



Monmouthshire Housing Association Limited

Annual Report & Financial Statements

Reporting Period 31 March 2018

Welsh Government registration number: L144
Co-operative and Community Benefit Societies Act 2014 number: 30087R

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Please contact the Corporate Services Team on **01495 761104** or **corporateservices@monmouthshirehousing.co.uk** if you require this document in PDF, large print, another language, braille or audio format.



Open Hyblyg
Cyflawni **Fair**
Flexible Agored
Teg **Achieving**

The following people served on the Board during the year:

Tenant Members



Ken **Bucknall**



Zena **Beirne**



Sandra **Flanagan**



John **Barrow**

Council Members



Dimitri **Batrouni**



Ann **Webb**

Executive Officers



John **Keegan**
Chief Executive



Steve **Higginson**
Director of
Resources &
Deputy Chief
Executive



Michele **Morgan**
(Acting) Director
of Housing &
Communities



Karen **Tarbox**
Director of
Property Services

Independent Members



Andrew **Martyn-Johns** (Chair)



Barry **Gallagher**
(Retired Sept 2017)



Lynnette **Glover**



Andy **Jones**



Reg **Kilpatrick**



Tony **Deakin**



Anthony
Crowhurst
(Co-opted)



Colin **Lewis**

Registered Office

Nant Y Pia House,
Mamhilad Technology Park, Mamhilad, Monmouthshire NP4 0JJ

Independent Auditor

Beever and Struthers Statutory Auditor
St George's House, 215/219 Chester Road, Manchester M15 4JE

Principal Solicitors

Trowers and Hamlin, 3 Bunhill Row, London EC1Y 8YZ

Principal Bankers

Barclays Bank Plc, 57 Frogmore Street, Abergavenny NP7 5AT



Strategic Report

Completed!
We spent £82 million
on major repairs & began an External Works Programme

“I love the new kitchen
and bathroom, it's so
bright & clean!”

2012

Good as Gold Scheme launched

GOOD AS GOLD

“There's such a
massive difference,
a lot more noise.
It's build!”

Employment
fairs which helped 219
into work

Capsel, our
training subsidiary
launched **capsel**

Health
& safety
25,000 visitors

Live!
at work

VACANCIES

JOBS

Strategic Report

The Monmouthshire Housing Group consists of the parent, Monmouthshire Housing Association Limited, which is a Registered Social Landlord (RSL) regulated by the Welsh Government, and registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, and Capsel Limited which is a non-charitable subsidiary incorporated under the Companies Act 2006.



Vision & Objectives

The significant development of the MHA business and its progress towards completion of its objectives are outlined in support of its vision for 2023 which is:

By 2023 MHA will be the top performing social enterprise in Wales providing quality homes and services, transforming people's lives and giving them the confidence and support to realise their ambitions. We will create an environment where people can have a brilliant quality of life, in areas where they aspire to live and work.

To achieve the vision we have agreed the following objectives which can be summarised by the acronym LEEP; Landlord, Economic, Environmental and People.

Landlord

- As a housing association, we will seek to optimise every opportunity to develop the types of homes and communities where people want to live and maximise the occupancy of our properties
- We will directly support 1,000 tenants a year in order to improve their quality of life
- We will build on average 100 new homes per year using our own resources and pilot the newly designed start up and slim down homes
- We aim to be in the upper quartile across all performance indicators

Economic

- We aim to increase our turnover from diversified activities to £4m and increase the workforce to 270 employees
- We will also endeavour to achieve efficiencies of 10% by maximising our use of technology and ensuring that the principles of value for money are embedded throughout the Group
- We seek to maintain our financial strength, achieve the maximum score from the regulator and also covenant compliance from our funders

Environmental

- We will seek to reduce our CO2 footprint by an additional 5% from 2017
- We will target our vehicles in order to further reduce fuel consumption by a further 10%
- Focus resources on ensuring that MHA can quickly become a more flexible organisation adapting to a constantly changing environment
- We will embed a "Don't Walk By" policy to support the health, wellbeing and safety of tenants

People

- Create 220 work placements
- Concentrate resources on helping 175 tenants into work

- Spend £1m transforming lives and ambitions through training and personal development
- Focus resources on ensuring that MHA can quickly become a more flexible organisation adapting to a constantly changing environment
- Embed a 'Don't Walk By Policy' to support the health, wellbeing and safety of tenants

Finances & the Business Model

The Association has an existing loan facility with Barclays Bank of £45m, of which £27.9m has been drawn (62% of the facility). This has helped to fund the achievement of the Welsh Housing Quality Standard and contribute to the funding of our development programme.

The Association will continue to invest heavily in its planned improvements and development programme and a budget of £19.0m has been earmarked for the financial year to March 2019. The current business plan was submitted to Barclays for approval in the summer of 2018 and shows the Association's ability to work within its peak debt limit. Cash flow continues to be strong and the Association managed to deliver its planned maintenance and development programmes in the year to March 2018. The Association's cash balances increased in the year by £1.7m to £3.5m.

The Association continues to stress test its financial robustness by changing single or multiple variables in its business forecasting model and this has been demonstrated to the Board with a number of scenarios discussed and modelled.

Welsh Government will continue to provide an annual dowry of £2.6m which is vital to the funding of our planned repairs programme and the financial health of the organisation.

Performance in the Year

Future Prospects

The Association's core turnover in the year increased by 3.5% compared to the year ending March 2017 (excluding property disposals) and its underlying profitability remains strong. The rent increase was 2.5% in accordance with the guidelines of Welsh Government and the bad debts are less than 0.1%.

Risk & Uncertainty

The Association's register of key risks is reviewed annually by the Board and quarterly by the Audit Committee. In addition it is included in all Board papers in order to provide a context for discussions.

At present, the main items of risk have been identified as welfare reform, risks around increased development activity e.g. Possible build cost increase and the delay in sales receipts from properties built for sale and the availability of land, the implementation of our new housing management system and possible future changes to Government rent guidelines and policy.

Analysis of Figures & Indicators

In the main body of the Annual Report is a table of the key performance indicators which are discussed by the Board. These show strong performance in the management of rent arrears at 0.81% of rent receivable (target: 2.1%) and rent collection 102% of rent (target: 98.9%).

In terms of finance, the Association continues to perform well with an increase in reserves from £17m to £21m.

Governance

The regulatory opinion in December 2017 stated that "MHA has standard governance arrangements and identifies and manages new and emerging risks appropriately; meets the viability requirements; and has the financial capacity to deal with scenarios appropriately."

Internal audit reports on Governance and Internal Regulation produced the conclusion that the Board could take substantial assurance from existing governance arrangements.

The Future

The Association has a significant development programme scheduled for the next five years along with the further growth of our trading subsidiary (Capsel Limited) which will enable the undertaking of commercial works for the benefit of the Association. This will help MHA to combat the impact of the major welfare reforms being introduced. Board Members continue to monitor the impact of welfare reforms on the Association and the actions we have taken thus far to mitigate the impact of the changes being introduced.

The Association continues to review its rents and service charges and will continue to consult with tenants and other stakeholders in 2018/19.

Capsel Limited's plan for the next three years is to focus on its core work streams to increase turnover and return to profitability.

The Association and its trading subsidiary will continue to strive for excellence and will seek to achieve accreditations which will support our commitment to providing good quality, efficient services.

The redevelopment of sheltered schemes has been a top priority in recent years. The Trevor Bowen Court development in Monmouth began in 2013/14 and was completed in the 2015/16 financial year. This development set the standard for subsequent MHA schemes at Brookside in Caldicot and St Cadocs in Raglan. The redevelopment of St Cadocs has been completed, delivering 10 new family homes and the redevelopment of Brookside has commenced and will deliver a mixed scheme of 25 new homes in 2018/19. MHA will continue to seek development opportunities and aims to build or acquire an average of 100 new homes per annum.

We continue to benchmark our services against other RSLs in Wales and England and will seek to identify efficiency opportunities from any sector to bring into MHA's own work processes.

We have produced a Corporate Plan covering the next five years. Within that are a number of tasks we have outlined to achieve our vision by 2023.

The Strategic Report was approved by the Board on 18th July 2018.

Signed by: Steve Higginson

Position: Deputy Chief Executive





Board Report



Board Report

This report aims to demonstrate the commitment and work which the Association has undertaken in order to move closer to achieving our vision through our objectives (LEEP).

A summary has been prepared by each department to highlight this.

Planned Maintenance

Since the completion of the Welsh Housing Quality Standard Programme in 2012/13, the focus on planned maintenance work has changed from internal work to improving the quality and appearance of the external condition of our properties.

During the year our Building Services team and contractors carried out maintenance to over 700 homes which included:

- Decoration to 602 properties including the communal areas, 114 flats were completed by our subsidiary company Capsel
- Upgrade work to paths, gates, hard-standings, fencing and boundary walls to 305 properties
- Replacement roof covering to 168 homes
- Installation of Photovoltaic (PV) panels on 23 properties
- Demolition and rebuilding of 4 front elevation porches

We carried out a garage/car port programme which included:

- The demolition of 72 dilapidated garages, replacement of 69, refurbishment of 18 and created 3 additional car parking spaces

In January 2018 we commenced works to two blocks of flats at Grove Mansions, Llanfoist to renew the roofs, vertical tile hanging, insulation to mansards, and demolished redundant chimneys and fitted new double glazed windows. This involved working closely with an ecologist and Natural Resource Wales to ensure that no harm was caused to any bats during the works.

One of the more challenging parts of the work was the removal of the old insulation from the sloping mansard roof and the cutting and fixing of the new rigid high performance insulation. The project required careful management of four different contractors who were closely supervised by our Asset Management team with the completed works being signed off by a building control officer."

The Building Services department have continued to upgrade and refurbish the internals of properties mainly where tenants have previously opted out of the Welsh Housing Quality work and have either changed their minds or vacated the property. During the year over 120 properties in total were upgraded and the work included the refurbishment of 55 kitchens, 39 bathrooms and 34 wet rooms.

In addition, we replaced over 250 central heating boilers together with associated central heating upgrades.

WHQS Environmental

Phase 2 St David's Abergavenny

Welsh Housing Quality Standard Environmental work is continuing at St David's Road in Abergavenny and consultation with the residents highlighted the need to make the external areas more accessible and user friendly.

We completely transformed this area which was originally an unsightly concrete jungle, with limited access, to a communal garden that incorporates a patio, grass and level areas that all tenants can access. It was separated into two communal areas incorporating gardens and construction of new sheds.



The Haven, Goytre - External decoration and upgrade work to boundary walls, fences and paths



WHQS Environmental works driveway at Park Crescent, Abergavenny

Internal decoration and new flooring in communal area at St Georges Crescent, Abergavenny



External decoration at Trewen, Caerwent



Front porch, Charles Road, Dingestow.

Before

After





WHQS works begin at St Davids Road, Abergavenny

The completed WHQS works at St Davids Road, Abergavenny



Building Services Report

It's been another busy year for the Building Services department with activity across a range of work streams.

Responsive Repairs

The trades have been busy throughout the year, particularly electrical, carpentry and plumbing. The external work such as fencing and concrete work was more inconsistent with some quiet periods and other times having a large number of jobs raised. This was managed through the use of a combination of our own staff and subcontractors for some of the larger jobs.

The number of jobs being offered by appointment continued to exceed the target of 98% although the level of appointments kept did not match and we are investigating how this gap can be narrowed. The percentage of jobs completed right first time was just below the target of 95%. Performance was high for the number of emergency repairs completed within the target, however, performance for urgent and routine repairs was well below the target of 98%. There are some bona-fide reasons behind this reduction but also some areas for improvement.

The levels of tenant satisfaction with jobs completed was well below target and significantly lower than in previous years. The method of collecting information has changed from telephone surveys to text message and we consider that tenants are much more forthcoming with responses using this method, rather than generally agreeing with the staff member requesting feedback over the phone. All negative responses are investigated and a significant number of them are not related to the repair carried out, rather a dissatisfaction with other areas of their tenancy.

The total number of responsive repairs completed in the financial year was 13,849 (9,543 general, 4,306 heating) compared to 13,748 in the previous year. The average cost for repairs carried out by Building Services was £125.16 compared to £132.85 in the previous year. The overall average cost for responsive repairs after adding in work carried out by subcontractors was £150.76.

