auditors to Cardiff Community Housing Association Limited will be proposed at the Annual General Meeting.



M. Owen
Board Chair
July 2020

Board/Committee Members

The following table shows attendance at meetings for which board and committee members were in post.

Name	Start Date	Retirement Date	Board	ARC	P&C
Ms S Barklam	01/07/2019	11/12/2019	1/1	3/3	
Ms J Beauchamp			10/10		5/5
Ms Emma Britton	01/07/2019		8/8		2/2
Mr D Forbes		04/09/2019	3/3		1/3
Mr N Harries	01/07/2019			5/5	
Mr P Max		04/09/2019	3/3	2/2	
Ms V Nawathe	01/07/2019		6/8		
Mr M Owen	01/07/2019		8/8		
Mr S Rooks	01/07/2019		8/8	4/4	
Ms M Sinfield		13/07/2019	1/2	2/2	
Ms T Stirling			7/10	2/2	4/5
Ms M Wade	01/07/2019		7/8	4/4	
Mr G Worthington		04/09/2019	2/3	2/2	

Board Observers

Name	Start Date	Retirement Date	Attendance
Dominic Rai		01/05/2019	0/1

Board Rates of Pay

Role	£ per annum
Chair of the Board	£10,000
Board member and chair of the Audit and Risk Committee	£6,000
Board member and chair of the People and Culture Committee	£6,000
Board/Committee Member	£4,000

Senior Staff

Secretary

Mr B Pickett

Executive Officers

Chief Executive

Ms H Selway

Corporate Director – Tenant Services

Mr S Evans (left 16/3/2020)

Corporate Director – Tenant Services

Ms E Evans (Started 27/5/2020)

Corporate Director – Central Services

Mr B Pickett

Corporate Director – Property Services (Interim)

Mr J Jones (Started 1/12/2019)

Registered Office

Tolven Court
Dowlais Road
Cardiff
CF24 5LQ

Registered under the Co-Operative and
Community Benefit Societies Act 2014
No. 21667R

Registered by the Welsh Government
No. L035

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Professional Advisers**External Auditors**

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Langdon House
Langdon Road
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Swansea
SA1 8QY

Internal Auditors

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Principal Bankers

Barclays Bank plc,
1-5 St Davids Way
St Davids Centre
Cardiff
CF10 2DP

Legal Advisers

Blake Morgan
Capital Law
Darwin Gray
Hugh James
L G Williams & Prichard

Independent auditor's report to the members of Cardiff Community Housing Association on corporate governance

In addition to our audit on the financial statements for the year ended 31 March 2020, we have reviewed the Board's statement of Cardiff Community Housing Association ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

Opinion

With respect to the Board's statement on internal controls assurance on pages 5 to 13, 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 on the financial statements.



Bevan Buckland LLP

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

July 2020

Independent auditor's report to the members of Cardiff Community Housing Association

We have audited the financial statements of Cardiff Community Housing Association for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Independent auditor's report to the members of Cardiff Community Housing Association (continued)

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 12 & 13), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of Cardiff Community Housing Association (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at;

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

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



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

July 2020

**Statement of Comprehensive Income
for the year ended 31 March 2020**

	Note	2020 £'000	2019 Restated* £'000
Turnover	2	23,032	28,379
Operating expenditure		(17,880)	(24,383)
Operating surplus		5,152	3,996
Surplus on disposal of property, plant and equipment	3	(31)	50
Interest receivable	5	379	355
Interest and financing costs*	4	(2,095)	(1,874)
Surplus/(deficit) on revaluation of investment properties	12	176	72
Surplus for the year		3,581	2,599
Taxation	13	(238)	(205)
Surplus for the year after taxation		3,343	2,394
Initial recognition of multi-employer defined benefit scheme	21	-	(1,621)
Actuarial gain/(loss) in respect of pension schemes	21	1,865	(261)
Total comprehensive income for the year		5,208	512