Voids

The Board approved the continuation of the voids standard to include full decoration and the provision of carpets in flats. This has resulted in high levels of satisfaction from the tenants moving in to our properties as well as high levels of job satisfaction within the Voids team. We experienced a significantly lower number of properties requiring major works than in the previous year and this contributed to an underspend against budget. There were several voids where the tenants had lived there for a long time and opted-out of the Welsh Housing Quality Standard improvement programme, so required new kitchens, bathrooms and general upgrading. This work is allocated to the relevant planned maintenance budgets and does not affect the average cost of the void works, which was £3,229 for 2017-18 compared to £3,159 for the previous year. The total number of completed voids in the year was 245, compared to 256 in 2016-17. The average re-let time for the year was 29.87 days.

Planned Maintenance

The priority for 2017-18 was the internal refurbishment of the flats at Oakley Way, Caldicot. As part of a major improvement project for the area the flats allocated to remain were subject to a comprehensive external building fabric that provided new roofs, external wall insulation and new windows.

Following consultation with the tenants a programme and specification was drawn up for the Building Services Department to undertake a full internal refurbishment of the flats. Due to the extent of the work and the disruption that it would cause the decision was made to decant tenants as and when completed flats were available. The refurbishment work included new kitchens and bathrooms, electrical upgrade, heating upgrade (if required), substantial re-plastering, new internal doors and skirting/architraves, complete re-decoration and new carpets. A total of 30 flats were completed in 2017-18 with the remainder programmed for the following financial year, subject to tenant agreement.

Heating

This continues to be a major element of the work carried out by the Building Services Department and also carries the highest level of potential risk. We achieved 100% compliance with gas servicing for most of the year due to a sustained and consistent effort from our staff. The servicing of oil boilers, solid fuel and commercial systems was also maintained at 100%.

The replacement of boilers and radiators formed a significant workload throughout the year with some installations subcontracted to Capsel to help meet the programme. A total of 257 boiler installations were completed in the year, including a number of oil installations and one air source heat pump. This workload is programmed to continue in the next few years as a large number of boilers reach the end of their lifespan.

Disabled Adaptations

Building Services carried out disabled adaptations to our properties installing 37 level access showers, 18 stair lifts and 31 access works/adaptations.

They also carried out adaptation work for private owners in the county through funding provided by Monmouthshire County Council completing 10 projects.

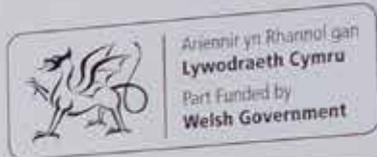
New Builds

A joint Capsel and Building Services competitive tender was submitted for the construction of 2 bungalows with disabled adaptations on a former garage site at Poplars Close, Abergavenny. This project was started in the 2016-17 financial year and completed in September 2017. The project was managed by Building Services with our own site manager and cost manager controlling the works using a combination of specialist subcontractors for the groundworks, substructures and external building fabric. Our trades staff completed the internal fit-out including the heating and electrical installations, carpentry, plumbing and decoration works. The tenants for both properties were identified in advance and the disabled adaptations were designed around their specific needs.

External Contracts

Building Services worked with several external clients throughout the year:

- Bristol Charities – continuation of the repair and maintenance contract for Cwrt William Jones, Monmouth (24 flats for elderly residents).
- Monmouthshire County Council – a new service agreement to provide repair and maintenance services on a number of individual properties scattered throughout the county and managed by the Council. This includes short-term accommodation, homeless hostels and houses in multiple occupation.
- Powys County Council – the construction of a new build extension to an existing house in Bwlch (near Brecon) to provide additional living space.
- Private client – the construction of a large new build extension to an existing house outside Chepstow, including a new heating system and re-arrangement of the internal layout.



25 o gartrefi ar gael drwy Homesearch
1. fflat wely, 2 fyngalo wely, 2 a 3 ystafell wely sydd ar gael

25 homes available through Homesearch
1 bed flats, 2 bed bungalows, 2&3 bed houses available

Datblygiad arall tai fforddiadwy o MHA/Another affordable housing development from MHA



Diddordeb? Cysylltwch â'r tîm Homesearch/Interested? Contact the Homesearch team:

Ff/T: 0345 900 2956 E: homesearch@monmouthshirehousing.co.uk

www.monmouthshirehomesearch.co.uk



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Development

2018/19 Projection

The feasibility, pre-contract and construction work for another 4 schemes across Monmouthshire and Powys, and 15 Right to Buy, buy backs across Monmouthshire will deliver 90 new and newly purchased refurbished homes during 2018/19.

These projects include:

Shirenewton

1 x 2 bed house and 2 x 2 bed flats

Tintern, Monmouthshire

2 x 2 bed houses and 1 x 3 bed house

Brookside, Caldicot

2 x bed bungalow, 4 x 1 bed flats, 6 x 3 bed houses, 13 x 2 bed houses

Wonastow Road, Monmouth

12 x 1 bed flat, 20 x 2 bed houses, 2 x 2 bed bungalows, 7 x 3 bed houses, 1 x 5 bed house

In addition MHA has agreed 36 homes from Bellway under a S106 agreement at Rockfield Farm, Undy which will be delivered during the period 2019/20.

Exploratory and feasibility work for other sites has also been carried out in 2017/2018 and some of these will come forward in 2019/20 subject to land purchase and/or planning permission.

Delivery 2017/18

During 2017/18 MHA completed procurement of 72 new homes as follows:

Old Hereford Rd & Park Cres, Abergavenny

9 x 2 bed flats, 3 x 1 bed elderly flats, 5 x 1 bed specially adapted flats and 6 x 1 bed flats.

Ty Coleg, Abergavenny

2 x 2 bed bungalows and 10 x 1 bed flats

Poplars Close, Abergavenny

2 x disabled bungalows

St Cadocs Court, Raglan

7 x 2 bed houses and 3 x 3 bed houses

Ty Freeman, Gwehelog

2 x 2 bed houses

Right to Buys, across Monmouthshire

22 residential units

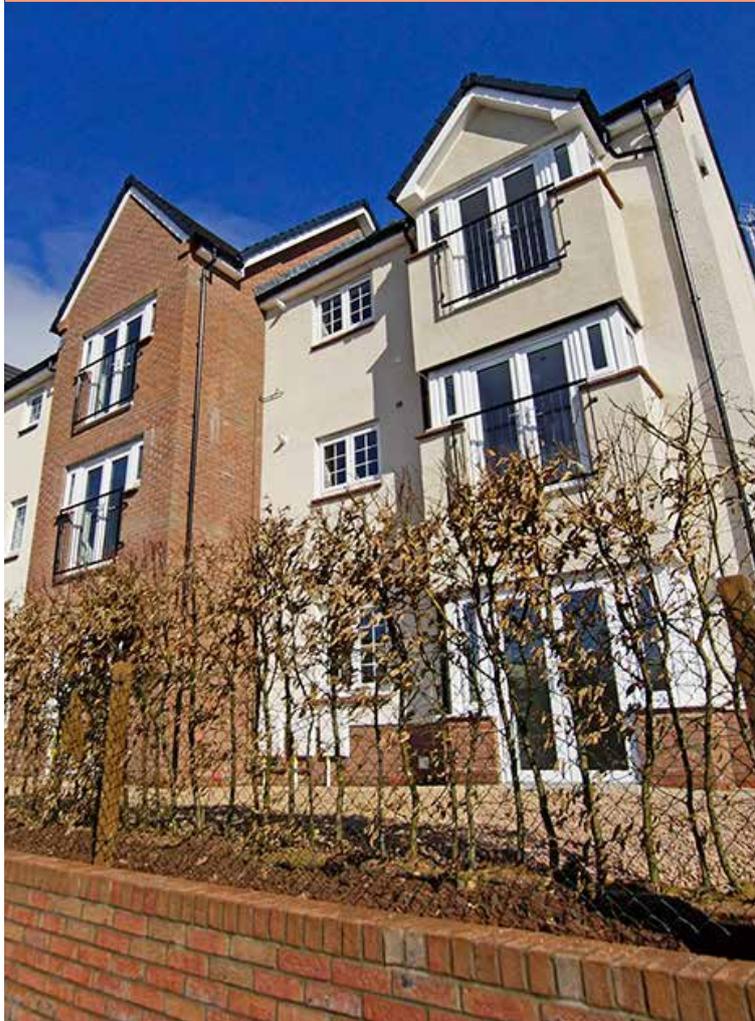
The contract values of work completed in 2017/18 referred to above totalled £6,320,000.

MHA has set itself a target of procuring at least 100 new homes every year. MHA continues to expand its Development team and continues to identify opportunities that will help to achieve this target.



Llys Cadog (St Cadocs, Raglan)

Llys y Brenin (Old Hereford Road, Abergavenny)



Ty-Freeman, Gwehelog

Poplars Close, Abergavenny



Housing & Communities

Homesearch

Monmouthshire Homesearch registered 1,689 new applications, advertised 607 properties (this includes properties withdrawn, and re-advertised), resulting in 405 households being housed. Homesearch have also assessed 327 medical/welfare applications, of which 230 were successful. As of the 25th April 2018, there were 3,063 live applications on the Housing Register, a decrease of 114 applicants on the previous year.

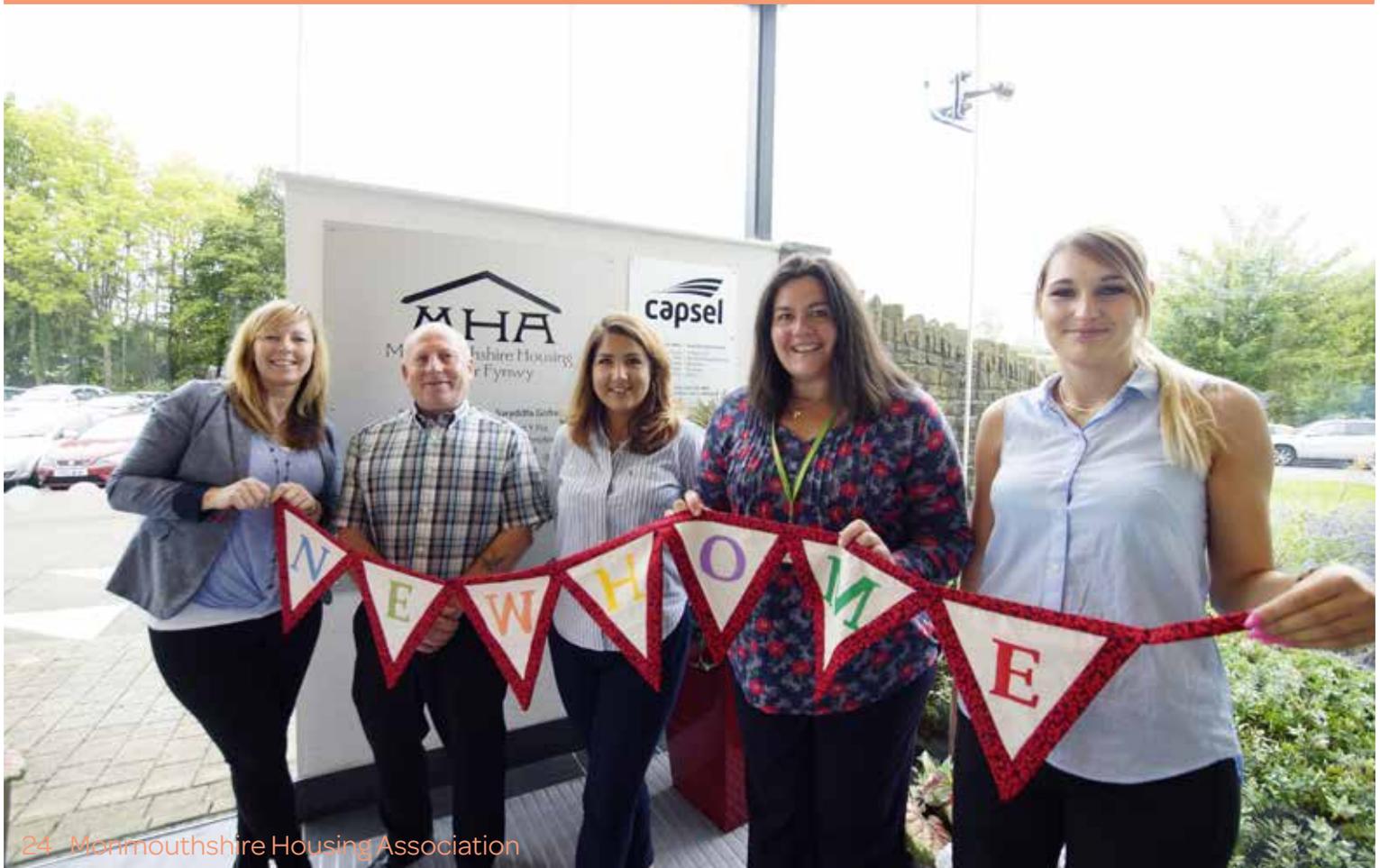
New homes, new team

The New Homes team was created during the Housing and Communities restructure in 2016. The purpose of the team is to provide a seamless service for new tenants from allocation through their first year of tenancy. The team provides a lettings service and intensive housing management in order to build relationships and rent payment culture with MHA's newest tenants.

The team work intensively with future tenants before they move in, to identify support needs, manage tenancy risks and build positive relationships to reduce tenancy failure rates. Since the team was formed, they have more than halved starter tenant arrears and raised tenant satisfaction levels for people moving into their first MHA home.

In November 2017 MHA were thrilled to hear the team had won the 'People's Choice' award at the Welsh Housing Awards- the biggest award of the night and tremendous recognition of all the hard work of the staff.

The New Homes team





Neighbourhood Services

These case studies below demonstrate the work of the Neighbourhood Services team.

Case Study 1

Mrs X passed away leaving Mr X in a three bed property. The neighbourhood officer dealt with the case in a sensitive, empathetic manner visiting Mr X to discuss his options and carrying out subsequent visits to ensure he had the support he needed. Mr X was under-occupying the property and due to the circumstances was reluctant to leave. Having refused an offer on a smaller property, Mr X was only accepting to move to certain areas close by. This was a difficult time for Mr X due to the loss of his partner but through the officer's perseverance and support to ensure Mr X was set up on assisted bidding, monitoring the case over the course of 6 months and having those difficult conversations, he has now successfully been allocated a property that is more suitable for his needs and affordability. This not only demonstrates the success in re-gaining a three bedroom property, but also kept Mr X in a home.

Case Study 2

A historical case that has been ongoing for a number of years, a tenant that has complex needs as well mental health issues. Over the last year the neighbourhood officers worked closely alongside tenancy coaches to improve the property and garden condition. The property became a health hazard due to items being piled so high, access was not possible into the three bedrooms, bathroom or from the living room into the kitchen or garden. This was having a huge impact on the surrounding community and an eyesore to passers-by and the other residents living in the area. Various neighbourhood officers and tenancy coaches have supported the tenant, referring to agencies, holding joint visits and meetings with the RSPCA, MIND, Gwalia, Social Services, the fire brigade and environmental health. The tenant had also undergone further mental health assessments around hoarding. This case has seen highs and lows with lots of engagement from the tenant, positive steps to remove items, improve the property condition to no engagement and the officers not being able to re-gain access and the property falling back into dis-repair. Earlier this year it was decided all support avenues had been exasperated and the neighbourhood officer took legal action and presented a case with advice from Hugh James. Although legal enforcement is the last route officers want to take, the courts granted a suspended possession order on the basis the tenant engaged with MHA and relevant support agencies. The tenant was given until September to resolve the issues with our support and the order would stand for the lifetime duration of the tenancy. This was needed to safeguard the property and highlight to the tenant their behaviour needed to change.

Income Team

The Income team have many positive stories based on their early intervention, persistence and by providing the right skills to be able to identify support needs for our tenants. The team understand the impact of debt both from a tenant and business perspective and have shown resilience as well as being fantastic at gaining tenants' trust and building relationships to be able to manage tenants' expectations.

Case Study 1

A tenants Direct Debit was getting returned as unpaid continuously. After the tenant advised us she was struggling on her income, a home visit was conducted to look at her bank statements and help with budgeting. The tenant was trying to work out if she was financially better off working or on benefits whilst she was bringing up her children.

It became apparent that the tenant had a gambling addiction as she was spending hundreds of pounds a month on gambling websites and bills were going unpaid.

After meeting with her, having those difficult conversations about where her money was going, the tenant agreed to contact gamblers anonymous to engage with them to help her with the addiction.

MHA then made an affordable repayment agreement which the tenant has maintained and her account is now in credit.

Case Study 2

A tenant made contact with us in September 2017 following a Universal Credit claim. MHA supported him with the process and kept in regular contact with him over the initial 6 week waiting period, providing hardship fund and food bank vouchers during this time.

Complications arose when the tenant went back to work for a few weeks and had to claim Universal Credit again – this happened several times and caused rent debt to build.

MHA followed the arrears procedure and although in regular contact with the tenant the debt continued to rise, mainly due to being in and out of work which was causing a barrier to getting information from the Department for Work & Pensions. In order to avoid court and add extra costs and debt we applied for an Alternative Payment Arrangement (APA) with third party deductions and applied for a one off Discretionary Housing Payment to help with arrears.

The help and support received has made a real difference to the tenant and his rent account is now in credit. He has also been volunteering with our Work and Skills Wise team.

Income & Money Wise Working Together

This case study shows the positive impact when teams work together. Going from a situation where a tenant was at risk of eviction, the associated health and mental health implications (as she is nearly pensionable age) this had on her along with the knock on effect to family members, to being resolved by MHA.

Eventually being able to get her the correct benefits the tenant was entitled to, her rent account is now in credit and she is on full Housing Benefit, her debts have been addressed and her ongoing weekly income is a lot higher than it used to be meaning she now has a far better quality of life. In business terms it also means we have collected the outstanding rent for the property along with avoiding the potential court and void costs which runs into thousands of pounds.

The tenant was first referred to MHA's, Debt Advisor by an Income Officer as she had over £2,000 council tax arrears and rent arrears of £752.90. They were hard to get hold of as they had no phone and the only way to contact them was via one of their children, who would only answer people they knew. The tenancy was at risk as the arrears were rising quickly.

The tenant had no income and was very vulnerable. Their Personal Independence Payments and Employment Support Allowance had both been stopped at this point. The income and debt officers suspected the tenant may struggle with reading and writing as important forms had not been filled in and they often asked for help with letters or forms. The Income Officer, helped the tenant to apply for benefits with advice from the Debt Advisor and Employment Support Allowance was reinstated as well as Housing Benefit, Child Tax Benefits and Personal Independence Payments.

The Income Officers made an urgent Gateway referral, which was picked up immediately and a support worker was put in place to support the tenant with their ongoing issues.

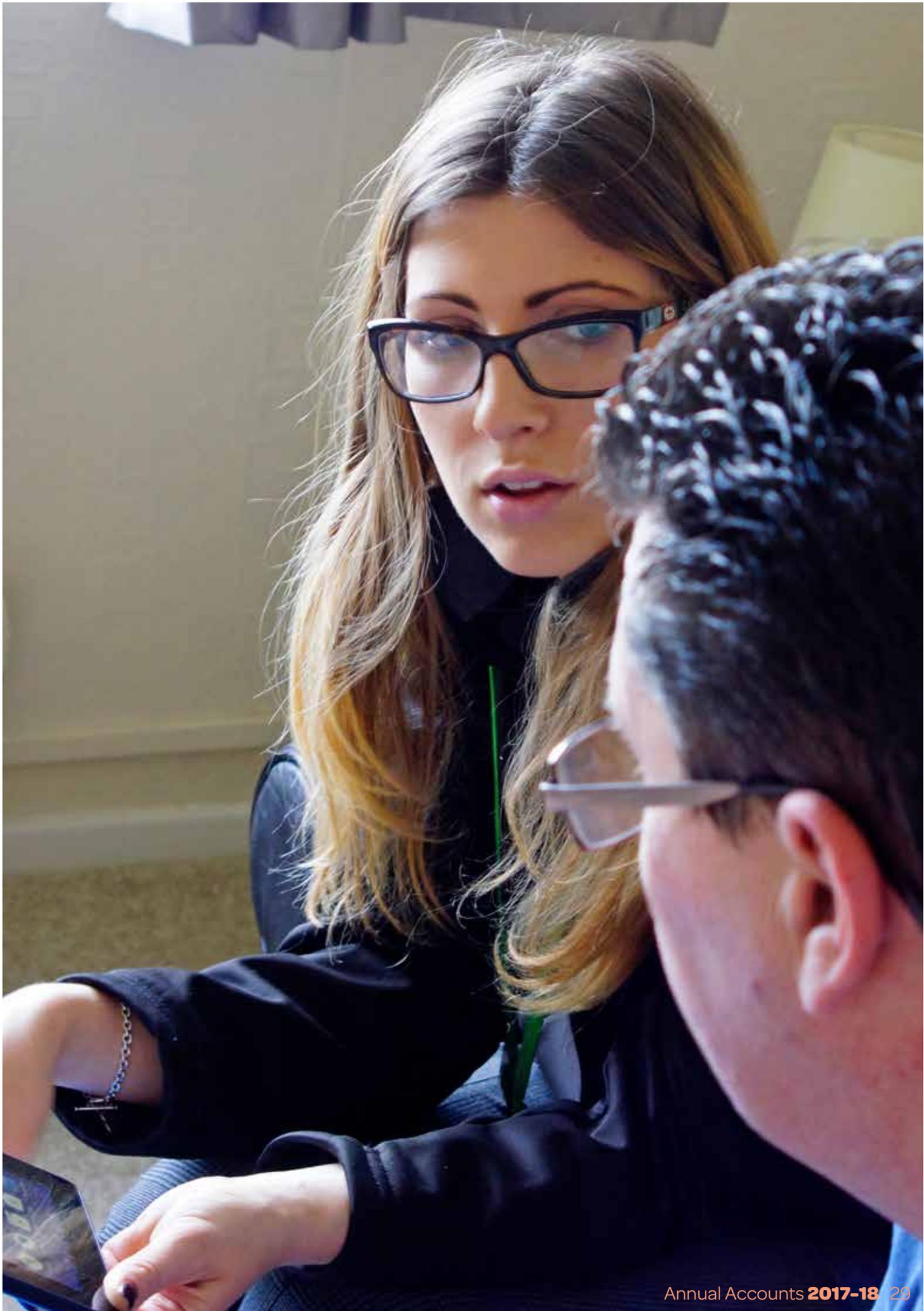
By contacting the tenant to discuss the B&S Bailiffs debt for council tax arrears at £2,374. The Debt Advisor contacted Monmouthshire County Council (MCC) recovery and requested the account be taken back from B&S on vulnerability grounds and be placed on hold while we work with the tenant. MCC said that the bailiff fees of £453.70 needed to be paid first.

With encouragement from Income, the tenant managed to cleared their rent arrears with the help of a family member and an Employment Support Allowance back-payment. This stopped the court action which was being taken against them. They then had her Housing Benefit back paid and ended up with £632 credit on her account. The tenancy was now secure and sustainable.

MHA's Income Officers came up with a good idea and asked the tenant if they would like us to pay some of the overpayment directly to the bailiffs. This would allow the council to take the debt back and an affordable plan for repayment to be set up. MHA's Debt Advisor liaised with the bailiffs to ensure action was withheld and to make the payment whilst the income officer liaised with the refund team to ensure MHA were able to transfer the money straight from MHA to the bailiffs to ensure we met the deadline. The tenant was very happy to agree as they do not like to be in debt and feel stressed about bailiffs and debts in general.

Once this was paid, the Council took the account back and the Debt Advisor was able to help make an affordable agreement between the tenant and the Council. No more bailiffs will call! All benefits have been reinstated and the rent account which at its highest point was £1,119.97 is now clear, and is in credit of £379.71!

This is an amazing result for the tenant, and shows the brilliant teamwork between MHA's Income Team and Money Wise.



Community Safety Team

During 2017-18, 280 anti-social behaviour complaints were received by Monmouthshire Housing. Of these, around a third related to complaints of noise nuisance. Although most have been low-level and occasional, some have been persistent and investigating officers have made greater use of the Noise App to gather evidence in order to support complainants.

The Community Safety team deals with more persistent and higher level anti-social behaviour complaints. In some of these cases when all else has failed to resolve the problem the team has taken legal action to enforce tenancy conditions. During 2017-18, the Community Safety team took out injunctions against five people. Two tenancies were demoted, thereby reducing their security and action to take possession of property was taken on three occasions. A joint approach with partner agencies resulting in improved information sharing has been an important factor in securing these court orders, the impact of which has been a significant demand reduction for all agencies involved in more persistent cases.

The team has provided support for over 50 victims of domestic abuse, either through improving security to make victims feel safer in their homes or by signposting to other services. The team has been an integral part of a project to provide an internet based resource for sharing knowledge amongst practitioners in the field of domestic abuse. This resource will be made widely available from July 2018.