Statement of Financial Position at 31 March 2020

	Note	2020 £'000	2019 Restated* £'000
Fixed assets			
Housing properties	9	176,098	171,533
Fixed asset investments	12	5,540	6,005
Intangible fixed assets	11	66	106
Other property, plant and equipment	10	9,082	9,120
		190,786	186,764
Current assets			
Stock	14	2,412	5,198
Debtors	15	3,205	2,955
Investments	16	8,000	8,000
Cash		2,128	3,190
		15,745	19,343
Current liabilities			
Creditors: amounts falling due within one year	17	(11,312)	(12,955)
Social housing and other government grants: amounts falling due within one year	19	(1,632)	(1,613)
		2,801	4,775
Net current assets			
		193,587	191,539
Non-current liabilities			
Creditors: amounts falling due after more than one year*	18	(61,385)	(64,661)
Social housing and other government grants: amounts falling due after more than one year	19	(97,321)	(95,287)
Provisions for liabilities	20	(149)	(315)
Provisions for pensions	21	(1,785)	(3,844)
		32,947	27,759
Total net assets			
		32,947	27,759
Capital and reserves			
Share capital		-	-
Revenue reserve*		32,904	27,716
Restricted reserve		43	43
		32,947	27,759
Total reserves			
		32,947	27,759

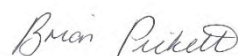
The financial statements of Cardiff Community Housing Association Limited were approved by the Board of Management on the 10 July 2020 and signed on its behalf by:



M Owen
Chair of board



T Sterling
Board member



B Pickett
Secretary

**Statement of Changes to Reserves
for the year ended 31 March 2020**

	Revenue reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2019	30,532	43	30,575
Loan Balance Reinstatement	(2,836)	-	(2,836)
Restated 1 April 2019	27,696	43	27,739
Surplus for the year after taxation	3,343	-	3,343
Actuarial gain in respect of pension schemes	1,865	-	1,865
At 31 March 2020	32,904	43	32,947

**Statement of Cash Flows
for the year ended 31 March 2020**

	Note	2020 £'000	2019 Restated* £'000
Net cash generated from operating activities	23	3,030	5,047
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,256)	(7,711)
Purchase of investment property		-	(593)
Proceeds from sale of property, plant and equipment		2,312	494
Proceeds from sale of investment property		60	514
Proceeds from sale of private developed properties		2,615	8,815
Proceeds from sale of stock		267	-
Grants received		3,680	2,137
Interest received		76	34
Net cash flows from investing activities		754	3,690
Cash flows from financing activities			
Interest paid*		(1,706)	(1,838)
New loans		-	3,000
Repayments of borrowings*		(3,140)	(5,127)
Withdrawal from deposits		-	-
Net cash flows from financing activities		(4,846)	(3,965)
Net increase/(decrease) in cash and cash equivalents		(1,062)	4,772
Cash and cash equivalents at 1 April		11,190	6,418
Cash and cash equivalents at 31 March		10,128	11,190

Statement of Free Cash
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	23	3,030	5,047
Cash flows from investing activities:			
Interest paid		(1,726)	(2,183)
Interest received		76	34
		(1,650)	(2,149)
Adjustments for existing properties:			
Component replacements		(2,604)	(1,843)
Component replacement grant received		669	598
Purchase of other replacement fixed assets		(442)	(30)
		(2,377)	(1,275)
Free cash generated before loan repayments		(997)	1,623
New Loan Finance		-	3,000
Repayments of borrowings		(3,140)	(4,782)
Adjustment for revolving credit		-	-
Free cash generated after loan repayments		(4,137)	(159)

Note 1: Notes to the financial statements

Legal Status

The Association is registered under the Co-Operative and Community Benefit Societies Act 2014 and is a registered social landlord. The Association has adopted charitable rules.

Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention. This is modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The statements comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Cardiff Community Housing Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Property, plant and equipment - housing properties

Housing properties are stated at cost less depreciation and accumulated impairment losses. Cost includes the acquisition of land and buildings, development costs and borrowing costs directly attributable to the development.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure -	new house	150 years
Structure -	new flat	100 years
Structure -	refurbished house	100 years
Structure -	refurbished flat	50 years
Roofs		65 years
Doors and windows		30 years
Kitchens		15 years
Bathrooms		27 years

Note 1: Notes to the financial statements (Continued)

Boilers	15 years
Boiler plant	25 years
Heating systems	15 years
Lifts	25 years
Disabled Adapted Works	10-27 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties that do not replace a component or result in an incremental future benefit are charged as expenditure in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land. The rates and methodology of depreciation are shown below:

Freehold offices	50 years
Leasehold land and buildings	50 - 125 years
Furniture, fixtures & fittings	10 years
Telephone system	4 - 10 years
Vehicles	4 years
Computer equipment	4 - 6 years

Note 1: Notes to the financial statements (Continued)

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Intangible assets

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

Computer software 3-6 years

Impairment of social housing properties

Social housing properties are sensitive to potential changes in value that may lead to impairment. In accordance with FRS102 the association carries out an annual impairment test assessing the future value taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and ongoing maintenance costs.

Social Housing Grant and other government grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Note 1: Notes to the financial statements (Continued)

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. The timing of recognition matches the timing of the related costs. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

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 components. 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.

Grants received from non-government sources are recognised as revenue using the performance model.

Government grants are recognised as revenue when the grant proceeds are received or receivable. Where a grant imposes specified future performance-related conditions it is recognised as revenue when the performance-related conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability. Where government grant is provided for the construction of housing properties within a specific scheme, then the performance related condition is met when the construction of the housing properties is complete.

Donation or acquisition of land or other asset at below market value

Where a donation of land and/or other assets is received or land and/or other assets are acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land or other assets is received or acquired below their market value from a non-governmental third party the transaction is recognised as an asset in the Statement of Financial Position at fair value. The difference between the amount paid for the asset and the fair value of the asset is recognised as surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

Note 1: Notes to the financial statements (Continued)

Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government over a period of thirty years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of HFG receivable over the thirty-year period is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element. 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 discount rate used for the net present value calculations is the same rate of the associated borrowing to fund the housing assets.

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

Recycling of grants

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

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Note 1: Notes to the financial statements (Continued)

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge using the effective interest rate method. This produces a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Interest payable

Borrowing costs are classified as interest and other costs incurred in connection with the borrowing of funds. During the year a decision was taken to voluntarily change the treatment of loans from complex to basic. This has the effect of more accurately reflecting the interest paid during the year as a result of calculating the charge on a historic cost basis rather than using effective interest rate. A prior period adjustment was required for this change, the effects of which are shown in note 18.

Pensions

Defined contribution

The Association participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Note 1: Notes to the financial statements (Continued)

Defined benefit pension scheme - The growth plan (TPT retirement solutions)

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK

Where the scheme is in deficit and where the association has agreed to a deficit funding arrangement the association 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 note 21. The unwinding of the discount rate is recognised as a finance cost.

Defined Benefit Pension Scheme – Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For the SHPS scheme, assets are measured at fair value. Scheme liabilities are measured on an actuarial basis and are discounted at a relevant discount rate. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments (past service costs) are charged against any operating surplus in the current reporting period. Interest is calculated on the net defined benefit liability or asset. Remeasurements are reported in other comprehensive income. The assumptions made are detailed within note 21.

Taxation

Current tax is recognised for the amount of corporation tax payable in respect of taxable surpluses. The tax charge is calculated using the tax rates and laws that have been enacted by the reporting date. The disclosures relating to the tax charge are included in note 13.

Deferred Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen but not reversed by the balance sheet date.

Note 1: Notes to the financial statements (Continued)

Deferred tax is measured at the tax rates that are expected to apply in the periods when timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Value Added Tax (VAT)

CCHA is partially exempt for VAT purposes. CCHA charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Turnover

Turnover represents rent and service charges receivable net of void loss. It also includes disposal proceeds of current assets such as properties developed for sale or shared ownership first tranche sales at completion together with revenue grants from local authorities, Welsh Government, other public sector bodies and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Supported housing and other managing agents

The Association has involvement in managing supported housing and similar schemes on behalf of third parties. Where there has been a substantial transfer of the risks and benefits attached to a scheme to a third party, all relevant income and expenditure is excluded from the financial statements.

Investments

Investments are measured at fair value where they are publicly traded or their fair value can be measured reliably. Fair value changes are recognised in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Note 1: Notes to the financial statements (Continued)

Service charge sinking funds and service costs

Unused contributions to service charge sinking funds and over-recovery of service costs repayable to tenants or leaseholders, or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Where the balance is deemed unlikely to be receivable a provision has been created. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables, cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence of an impairment loss, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

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.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Note 1: Notes to the financial statements (Continued)

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost. Subsequently they are measured at historic cost using the, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

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

Financing transactions

Public benefit entity concessionary loans

Loans made or received between the Association and another party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public benefit entity parent, are treated as concessionary loans. They are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Note 1: Notes to the financial statements (Continued)

Significant management judgements

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

Impairment of social housing properties

The Association have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

Estimation uncertainty

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

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provision is made for dilapidations, bad debts and service charge deficits. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Note 2. Particulars of turnover, operating costs and operating surplus