Support & Wellbeing

The Support & Wellbeing team provides our tenants and community members with a holistic 'wrap around' inclusive support service. This includes support remits such as housing & wellbeing, resettlement, social inclusion, tenancy coaching and the new Comic Relief funded Rise 2 Inspire Project.

The Support & Wellbeing team have supported over 236 people, the support received has been life changing for so many. Two examples of the service strands are given below, through the Housing & Wellbeing service and Social Inclusion service.

Social Inclusion

The Social Inclusion support service provides a person centred approach to best suit the individual's support needs to help and support people back into the community. This could include: personal one to one support, brief advice and information on current available services in the local area and to help people broaden their social networks. Therefore supporting and empowering people to improve emotional & physical wellbeing, reduce feelings of isolation, promote independence, improving confidence and self-esteem and overall health and wellbeing is the focus of this service.



“The club has changed my life for the better – I feel like I’ve got things to look forward to again.”

Colin is a new member of Caldicot’s thriving male voice choir. After serious illness forced him to retire from work five years ago at the age of just 52, Colin found himself without the work related social networks that many of us take for granted.

Colin was referred into Monmouthshire Housing Association’s (MHA) Social Inclusion service via Dean Lannen, a Housing and Wellbeing Officer with MHA who’d been working with Colin.

The Social Inclusion service works with socially isolated and vulnerable people living in Monmouthshire, not just MHA tenants. Staff help people in a range of ways – from assisting people in their own homes with day-to-day tasks they find tricky, to helping people get out and about and engaged with their local communities.

After talking to Colin and finding out more about

his situation, Social Inclusion Support Officer Teri Power suggested he get involved with Caldicot male voice choir, as he has always had an interest in singing.

Colin explains: “My Dad used to play in a miners band and I remember the music he used to play from when I was young. Teri encouraged me to join the club, and I was delighted to find such a welcoming, friendly group of people.

“It’s great getting out and about across the county with the group and I love singing! I have a vocal baritone test coming up and hopefully I’ll pass that and then be officially inducted.

“Teri has helped me so much. She’s friendly and stays in touch regularly. I’m joining a local art group too and it’s great to have things to look forward to again.”

Teri said: “Colin’s a joy to work with. I’m glad I’ve been able to help him join the choir, as he enjoys it so much. Everyone in the choir loves having Colin there and he’s become a vital member of the group. For me, it’s been brilliant seeing the change in Colin from the first time I met him, through to now – seeing him laughing, interacting and singing along every week.”

Housing and Wellbeing

The Housing & Wellbeing support service provides housing and/or tenancy related support to service users whose wellbeing would be improved by enhancing and supporting their housing needs. Support can vary in need and length from 'one-off' support to longer term and can include (but is not limited to) support around advice, advocacy and signposting; income, budgeting, welfare benefits and entitlements; understanding correspondence and managing daily affairs; support to secure, manage and maintain a tenancy and feel safe in their own home; support to identify and manage own health and care needs; and support to engage in education, learning and their own community. This service is for anyone aged 16 plus and living in Monmouthshire and is provided by two dedicated support officers.

Here is how the services supported one person in need (in the tenants own words)

"I called the service for help during a very stressful time in my life. I have very poor health, and without my housing & support wellbeing officer, dealing with my situation would have been infinitely harder.

"Some of us under this service do not have any kind of support network, and this team is mine. My worker, Justine, has been with us (my son and I) since the end of 2016 and I cannot express how much her input and ongoing support has and still is needed.

"More recently Justine has supported me with successfully applying to the Discretionary Assistance Fund (for a washing machine and fridge freezer), Personal Independence Payment (enhanced mobility and care) and reinstated Employment Support Allowance. This has made a huge impact in my wellbeing and life and I'm very grateful that this service exists as it has alleviated so much pressure from me."

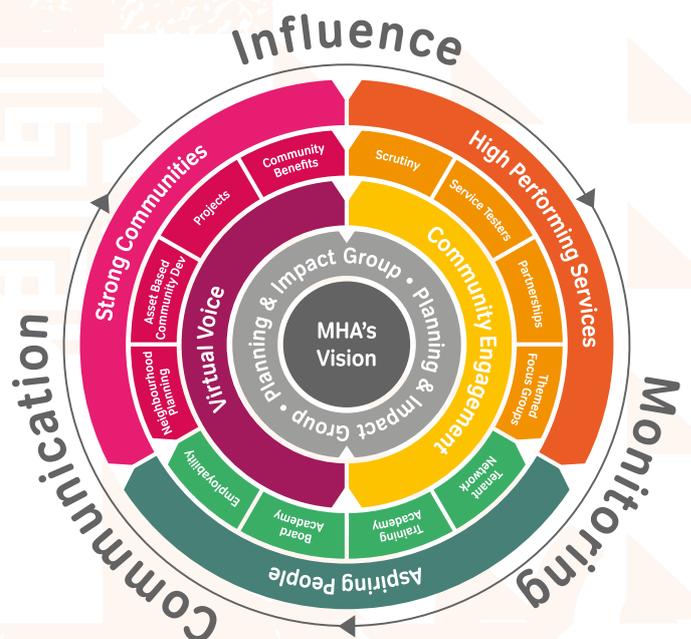
Building Great Communities

We understand the importance of investing in our communities. MHA focusses on improving health and wellbeing amongst our tenants and we do this in a number of ways such as running specific projects and arranging events and activities.

Placing tenants at the heart of decision making has always been an important part of MHA's values and following tenant feedback we have changed our approach.

MHA has listened to what tenants had to say about the way we gather their views about our services and asked what tenants would like to see in the future.

A new MHA engagement model has been developed which demonstrates how the service would work.



Over the past 12 months:

- The team engaged with 819 tenants in activities with 43% being under 55 years old. This is an increase of 36% in comparison to the previous model.
- 110 staff received presentations regarding the new approach and it took time for staff to see that engagement is more than completing a questionnaire.

- 187 tenants responded to the tenants newsletter review and a breakdown of the respondents highlighted that the findings reflected the tenant demographic. 72% of respondents were satisfied with the current format of the newsletter.
- Pitch for Your Project has continued to grow in success and was allocated £23,000 to invest in community groups across Monmouthshire, an increase from £5,000 in 2015/16.
- Two service areas have successfully run Themed Focus Groups; Neighbourhood Services as part of the estate management review and the Support Service which is developing an offer for older tenants. This has continued to run and aims to become an established group.
- The Virtual Voice Facebook group has 54 tenant members and a further 50 tenant members are part of the email only group. The group has consulted its members on the estate management service, the tenant newsletter and the Homesearch animation. The results have helped shaped the services going forward.
- A new approach to Community Benefits has been designed and approved by Housing Programme Board. This will ensure that all new developments and Asset contracts include social clauses as part of the procurement process. The Engagement and Inclusion team will work in partnership with the contractors to ensure those commitments are delivered.
- The Coffee and Computers project was awarded 1st place in the Digital Engagement Category of the 2017 TPAS Cymru Awards.
- The 2017/18 tenant satisfaction survey stated tenants' satisfaction with MHA listening to tenants' views and acting upon them as 77.8% which is a slight increase from 77.6% in the 2015/16 survey. The results from the satisfaction survey positions MHA in the middle upper quartile range and ranks MHA 5th compared with other Welsh RSLs.
- The Regulator endorsed the new approach and is keen to be kept informed of its progress.
- TPAS Cymru called the new approach an innovative tenant participation approach.
- The 2017 Making a Difference Awards saw a 28.6% increase in nominations and the number of tenants nominated increased to 75% from 69% the previous year.
- Development of the new tenant Forward Together Group will result in tenants influencing the strategic direction of the organisation. Tenants will be involved in developing the MHA corporate objectives and targets and will assess the self-assessment pillar documents which in turn inform the regulatory process.

Coffee & Computers wins 1st place digital at TPAS Cymru Awards



Dads Can

Dads Can has significantly raised its profile in the last year through a variety of media channels which includes the Abergavenny Chronicle, South Wales Argus, ITV news and Inside Housing and attended a Welsh Assembly event sponsored by AM Nick Ramsey where several AMs and Ministers attended to show their support to the project.

Dads Can was also finalist in the UK Housing Awards for the category of 'Outstanding Approach to Equality and Diversity.'

In the last year...

We have **worked with** 110 dads in the last year

We have received 66 new referrals

55% have **better relationships with their families**

16 dads **gained access to their children**

1/4 dads have **improved access to their children**

89% of dads **feel more confident**

77% of our dads have **improved their family quality time**

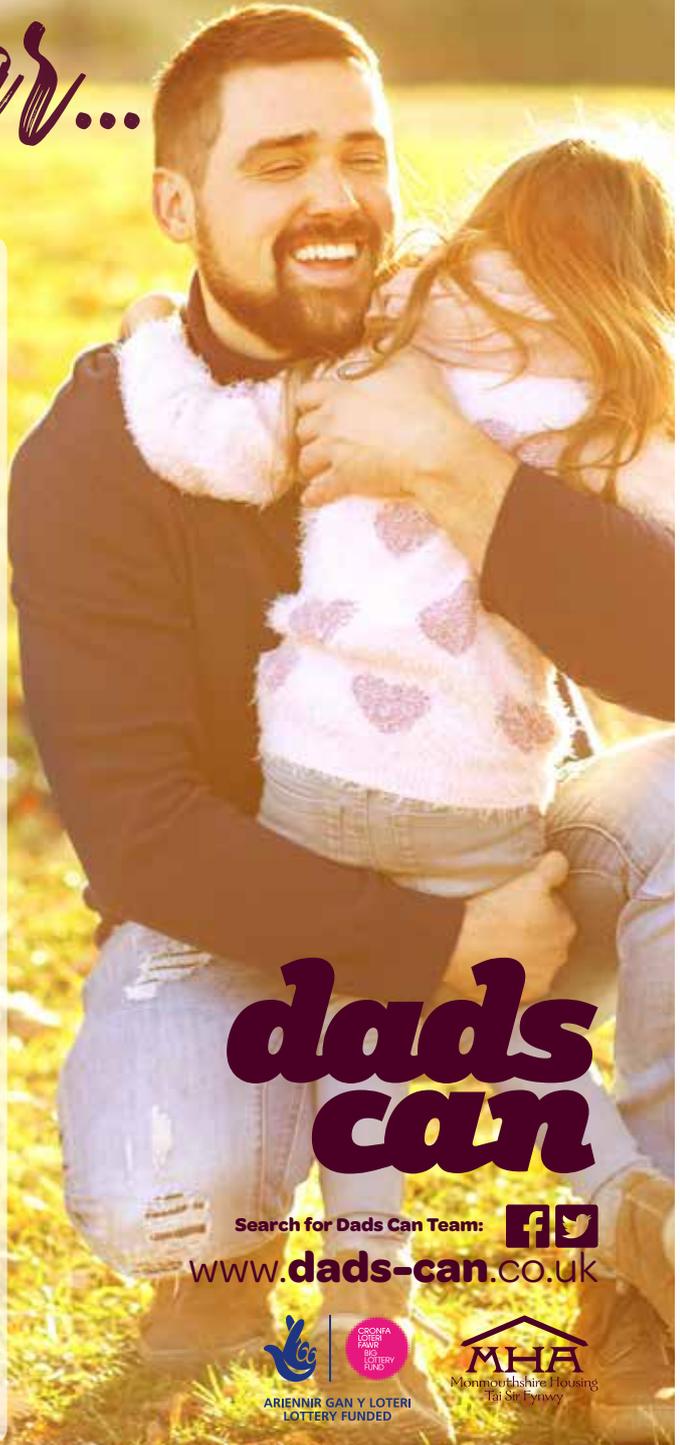
Delivered 700 hours of **direct support**

1/3 have **gained new friendships**

2/3 have **engaged with other agencies**

89% of dads feel **better supported**

2/3 dads are **closer to the labour market**



dads can

Search for Dads Can Team:



www.dads-can.co.uk



ARIENNIR GAN Y LOTERI
LOTTERY FUNDED



MHA
Monmouthshire Housing
Tai Sir Fynwy

Facilities & Compliance

Environmental, Health Safety and Environmental

We continue to review and strengthen our processes to ensure legal compliance and also to achieve best practice. The BS 18001 (Health & Safety), ISO 14001 & Green Dragon (Environmental) standards evaluate our approach and management of Health, Safety and Environmental in the workplace and how we aim to control the risks effectively. We are subject to annual audits which are carried out by an external auditor to verify whether our processes are meeting the requirements of each standard.

During 2017/18 Monmouthshire Housing Group have:

- Been recertified to the Environmental ISO 14001:2015 (revised standard) certification – February 2018 and received no non conformances
- Been recertified to the Environmental Green Dragon (Welsh Standard) level 5 recertification – December 2017
- Maintained Health & Safety BS 18001 certification – February 2018

Photovoltaic (PV) Solar Panels

A prompt and effective PV maintenance service is in place to ensure our systems are working to their optimum to ensure tenants benefit from the free electricity generated.

The PV programme commenced at the end of 2011 and to date we have installed PV on 1,142 properties. The Feed in Tariff (FIT) rate varies depending on which year the installations were completed and the FIT provider is Good Energy. Since commencement we have generated 7,960,072 kWhs and received an income of £1,836,738.09.

Overall the panels are performing well however there are properties that are underperforming which are currently being investigated.

Pool Car

We currently have one hybrid pool car which has proved popular. As a consequence we have now received approval to expand the pool car fleet to include two hybrid cars and two electric cars. The expansion of our pool car fleet is one of our key environmental objectives however this also links into our corporate objective to reduce fuel usage.

The new MHA pool cars



Corporate Services

MHA complies with the requirements of the Welsh Language (Wales) Measure 2011 and has an approved Welsh Language Strategy which is monitored and our progress against the strategy is reported to, and approved by the Welsh Language Commissioner. MHA is awaiting the regulatory framework in respect of the Welsh language and how it is to be applied to the sector in Wales. MHA has successfully run several training programmes of Welsh language courses for its staff in recent years and will continue to offer support in the learning of the Welsh language throughout 2018/19.

Customer Excellence

MHA achieved the Customer Excellence Assessment 3rd Year Rolling Programme for 2018, maintaining all of our compliance pluses from previous years, plus an additional 3 elements reflecting MHA's continued understanding of, and engagement with, stakeholders coupled with high overall performance in comparison with similar housing associations.

MHA demonstrates it's clearly committed to using the Customer Service Excellence Standard to continuously improve its services and achieve its mission "to provide high quality homes and services that put people first." MHA is able to demonstrate that its culture of customer service is based on a long term understanding of, and engagement with tenants and leaseholders.

Staff Development

In 2017/18 MHA spent over £130,000 (2016/17 > £100,000) on training its staff and Board Members which equates to almost 1,000 training days. This highlights our commitment to ensure our staff have the appropriate skills and knowledge to deliver high quality services to our customers.

Awards

In 2017 we were re-accredited with the Gold Standard of the Investors in People Award which recognises that MHA demonstrates advanced performance for people management. In 2016 we were awarded the Platinum Corporate

Health Standard which reflects how we support the health and wellbeing of our staff and our corporate social responsibilities regarding the wellbeing of our communities.

Service Testing Team & Scrutiny Panel

MHA's Service Testing Team and Scrutiny Panel tenant groups have been running successfully for a number of years now, and throughout have continually sought improvement to maximise the impact of their involvement. The majority of their work focuses on operational service delivery and findings are also considered during the strategic direction setting of the organisation.

Following a rebrand and recruitment drive, the new Service Testing team is made up of tenants with five regular attending members, and four new members who have their first check pending.

Since the rebrand, the team have raised their profile internally and externally. Through an interactive and vibrant intranet staff can learn about the team's work and the outcomes achieved. A short DVD featuring the team members is available on MHA's website and currently has had over 1,600 views on Facebook.

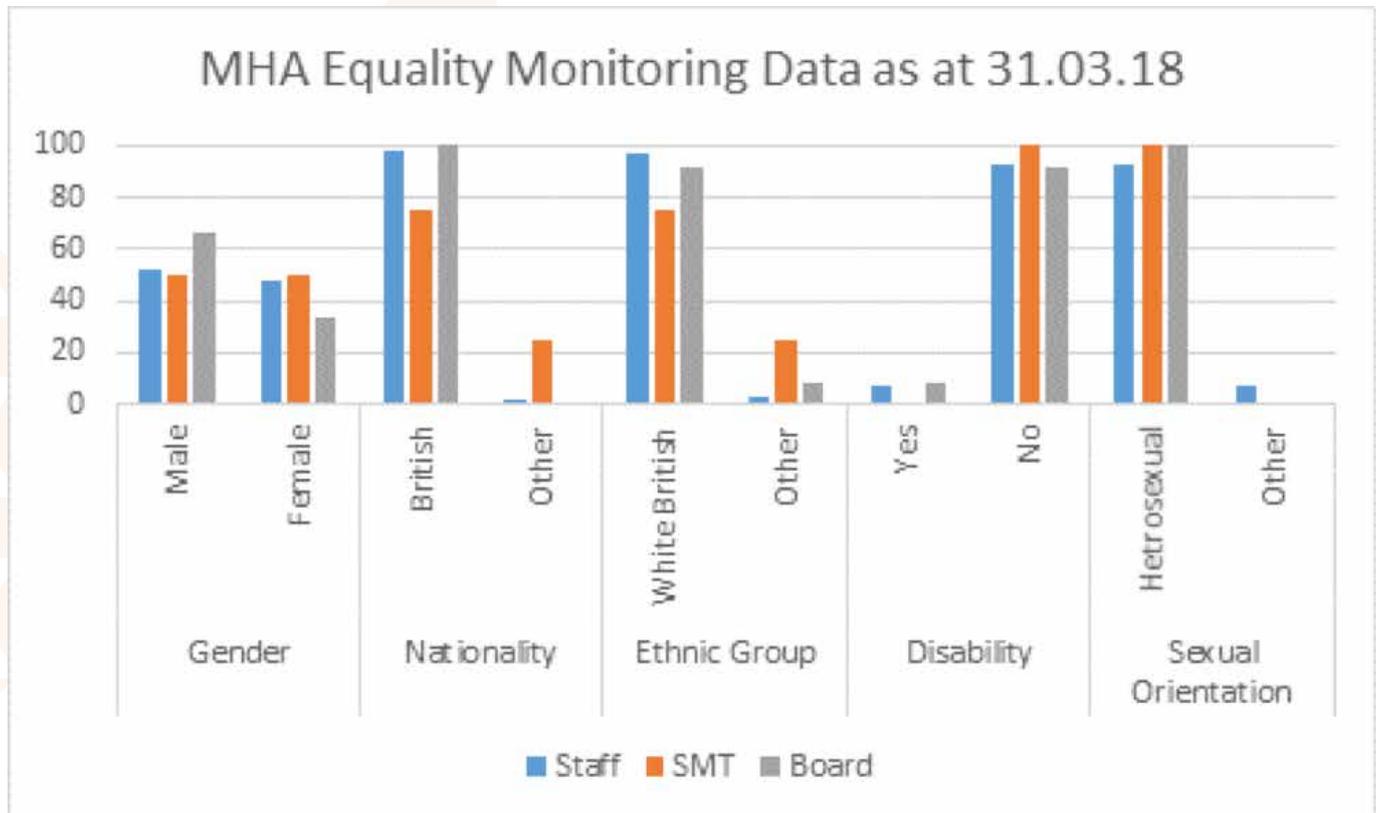
Since December 2015 the Scrutiny Panel have also been productive undertaking a number of different service reviews and raising their profile internally and externally through You Said We Did publications, the website and the staff intranet.

The Panel consider a wide range of material and consult with a wider audience than that of the Service Testing Team when drawing together a picture and seeking out improvements to the service area. This could include ascertaining customer expectations, email and telephone surveys (conducted on behalf of the group), reviewing satisfaction and consultation data, performance, research, use of the Service Testing Team (where appropriate) and discussions with staff/neighbours/agencies.

Officers and members of the Scrutiny Panel also belong to the South Wales Scrutiny Network who meet regularly to share best practice and avail of joint training opportunities.

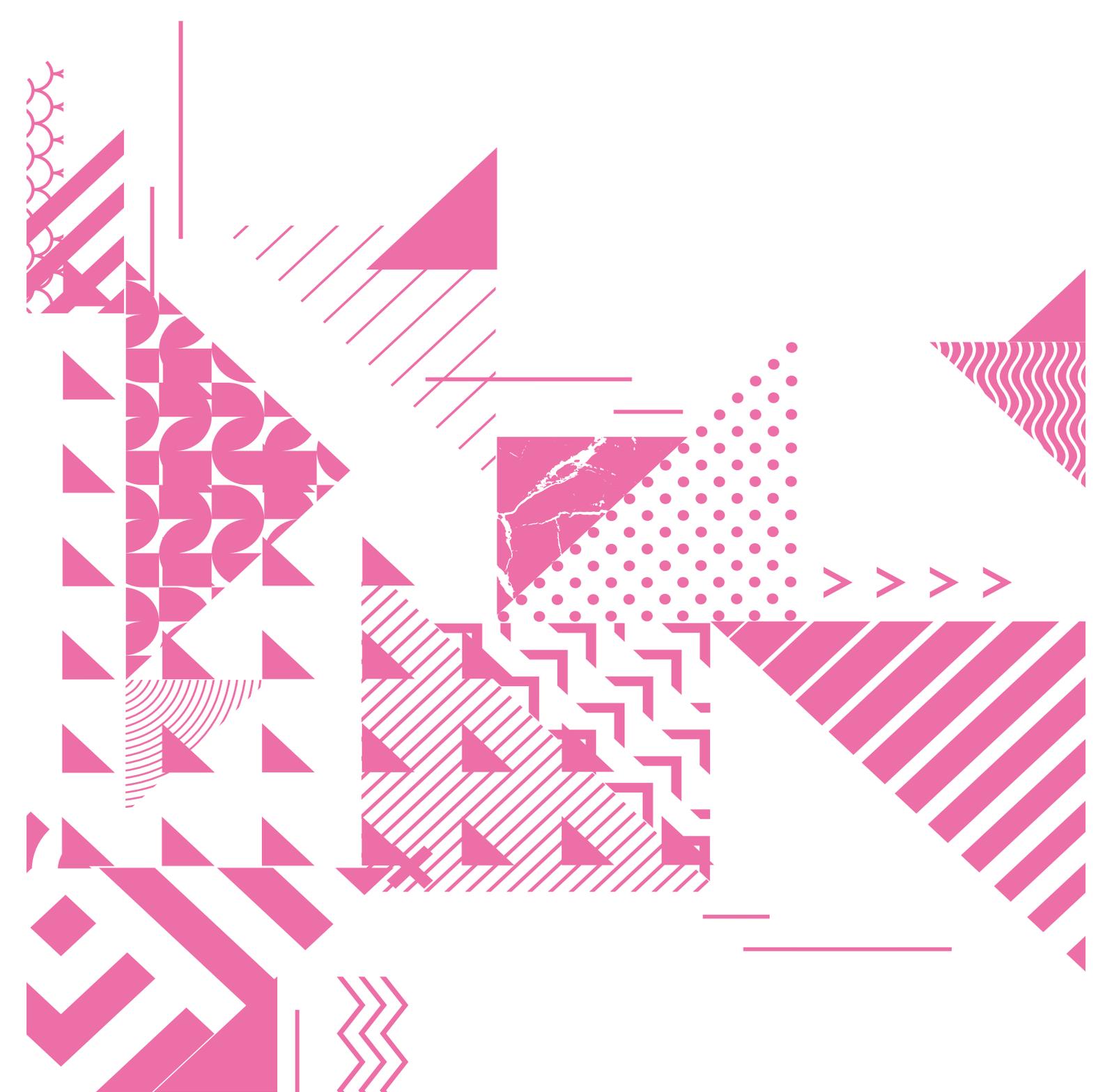
Equal Opportunities “Leading Diversity by 2020”

MHA has signed up to the Chartered Institute of Housing’s (CIH) Equality and Diversity Charter, to create a truly equal and diverse UK housing sector by 2020. In recognition of this, we have an action plan to achieve the challenges in the CIH’s Charter and will annually publish the makeup of our Board membership and workforce.