	2020 Turnover	2020 Operating costs	2020 Operating surplus
	£'000	£'000	£'000
Social housing lettings	19,310	(15,174)	4,136
Revenue grants	309	(574)	(265)
Non-social housing activities	3,413	(2,132)	1,281
Total	23,032	(17,880)	5,152

	2019 Turnover	2019 Operating costs	2019 Operating surplus
	£'000	£'000	£'000
Social housing lettings	18,790	(15,614)	3,176
Revenue grants	182	(673)	(491)
Non-social housing activities	9,407	(8,096)	1,311
Total	28,379	(24,383)	3,996

Note 2 continued

Particulars of income and expenditure from social housing lettings

	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	2020 Total £'000	2019 Total £'000
Income					
Rents receivable	15,883	-	-	15,883	14,951
Service charge income	1,320	-	-	1,320	1,266
Commercial income	-	-	338	338	304
Income from support services	-	78	-	78	140
Amortised government grant	1,691	-	-	1,691	2,129
Turnover from social housing lettings	18,894	78	338	19,310	18,790
Expenditure					
Service charge costs	(1,320)	-	-	(1,320)	(1,266)
Estate costs	(340)	-	-	(340)	(167)
Management	(5,366)	(160)	(184)	(5,710)	(5,601)
Maintenance	(4,500)	-	-	(4,500)	(3,709)
Major repairs	(132)	-	-	(132)	(663)
Bad debts	(323)	85	-	(238)	(319)
Depreciation of housing properties	(2,934)	-	-	(2,934)	(3,889)
Operating costs	(14,915)	(75)	(184)	(15,174)	(15,614)
Operating surplus social housing lettings	3,979	3	154	4,136	3,176
Void losses				94	149

Note 3. Surplus on disposal of property, plant and equipment

	2020	2019
	£'000	£'000
Sale of fixed asset investment properties		
Sale	180	206
Cost of sale	(211)	(156)
Surplus on disposal	(31)	50

Note 4. Interest and finance costs

	2020	2019
	£'000	Restated
		£'000
Bank loans and overdrafts	1,706	1,838
Pension interest charges	389	415
	2,095	2,253
Borrowing costs capitalised	-	(379)
	2,095	1,874

Prior Year Adjustment

SOCI	2020	2019
	£'000	£'000
Interest payable before adjustment	2,422	2,219
Adjustment for effective interest rate	(327)	(345)
Interest payable after adjustment	2,095	1,874
SOFP		
Loans due within 1 year before adjustment	2,417	2,813
Loans due more than 1 year before adjustment	58,931	61,368
Total loans before prior period adjustment	61,348	64,181
Prior period adjustment	2,836	
Total loans after prior period adjustment	64,184	64,181
Prior period adjustment		2,836
Effective interest rate adjustment	(327)	
Loans due within 1 year	2,662	3,140
Loans due more than 1 year	61,195	63,877
Interest due after adjustment	63,857	67,017

Note 5. Other finance income

	2020	2019
	£'000	£'000
Bank interest receivable	76	34
Pension interest receivable	303	321
	379	355

Note 6. Operating surplus

The operating surplus before taxation is stated after charging/(crediting)

	2020	2019
	£'000	£'000
Housing properties		
Depreciation	2,934	3,889
Amortisation	(1,608)	(2,052)
Non-housing properties		
Depreciation	498	464
Amortisation	(83)	(77)
Audit fees – statutory audit	18	18
Operating lease rentals		
Land & Buildings	11	11
Other Assets	8	8

Operating Leases

Class of lease	Annual Cost £'000	Lease End	Minimum payment to lease end £'000
Storage Unit	11	30/8/2021	16
Printers	8	31/1/2022	16
Vans*	74	31/3/2023	222

*No lease payments made in 19/20

Note 7. Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	3,282	2,926
Social security costs	295	356
Pension costs	265	86
Pension past service deficit	428	349
	4,270	3,717

The full-time equivalent number of staff who received emoluments, including pension contribution, in excess of £50,000

Salary Band (£)	2020	2019
90,000 – 99,999	2	2
100,000 – 109,999	-	-
110,000 – 119,999	1	-
120,000 – 129,999	-	1
	3	3

The average number of staff employed during the year

	2020	2019
Actual	94	90
Full-time equivalent	90	86

Note 8. Directors' remuneration and transactions

Key management personnel remuneration

	2020	2019
	£'000	£'000
Former directors who were executive staff members		
Wages and salaries	-	348
Social security costs	-	34
Other pension costs	-	6
Estimated money value of any other benefits otherwise than in cash	-	-
Current directors who are executive staff members		
Wages and salaries	330	119
Social security costs	40	15
Other pension costs	38	1
Estimated money value of any other benefits otherwise than in cash	-	-
Board members		
Wages and salaries	23	-
Social security costs	-	-
Other pension costs	-	-
	431	523

	2020 £'000	2019 £'000
Remuneration of the highest paid director, excluding pension contributions:		
Emoluments	103	91

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply.