Board Performance Indicators

Description:	2018 Actual	2018 Target	2017 Actual	2017 Target
RENTS				
% rent loss due to void	0.92%	1%	0.55%	1.2%
% rent arrears – current	0.81%	2.1%	1.49%	2.2%
% rent collected	102.1%	98.9%	101%	98.8%
STAFFING				
Annual Staff Turnover (voluntary)	8.54	8	5.8	8
Overall Sickness Level	3.99	3.2	3.27	3.3
REPAIRS				
% Repairs completed Right First Time	94.95%	95%	94%	94%
Re-let time (days) Standard lets	44.83	29.87	34.7	25
% properties with Landlord Gas Certificate	100%	100%	100%	100%
MISCELLANEOUS				
Loan Covenant	Met		Met	
Overall Satisfaction with Services from MHA	90.1%	90%	*	88%



Statement of Board Members' Responsibilities

The Board are responsible for preparing the Annual Report and the 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 legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board are required to:

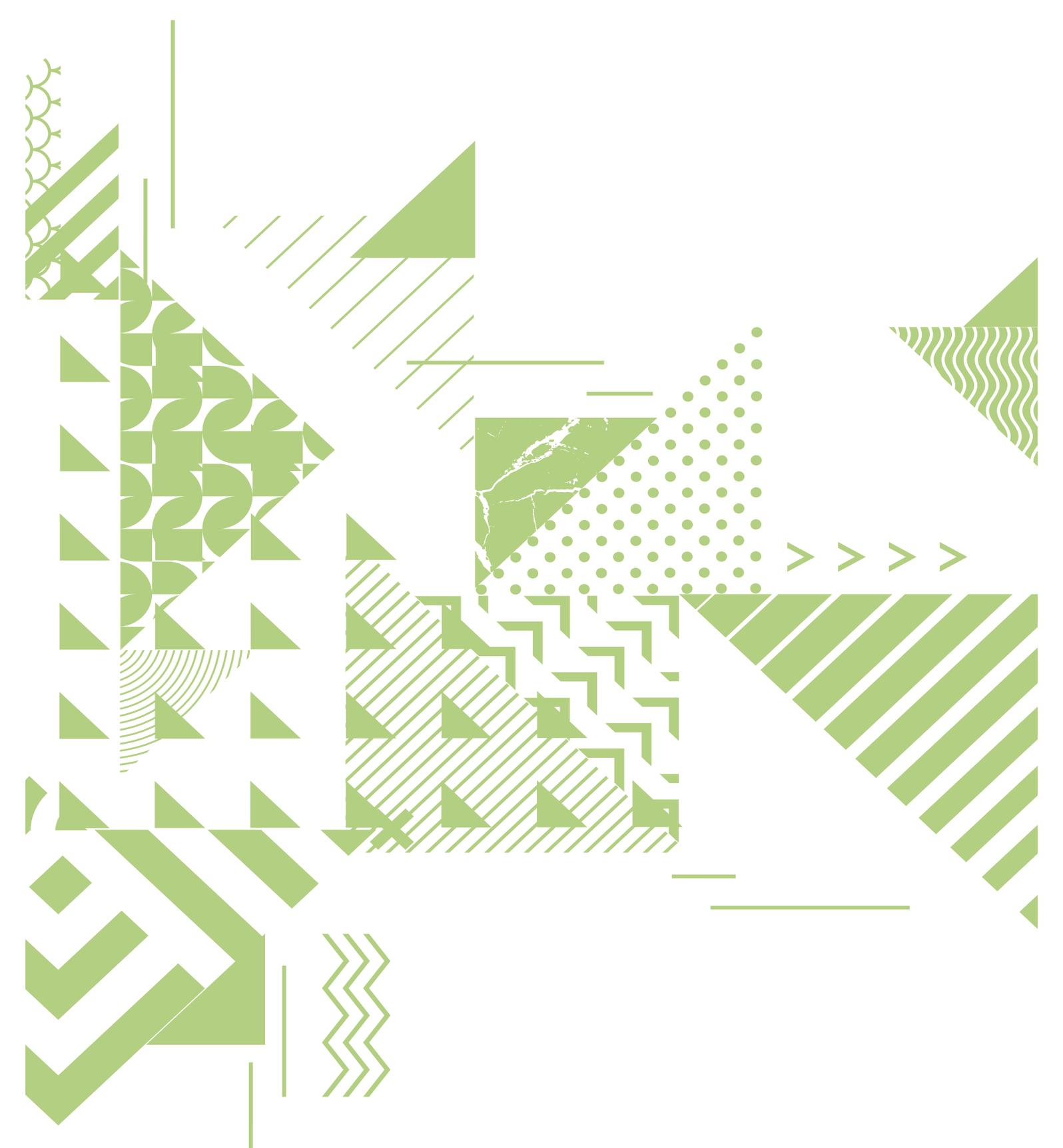
- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation, the Co-operative and Community Benefit Societies Act 2014 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board 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 the auditor

- Each of the Board Members at the date of approval of this report has confirmed that:
- As far as the Board Members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board Members have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information



Statement of Internal Control

In accordance with the terms of reference and the best practice referred to in the Welsh Government's Housing Association Circular RSL 02/10 Internal controls and reporting, the Deputy Chief Executive on behalf of the Audit Committee presents an annual report to the Board covering the period from 1 April 2017 to 31 March 2018. The purpose of this report is to record an assessment of the adequacy and effectiveness of the Association's system of internal control during this period.

Internal Control framework

In accordance with the Welsh Government's Housing Association Circular RSL 02/10 Internal controls and reporting, MHA's Board acknowledges its responsibilities for the Association's system of internal control and for reviewing their effectiveness. The Board also acknowledges its responsibility for the wider aspects of risk management.

The Association's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss, regarding the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information and the management of risks. Any of which could adversely affect the Association's ability to achieve its Business Plan objectives.

The following mechanisms constitute the key elements of the framework designed and implemented by management to provide effective internal control in key areas of the business.

The Internal Controls are categorised under the 6 risk pillars:

Delivery

- Procedure manuals for staff;
- Performance management information presented to SMT, Committees and Board
- Anti-Fraud, Theft and Corruption policy

Governance and Regulation

- An established programme of internal audit activities derived from an assessment of key business risks
- An established programme of external audit activities from an assessment of the key financial risks
- The Audit Committee review and monitor reports from management, from Internal Audit and from External Audit to provide reasonable assurance that control procedures are in place and are being followed
- Monitoring of the control system by the Audit Committee, the Internal Auditors and External Auditors and management
- A Health and Safety Management system in place
- MHA have the following accreditations - ISO 14001 – Environmental, ISO 9001 – Quality, BS 18001 – Health & Safety, Green Dragon Level 5 – Environmental – regular external audits are carried out to ensure MHA comply with the standards

Money

- Standing orders and financial regulations setting out clearly the system of delegation
- Defined business and strategic planning process including the preparation of annual budgets, rolling five year corporate plans, a 30 year financial forecasting model and the production and review of monthly management accounts. These are supported by specific operational/directorate action plans and a process for the monitoring of results against budgets
- Regular reporting of financial results and other performance indicators against budgets and other appropriate internal and external targets;
- Board approved treasury policy and annual treasury strategy, which is reported against as part of the management accounting information

Assets and Liabilities

- A cross departmental Housing Programme Board set up to oversee and monitor developments and the Asset Management Strategy
- An Asset and Liability Register maintained

People

- Clearly defined corporate and directorate management responsibilities and reporting structures ensuring that experienced and suitably qualified staff take responsibility for important business decisions
- Careful staff recruitment, appropriate training and individual performance monitoring systems (implemented in 2008 and updated annually)
- Investors in People – Gold Standard
- Corporate Health Standard – Gold and Platinum accreditations
- A whistleblowing policy

Opportunity

- Two members of MHA Board sit on Capsel Board
- Capsel to consider opportunities which MHA cannot take part in
- All material opportunities within the Group to be subject to viability and social value assessments

Risk Management framework

MHA has a Risk Management Policy in place which clearly outlines MHA's approach to risk management and defines roles and responsibilities throughout the organisation.

The Corporate Risk Register is regularly reviewed by managers and SMT and presented at each Audit Committee. A Corporate Risk Dashboard summarising the main risks and movements in trends is presented and discussed at every Board and Committee meeting.

The Association continues to maintain or put in place a number of procedures designed to mitigate risks facing the Association. These include specific delegated authorities to managers and staff, insurances, performance management reporting, contract procurement processes and an annual self-certification of risks and how they are controlled by the Senior Management Team.

As part of the Corporate Planning Cycle Board reviewed their appetite for risk. The appetite statement is communicated to SMT, Managers and Staff and the Corporate Objectives were set in line with the reviewed appetite.

MHA are continually developing its risk management framework and we are currently working with each service to develop service risk registers.

Over the coming year we will also be mapping and further developing our assurance framework which will enable us to clearly see and identify areas of concern and underlying issues.

Register of Detected Frauds

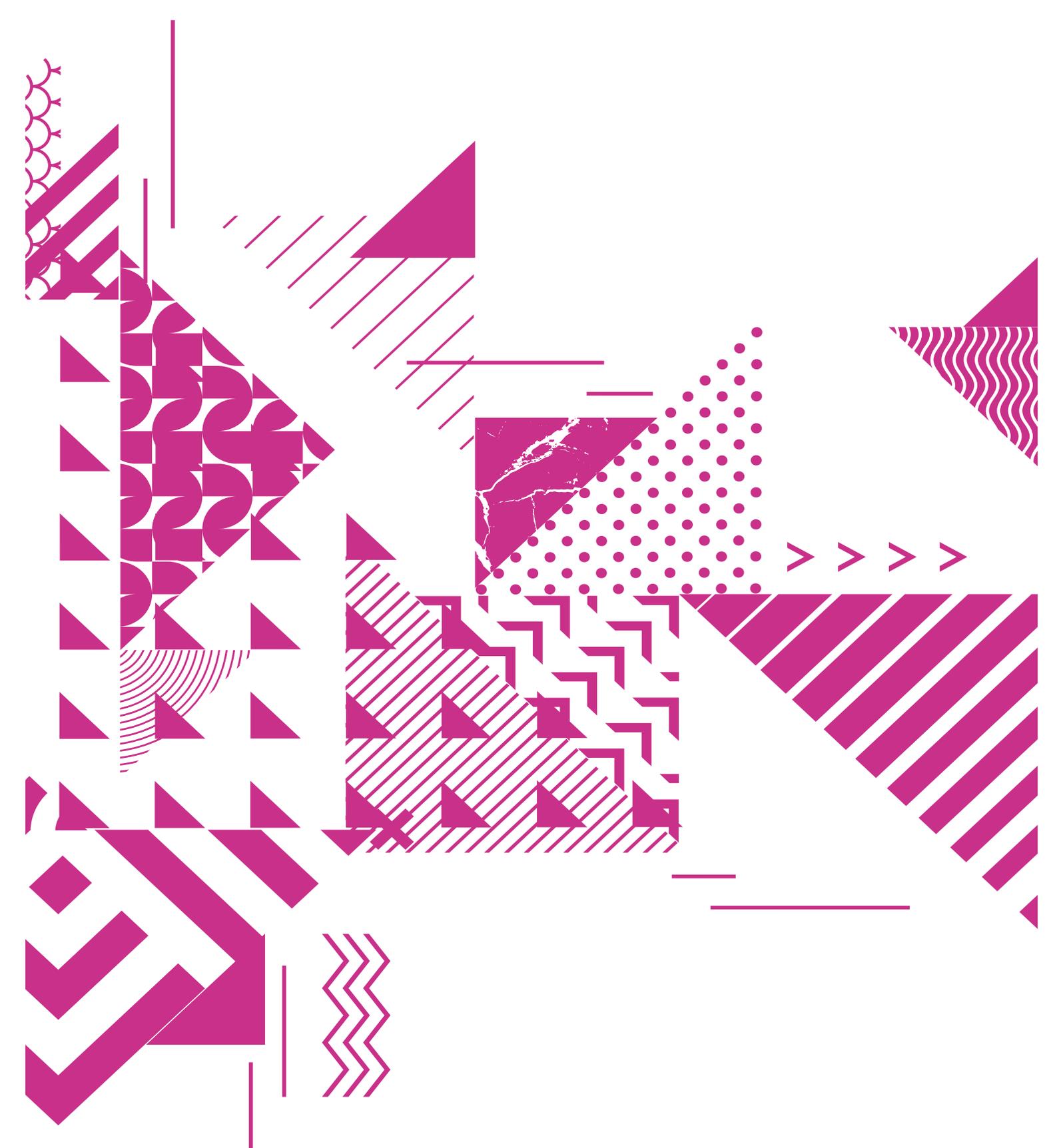
The Company Secretary maintains the register of detected frauds. There are no frauds to report in the period covered by this report.

Adequacy and Effectiveness of the Associations Internal Control System

The Deputy Chief Executive has reviewed the adequacy and effectiveness of the Association's internal control and risk management systems for the period 1 April 2017 to the date the annual accounts for 2017/18 are approved and confirms that they are operating effectively.

The Board Report, Statement of Members Responsibilities and the Statement of Internal Control were approved by the Board on 18th July 2018.