The highest paid director in 2018/19 was the interim Chief Executive who worked from 16/4/2018 to 28/2/2019

Note 9. Tangible fixed assets – housing properties

	Completed properties £'000	Under construction £'000	Total £'000
Cost or valuation			
At 1 April 2019	208,284	2,333	210,617
Additions	2,604	3,704	6,308
Completed properties acquired	(5)	5	-
Disposals	(684)	-	(684)
Transfers	1,588	(312)	1,276
At 31 March 2020	211,787	5,730	217,517
Depreciation			
At 1 April 2019	39,084	-	39,084
Charge for the year	2,934	-	2,934
Transfers	-	-	-
Eliminated on disposals	(599)	-	(599)
At 31 March 2020	41,419	-	41,419
Net book value			
At 31 March 2020	170,368	5,730	176,098
At 31 March 2019	169,200	2,333	171,533

Note 10. Other property, plant and equipment

	Freehold	Long/short leasehold	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2019	6,230	2,472	3,337	94	12,133
Additions			442		442
Revaluations					
Disposals			(549)		(549)
Transfers					
At 31 March 2020	6,230	2,472	3,230	94	12,026
Depreciation					
At 1 April 2019	703	373	1,857	80	3,013
Charge for the year	126	46	283	3	458
Disposals			(527)		(527)
At 31 March 2020	829	419	1,613	83	2,944
Net book value					
At 31 March 2020	5,401	2,053	1,617	11	9,082
At 31 March 2019	5,527	2,099	1,480	14	9,120

Included within freehold property are units with a cost of £2m that have been fully funded. These units are let on a 999 year lease at a less than market rate amount. To enable the accounts to show a true and fair view the above amounts are both held within other fixed assets presenting a nil net book value position.

Note 11. Intangible fixed assets

	2020	2019
	£'000	£'000
Cost or valuation		
At 1 April 2019	837	837
Additions		
Disposals	(230)	-
At 31 March 2020	607	837
Depreciation		
At 1 April 2019	731	683
Charge for the year	40	48
Disposals	(230)	-
At 31 March 2020	541	731
Net book value		
At 31 March 2020	66	106

Note 12. Fixed asset investments

	Commercial properties	LCHO	Properties for sale	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	3,082	2,923	-	6,005
Additions		120		120
Disposals		(211)		(211)
Transfers	(550)			(550)
Revaluations	144	32		176
At 31 March 2020	2,676	2,864	-	5,540

The above represents interest free loans in our Low Cost Home Ownership (LCHO) Scheme.

Commercial properties, which are all freehold, were valued to fair value at 31 March 2020, based on a valuation undertaken by Bruton Knowles, an independent valuer with recent experience in the location and class of the investment property being valued. There are no restrictions on the realisability of investment property.

If land and buildings were not subject to revaluation, they would have been included at Net Book Value at the following amounts:

	Commercial properties £'000	LCHO £'000	Properties for sale £'000	Total £'000
2020 Net book value	2,544	2,656	-	5,200
2019 Net book value	1,985	2,735	-	4,720

Note 13. Corporation tax

	2020 £'000	2019 £'000
Current tax		
UK corporation tax at 19% (2019: 19%)	130	205
Adjustments in respect of prior years	-	-
Total current tax	130	205
Deferred tax		
Deferred tax charge	108	-
Total tax on ordinary activities	238	205

The majority of CCHA's income is exempt from corporation tax due to its charitable status. The tax charge for the year relates to profits made from apartment sales at Schooner Wharf which are not covered by the charitable status exemption.

Note 13 continued

	2020	2019
	£'000	Restated
		£'000
Total tax reconciliation		
Surplus before taxation	3,581	2,599
Theoretical tax at 19% (2019: 19%)	680	494
Deferred taxation	(108)	-
Non-taxable surpluses (due to charitable status)	(442)	(262)
Adjustments to tax charge in respect of prior periods	-	(27)
Tax on surplus	130	205

Note 14. Stocks

	2020	2019
	£'000	£'000
Properties for sale	1,612	5,198
Land for sale	800	-
	2,412	5,198

Note 15. Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Rent arrears:		
Current tenants		
Arrears	1,812	1,143
Provision for bad debts	(1,262)	(301)
Current tenant arrears net of bad debt provision*	550	842
Former tenants		
Arrears	248	149
Provision for bad debts	(248)	(149)
	-	-
Recharges		
Arrears	2	2
Provision for bad debts	(2)	(2)
	-	-
VAT	86	116
Capital financing	-	-
Insurance	-	-
Sundry debtors	2,097	1,752
Sundry debtors: provision for bad debts	(38)	(267)
Prepayments and accrued income	510	512
Total debtors due within one year	3,205	2,955

*Current tenant arrears not provided for are made up of Housing Benefit Direct unpaid at 31st March of £400 thousand and payments in advance by tenants.

Note 16. Current asset investments

	2020	2019
	£'000	£'000
Investments	8,000	8,000
	8,000	8,000

Note 17. Creditors – amounts falling due within one year

	2020	2019
	£'000	£'000
Loan capital repayments	2,662	3,140
Rents received in advance	306	341
Trade creditors	74	460
Other taxation and social security	80	-
Corporation tax	130	205
Other creditors	1,231	1,155
Grant in advance	3,684	3,187
Recycled capital grants	-	88
Accruals and deferred income	3,145	4,379
	11,312	12,955

Note 18. Creditors – amounts falling due after more than one year

	2020	2019
	£'000	Restated £'000
Other creditors		
Loans	61,195	63,876
Recycled grant	190	477
Trade creditors	-	-
	61,385	64,353

Housing loans are secured by specific charges on the Association's housing properties. Rates of interest during the year ranged from 0% to 10.87%. The weighted average rate of interest for 2020 was 2.62% (2019: 2.63%). At 31 March 2020, 64% (2019 64%) of loans bore interest at fixed rates and 36% (2018 36%) at variable rates.

The loans are repayable as follows:

	2020	2019
	£'000	Restated £'000
Amounts falling due:		
Within one year or less	2,662	3,140
Between one and two years	2,845	2,675
Between two and five years	9,899	9,313
In five years or more	48,451	51,889
Total more than one year	61,195	63,876
Total housing loans	63,857	67,017

	2020 £'000	2019 Restated £'000
Repayable by instalments wholly or partly in more than five years	48,451	51,889
Total repayable in more than five years	48,451	51,889

Restatement of loan balance

There was a prior period adjustment made at the 31st March 2019 of £2.816 million to the opening loan balance for this financial year. This was the effect of reverting loan costs from fair value to historic cost

The recycled grant falls due as follows:

	2020 £'000	2019 £'000
Within one year or less	-	88
Between one and two years	-	-
Between two and five years	190	477
In five years or more	-	-
Total in more than one year	190	477
Total housing loans	190	565

Note 19. Social housing and other government grants

	Social housing properties	Under construction	Other tangible fixed assets	Total
	£'000	£'000	£'000	£'000
Gross grant creditor				
At 1 April 2019	120,983	2,161	4,430	127,574
Property acquisitions	1,233	2,570	-	3,803
Schemes completed	-	-	-	-
Transferred to recycled grant	(102)	-	-	(102)
Disposals	-	-	-	-
At 31 March 2020	122,114	4,731	4,430	131,275
Amortisation				
At 1 April 2019	30,372	-	302	30,674
Charge for the year	1,608	-	83	1,691
Transferred to recycled grant	-	-	-	-
Disposals	(43)	-	-	(43)
At 31 March 2020	31,937	-	385	32,322
Net grant creditor				
At 31 March 2020	90,177	4,731	4,045	98,953
At 1 April 2019	90,611	2,161	4,128	96,900

	2020 £'000	2019 £'000
Amounts falling due:		
Within one year or less	1,632	1,613
Between one and two years	1,611	1,600
Between two and five years	3,315	4,689
In five years or more	92,395	88,998
In more than one year	97,321	95,287
Total grant creditor	98,953	96,900

Note 20. Provisions for liabilities

	Opening Balance 1/4/20 £000	Additions £'000	Utilised £'000	Disposals £000	Closing Balance 31/3/20 £000
Service charge sinking funds	38	3	-	-	41
Corporation tax provision	-	108	-	-	108
Provision for abortive costs on WIP schemes*	277	40	(62)	(255)	-
	315	151	(62)	(255)	149

*A review of abortive costs for WIP schemes resulted in the provision being deemed unnecessary resulting in the reversal of the provision

Note 21. Defined Benefit Pension Scheme – Social Housing Pension Scheme

Cardiff Community Housing Association participates in the Social Housing Pension Scheme (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.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the association 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.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Principal Actuarial Assumptions

The main assumptions used were:

	2020	2019
	% per annum	% per annum
Discount Rate	2.35	2.34
Inflation (RPI)	2.56	3.10
Inflation (CPI)	1.56	2.10
Salary Growth	2.56	3.10
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65
Male retiring in 2019	21.5
Female retiring in 2019	23.3
Male retiring in 2039	22.9
Female retiring in 2039	24.5

Scheme Assets

None of the fair values of the assets shown below include any direct investments in the association's own financial instruments or any property occupied by, or other assets used by, the association.

	31 March 2020 £'000	31 March 2019 £'000
Global Equity	1,945	2,158
Absolute Return	693	1,109
Distressed Opportunities	256	233
Credit Relative Value	365	235
Alternative Risk Premia	930	739
Fund of Hedge Funds	8	58
Emerging Markets Debt	403	442
Risk Sharing	449	387
Insurance-Linked Securities	408	368
Property	293	289
Infrastructure	990	672
Private Debt	268	172
Opportunistic Illiquid Credit	322	-
Corporate Bond Fund	758	598
Liquid Credit	5	-
Long Lease Property	230	189
Secured Income	505	459
Liability Driven Investment	4,414	4,689
Net Current Assets	57	25
Total assets	13,299	12,822

Analysis of the amount shown in the Statement of Financial Position

	31 March 2020	31 March 2019
	£'000	£'000
Fair value of plan assets	13,299	12,822
Present value of defined benefit obligation	15,080	16,662
Deficit in plan	(1,781)	(3,840)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(1,781)	(3,840)

Reconciliation of net defined benefit asset (liability)

	Period ended 31 March 2020 £'000
Defined benefit asset at start of period	16,662
Net interest expense	200
Current service cost	91
Expenses	11
Employer contributions	(405)
Experience on plan assets (excluding amounts included in interest income) - loss	(197)
Actuarial gains due to scheme experience	(274)
Actuarial losses due to changes in demographic assumptions	45
Actuarial losses due to changes in financial assumptions	687
Defined benefit asset at end of period	16,820

Reconciliation of opening and closing balances of the fair value of plan assets

	Period ended 31 March 2020 £'000
Fair value of plan assets at start of period (after initial recognition)	12,822
Interest income	303
Experience on plan assets excluding amounts included in interest income – gain (loss)	(41)
Contributions by the employer	576
Contributions by plan participants	29
Benefits paid and expenses	(390)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	13,299

The actual return on plan assets over the period 31 March 2020 was £262,000.

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2020 £'000
Defined benefit obligation at start of period (after initial recognition)	16,662
Current service cost	200
Expenses	13
Interest expense	389
Contributions by plan participants	29
Actuarial losses (gains) due to scheme experience	(56)
Actuarial losses (gains) due to changes in demographic assumptions	(147)
Actuarial losses (gains) due to changes in financial assumptions	(1,620)
Benefits paid and expenses	(390)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	15,080

Costs recognised in Statement of Comprehensive Income (SOCl)

	Period ended 31 March 2019 £'000
Current service cost	200
Expenses	13
Net interest expense	86
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	299

Costs recognised in Other Comprehensive Income

	Period ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest costs) – gain (loss)	(41)
Experience gains and losses arising on the plan liabilities – gain (loss)	56
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	147
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - loss	1,620
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - loss	1,782
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income – gain (loss)	1,782

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Increase of 0.1% p.a.	Decrease by 2.3%
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.2%
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.1%
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.6%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

Deficit Contributions

Under the recovery plan, from 1 April 2019 the deficit contributions that are required from the association are **£427,274** a year. These payments will increase annually by 2% from 1 April 2020 and on each 1 April thereafter until September 2026.

Defined benefit pension scheme – The growth plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
---------------------------------------	--

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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.

Present values of provision

	31 March 2020	31 March 2019	31 March 2018
	£	£	£
Present value of provision	3,648	4,425	6,574

Reconciliation of opening and closing provisions

	31 March 2020 (£s)	31 March 2019 (£s)
Provision at start of period	4,425	6,574
Unwinding of the discount factor (interest expense)	56	105
Deficit contribution paid	(734)	(847)
Remeasurements - impact of any change in assumptions	(99)	40
Remeasurements - amendments to the contribution schedule	-	(1,447)
Provision at end of period	3,648	4,425

Income and expenditure impact

	31 March 2020 (£s)	31 March 2019 (£s)
Interest expense	56	105
Remeasurements – impact of any change in assumptions	(99)	40
Remeasurements – amendments to the contribution schedule	-	(1,447)
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	31 March 2020 % per annum	31 March 2019 % per annum	31 March 2018 % per annum
Rate of discount	2.53	1.39	1.71

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.

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

Deficit contributions table

Year ending	31 March 2020 (£s)	31 March 2019 (£s)	31 March 2018 (£s)
Year 1	756	734	847
Year 2	779	756	873
Year 3	802	779	899
Year 4	827	802	926
Year 5	709	827	953
Year 6	-	709	982
Year 7	-	-	1,012
Year 8	-	-	521

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.

Note 22. Share capital

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up, and are not redeemable.

	2020 £	2019 £
At 1 April	108	133
Issued during the year	10	18
Cancelled during the year	(28)	(43)
At 31 March	90	108

Note 23. Statement of cash flows

	2020 £'000	2019 Restated £'000
Cash flow from operating activities		
Surplus for the year	5,188	512
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	3,417	4,353
Amortisation of grant	(1,670)	(2,129)
Increase in investment properties	(176)	-
Increase in stock	(173)	
Increase in debtors	(452)	(775)
Decrease in creditors	(1,155)	1,458
Increase in provisions	(382)	102
Pension costs less contributions payable	(362)	(406)
Carrying amount of property, plant & equipment disposals		7,980
Non-cash movements	139	2,043
Increase in Fair Value of Investment properties		(72)
Total non-cash adjustments	(814)	12,554
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(409)	(494)
Proceeds from the sale of fixed asset investments	50	(514)
Proceeds from the sale of private developed properties	(2,615)	(8,815)
Interest payable	1,706	1,838
Interest received	(76)	(34)
	(1,344)	(8,019)
Cash generated by operations	3,030	5,047

Cash and cash equivalents	2020	2019
	£'000	£'000
Cash at bank and in hand	2,128	3,190
Cash equivalents included in current asset investments	8,000	8,000
Total cash and cash equivalents	10,128	11,190

Movement in Net Debt

	1 April	Cash	Other	31 March
	2019	flows	changes	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,190	(1,062)		
Loans due within one year	(3,140)	(3,140)	3,618	(2,662)
Loans due after one year	(63,877)		2,682	(61,195)
Current asset investments	8,000			8,000
Net Debt	(55,827)	(4,202)	6,300	(53,279)

Note 24. Financial commitments

	2020	2019
	£'000	£'000
Contracted for but not provided for	13,368	7,667
Approved by the Board but not contracted for	-	6,645
Total capital commitments	13,368	14,312

At 31 March 2020 the association intends to fund this expenditure from a combination of free cash generation, social housing grants and loan drawdowns from loan facilities already in place

Note 25. Units in management

	Units at 1 April 2019	New build	Transfers	Sales	Units at 31 March 2020
Owned properties					
General needs housing accommodation	2,853	-	-	-	2,853
Housing accommodation at intermediate rent	21				21
Supported housing accommodation	46				46
	2,920				2,920
Schooner Wharf development	30	-	(9)	(12)	9
Properties held for sale	5	-	-	(3)	2
	35	-	(9)	(15)	11
Management properties					
Low Cost Home Ownership Scheme (LCHO)	79	-	-	(2)	77
Leasehold flats	20	-	-	2	22
Private market rent	-	-	9	-	9
Flats under Right to Buy	8	-	-	-	8
	107	-	9	-	116
Total	3,062	-	-	(15)	3,047

Note 26. Related party transactions

The Association provided rental accommodation to two tenant Board members during the year and charged rent and service charges to those members on the Association's standard terms.

Note 27. Contingent liabilities

The association has a contingent liability with Welsh Government and other government agencies for £32,322,000 (2019: £30,674,000) representing the amount of social housing and capital grants amortised through the statement of comprehensive income.