Signed by: Steve Higginson
Position: Deputy Chief Executive



Independent Auditors Report

Independent Auditor's Report to the Members of Monmouthshire Housing Association Limited

Opinion

We have audited the financial statements of Monmouthshire Housing Association "the parent Association" and its subsidiary ("the Group") for the year ended 31 March 2018 which comprise the consolidated and parent Association Statement of Comprehensive Income, the consolidated and parent Association Statement of Financial Position, the consolidated and parent Association statement of changes in reserves, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2018 and of the Group's and Association's surplus for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements of Registered Social Landlords General Determination (Wales) 2015

Basis for opinion

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

Conclusions relating to going concern

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

- The Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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

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 is 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.

Opinions on other matters prescribed by the Cooperative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Opinion on other matters prescribed by the Housing association circular RSL 02/10: Internal controls and reporting

With respect to the Board's statement on internal financial controls on page 40, in our opinion:

- The Board have provided the disclosures required by the Housing association circular RSL 02/10: Internal controls and reporting; and
- The Board's statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 38, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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 section 87(2) of the Cooperative 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.

Beever and Struthers
Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 19th September 2018



Statement of Total Comprehensive Income

	Notes	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	3	20,871	20,803	20,206	20,252
Operating expenditure	3	(18,242)	(18,200)	(17,646)	(17,571)
Gain on disposal of property, plant and equipment	4	1,686	975	1,689	1,044
Operating surplus		4,315	3,578	4,249	3,725
Interest receivable	5	3	2	109	104
Interest and financing costs	6	(900)	(886)	(900)	(886)
Surplus before tax		3,418	2,694	3,458	2,943
Taxation	10	24	-	24	-
Surplus for the year		3,442	2,694	3,482	2,943
Other comprehensive income for the year					
Actuarial gain/(loss) in respect of pension schemes	19	1,047	(1,733)	1,047	(1,733)
Total comprehensive income for the year		4,489	961	4,529	1,210

There were no recognised gains or losses in either the current or prior years except those reported in the Statement of Comprehensive Income.

The notes on pages 60-93 form part of these financial statements.

The financial statements on pages 49-93 were approved and authorised for issue by the Board on 18/07/2018 and were signed on its behalf by:

Signed

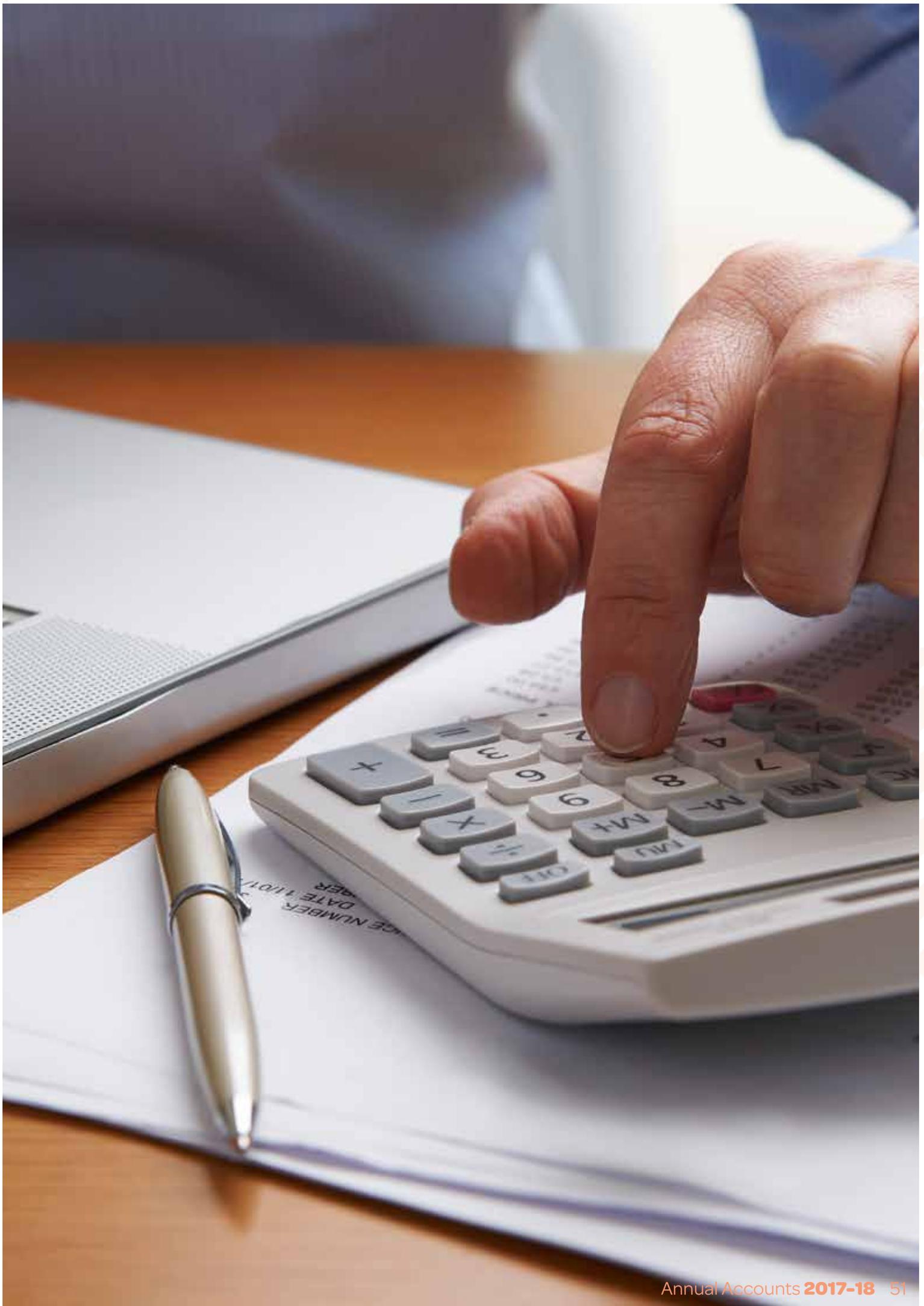
Andrew Martyn-Johns
Chair

Andy Jones
Vice Chair

Steve Higginson
Company secretary



Statement of Financial Position



	Notes	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Intangible fixed assets	11	193	192	188	188
Housing properties	12	81,350	66,552	78,308	63,316
Homebuy loans receivable	12	373	-	373	-
Other property, plant and equipment	13	4,055	4,097	4,055	4,097
Total Fixed Assets		85,971	70,841	82,924	67,601
Current assets					
Inventories	14	1,219	154	149	146
Debtors	15	2,272	2,036	6,624	5,464
Cash and cash equivalents		3,581	1,840	3,514	1,772
Current Liabilities					
Creditors: amounts falling due within one year	16	(5,955)	(5,369)	(5,904)	(5,302)
Net current (liabilities) / assets		1,117	(1,339)	4,383	2,080
Total assets less net current assets		87,088	69,502	87,307	69,681
Non-current liabilities					
Creditors: amount falling due after more than one year	17	(57,706)	(44,560)	(57,706)	(44,560)
Provision for liabilities and charges	18	-	(171)	-	(171)
Pension Fund	19	(8,026)	(7,904)	(8,026)	(7,904)
Net assets		21,356	16,867	21,575	17,046
Capital and Reserves					
Share capital	20	-	-	-	-
Pension Reserve		(8,026)	(7,904)	(8,026)	(7,904)
Revenue Reserve		29,382	24,771	29,601	24,950
Total Reserves		21,356	16,867	21,575	17,046

The notes on pages 60 to 93 form part of these financial statements

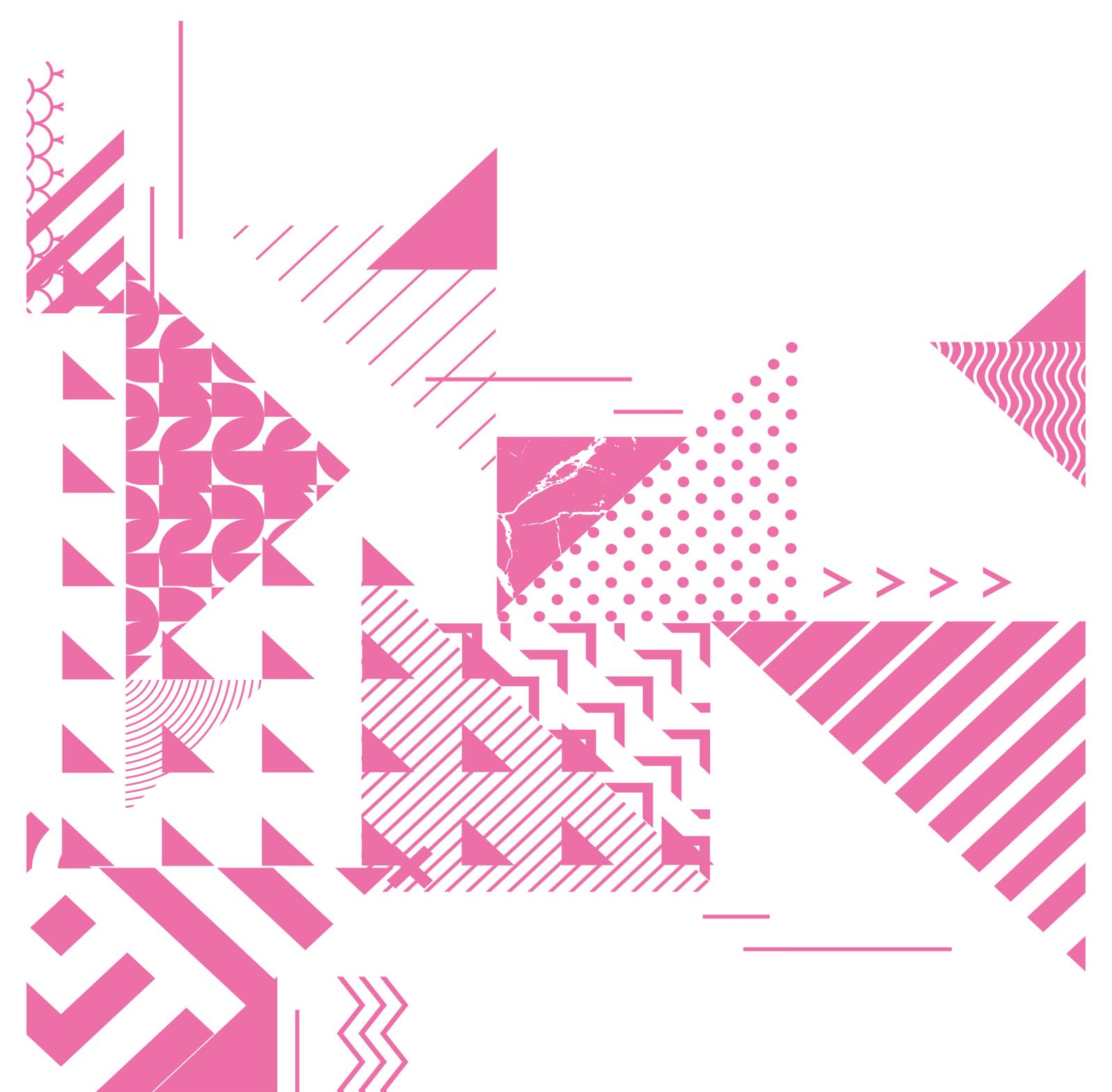
The financial statements of Monmouthshire Housing Association Limited Group on pages 49-93 were approved and authorised for issue by the Board on 18/07/2018 and signed on its behalf by:

Andrew Martyn-Johns
Chair

Andy Jones
Vice Chair

Steve Higginson
Company secretary

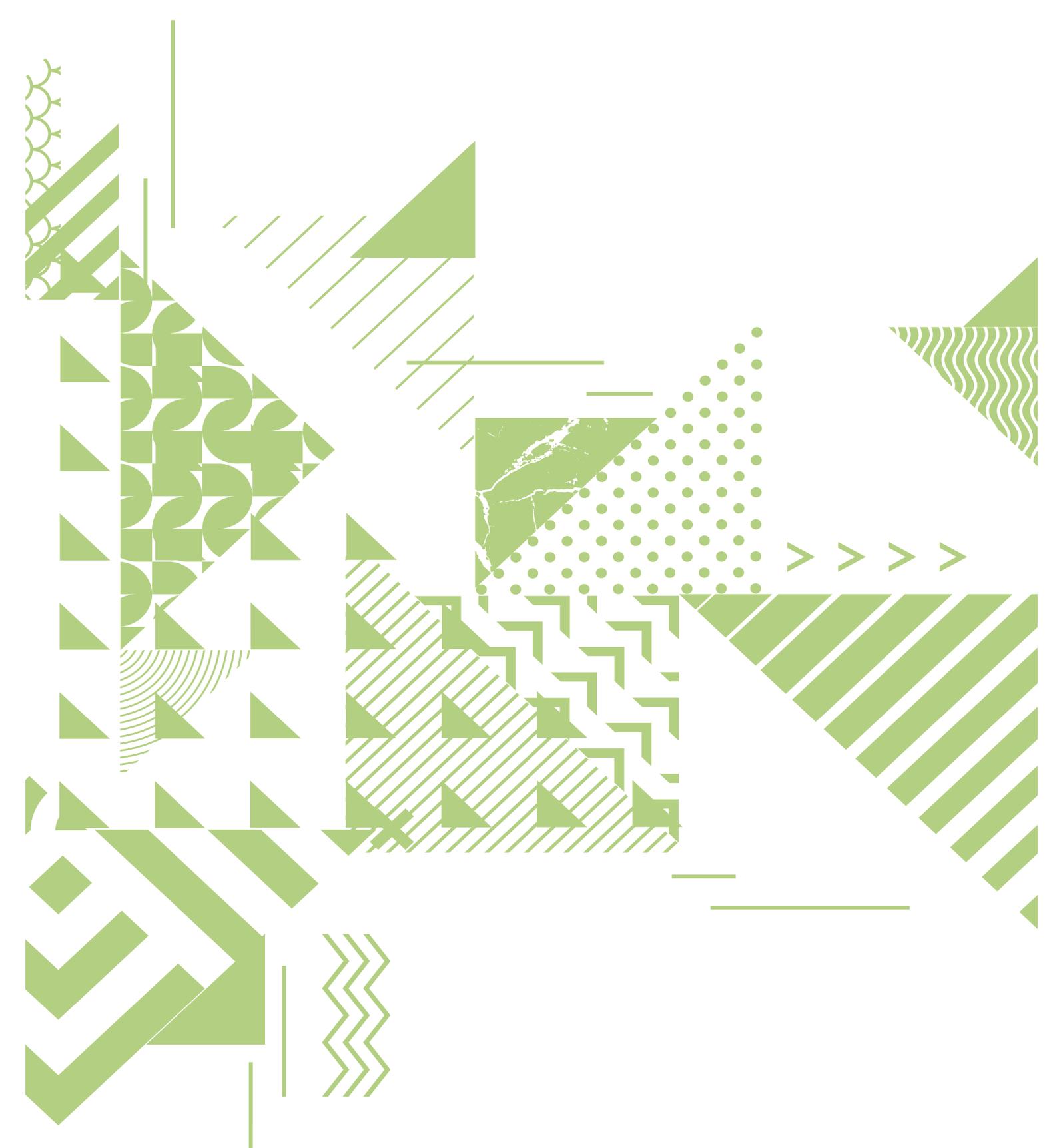
Date: 18th July 2018



Statement of Changes in Reserves

	Consolidated			Association		
	Called up share capital £,000	Revenue Reserve £,000	Total £,000	Called up share capital £,000	Revenue Reserve £,000	Total £,000
As at 1st April 2016	-	15,906	15,906	-	15,836	15,836
Surplus for the year	-	2,694	2,694	-	2,943	2,943
Actuarial loss in respect of pension schemes	-	(1,733)	(1,733)	-	(1,733)	(1,733)
As at 31st March 2017	-	16,867	16,867	-	17,046	17,046
Surplus for the year	-	3,442	3,442	-	3,482	3,482
Actuarial gain in respect of pension schemes	-	1,047	1,047	-	1,047	1,047
As at 31st March 2018	-	21,356	21,356	-	21,575	21,575

The revenue reserve represents the accumulated surplus of the Group and Association.



Statement of Cash Flows

	Notes	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net cash generated from operating activities	21	5,234	6,780	5,123	6,765
Cash flows from investing activities					
Purchase of property, plant and equipment		(19,096)	(10,620)	(19,093)	(10,776)
Proceeds from sale of property, plant and equipment		1,686	1,186	1,689	1,219
Grants received		6,280	4,166	6,280	4,166
Interest received		3	2	109	104
Net cash flows from investing activities		(11,127)	(5,266)	(11,015)	(5,287)
Cash flows from financing activities					
Loans		8,500	-	8,500	-
Interest paid		(890)	(886)	(890)	(886)
Taxation paid/received		24	(25)	24	(25)
Net cash flows from financing activities		7,634	(911)	7,634	(911)
Net increase/ (decrease) in cash and cash equivalents		1,741	603	1,742	567
Cash and cash equivalents at beginning of the year		1,840	1,237	1,772	1,205
Cash and cash equivalents at end of the year		3,581	1,840	3,514	1,772

		Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net cash generated from operating activities	21	5,234	6,780	5,123	6,765
Interest paid		(890)	(886)	(890)	(911)
Interest received		3	2	109	104
Taxation (paid)/received		24	(25)	24	(25)
Component replacements		(6,135)	(5,279)	(6,135)	(5,279)
Purchase of other replacement fixed assets		(28)	(26)	(28)	(26)
Component replacements grant received		2,600	2,600	2,600	2,600
Free cash generated/(consumed before loan repayments)		808	3,166	803	3,228
Free cash generated/ (consumed) after loan repayments		808	3,166	803	3,228



Notes to the Financial Statements

1. Registration of the Association

Monmouthshire Housing Association Limited (the 'Association') is a registered society under the Co-operative and Community Benefit Societies Act 2014, incorporated and domiciled in the United Kingdom. The address of the registered office is Nant Y Pia House, Mamhilad Technology Park, Mamhilad, Pontypool, Monmouthshire, NP4 0JJ.

The main activities of the Association and its subsidiaries are the provision of affordable homes for rent for people in housing need.

2. Principle Accounting policies and Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Monmouthshire Housing Association Group is a public benefit entity, as defined in FRS 102, and applies the relevant paragraph prefixed 'PBE' in FRS 102.

The financial statements are presented in pounds sterling and, unless otherwise noted, amounts are rounded to the nearest £1000.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertaking drawn up to 31 March each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Board has a reasonable expectation that there are adequate resources to continue for the foreseeable future, after reviewing future forecasts and budgets. The consolidated financial statements have therefore been prepared on a going concern basis.

Property, plant and equipment – housing properties

Housing properties, held at cost less depreciation, were transferred from Monmouthshire County Council at no cost and were subject to a nil valuation based on an independent report using the basis of existing use value for social housing.

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

Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as 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.

	Houses	Flats
New build	150 years	110 years
Purchased	100 years	80 years

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	80 – 150 years
Roofs	50 Years
Doors and Windows	30 Years
Kitchens	15 Years
Bathrooms	25 Years
Heating Systems	15 Years
Other works	20 Years
Photovoltaic panels	22 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 which 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, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Other fixed assets

Head Office (building and furniture)	5 – 100 Years
Computer equipment	3 – 10 Years

Intangible assets

Software purchased and developed, or developed in house, is an intangible asset. Cost is measured initially at acquisition cost or costs incurred to develop the asset. Development expenditure incurred on an individual project is capitalised only if specific criteria are met including that the asset created will probably generate future economic benefits. These assets will be amortised over 3 - 5 years.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

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.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred 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 housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

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

Leased assets

At inception the Group 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.

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, to produce 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 to surplus or deficit 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 interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively

enacted by the Statement of Financial Position date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Accounting for VAT

The majority of the Associations business is exempt from VAT. In the accounts amounts are generally shown gross with VAT costs incurred however any taxable income and associated costs will be shown net.

Pensions

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The Group participates in an industry wide multi-employer defined benefit pension scheme where the scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the scheme as defined benefit. For this multi-employer scheme, there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded and a liability is recognised in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

Local Government Pension Scheme

The Group participates in a local government pension scheme which is a multi-employer scheme where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme, the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with the assets of the scheme, held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets, such as properties developed for outright sale or shared ownership, first tranche sales at completion together with revenue grants from local authorities and the Welsh Government 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.

Financial Instruments

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

Financial assets carried at amortised cost

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

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

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 the transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

Provisions

In the year to 31st March 2018, provision was made for home loss payments to tenants prior to the forthcoming demolition and redevelopment of a number of properties. These provisions required management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition,

A provision was also made for redundancy and early retirement costs following the closure of the safe hands project.

Both these provisions were fully utilised in the year.

Key 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. Any estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates would be recognised in the period in which the estimate is revised and in any future periods affected. Detailed below are a few management judgements and estimates MHA have made within the financial year.

Impairment of social housing properties

The Group 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.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

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.

3. Particulars of turnover, operating costs and operating surplus

Group

	2018	2018	Operating		2017	Operating	Operating
	Turnover	Operating	Costs	Surplus	Turnover	Costs	Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings	20,211	(17,651)	2,560		20,252	(17,571)	2,681
Non Social Housing activities	660	(591)	69		551	(629)	(78)
Total	20,871	(18,242)	2,629		20,803	(18,200)	2,603

Association

	2018	2018	Operating		2017	Operating	Operating
	Turnover	Operating	Costs	Surplus	Turnover	Costs	Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3a)	20,206	(17,646)	2,560		20,252	(17,571)	2,681
Non Social Housing activities	-	-	-		-	-	-
Total	20,206	(17,646)	2,561		20,252	(17,571)	2,681

3a. Particulars of income and expenditure from social housing lettings – Association

	General Needs £'000	Supported Housing £'000	2018 Total £'000	2017 Total £'000
Income				
Rents receivable	17,084	-	17,084	17,492
Service charge income	195	-	195	116
Income for support services	-	273	273	281
Amortised government grants	1,521	-	1,521	1,266
Other Income	1,133	-	1,133	1,097
	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from social housing lettings	19,933	273	20,206	20,252
Cost				
Management costs	(4,775)	(426)	(5,201)	(7,085)
Service charge costs	(574)	-	(574)	(183)
Routine maintenance	(5,222)	-	(5,222)	(5,010)
Major repairs expenditure	(1,602)	-	(1,602)	(997)
Bad Debts	(13)	-	(13)	(54)
Depreciation of housing properties	(3,431)	-	(3,431)	(3,023)
Other costs	(1,603)	-	(1,603)	(1,219)
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Operating costs on social housing activities	(17,220)	(426)	(17,646)	(17,571)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus on social housing lettings	2,713	(153)	2,560	2,681
	<hr/>	<hr/>	<hr/>	<hr/>
Rent loss due to voids	192	-	192	120

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Housing properties - sales proceeds	1,695	1,253	2,695	1,219
Housing properties LCHO - sales proceeds	788	-	788	-
Cost of sales	(413)	(278)	(1,410)	(175)
Cost of sales LCHO	(384)	-	(384)	-
	1,686	975	1,689	1,044
Surplus				

During the year MHA disposed of 11 properties under the associations asset management strategy, as they were uneconomical to repair, and a further 4 properties under the Right to Buy scheme.

The Association also sold land for £1 million to Capsel.

5. Interest receivable

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank interest receivable	-	2	-	1
Other Interest receivable	3	-	109	103
	3	2	109	104

Other interest receivable includes money received from Capsel in relation to the Photovoltaic panel lease.

6. Interest and financing costs

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans and overdrafts	900	886	900	886
Total	900	886	900	886

7. Surplus for the year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
The operating surplus for the year is stated after charging/(crediting):				
Depreciation - Housing Properties	3,622	3,225	3,431	3,024
Depreciation - Other	70	71	70	71
Amortisation – Intangible Assets	2	-	-	-
Amortised government grant	(1,521)	(1,266)	(1,521)	(1,266)
Gain on disposal of fixed assets	(1,686)	(975)	(1,689)	(1,044)
Audit fees:				
Statutory audit	17	15	17	15
Other professional fees	-	21	-	21
Operating lease rentals	38	33	38	33

8. Employee Information

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
The average number of staff (including directors) employed during the year was:	242	229	227	216
The actual number of staff (including directors) employed at 31st March 2018	243	239	226	225
Full time equivalents - 37 hours per week				
Direct labour organisation including admin	88	86	77	76
Head office staff	118	116	115	113
Total	206	202	192	189
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	6,340	5,941	5,928	5,625
Social security costs	598	558	562	537
Pension costs	881	640	879	640
Total	7,819	7,139	7,369	6,802

9. Key Management Personnel

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Salaries	357	352	357	352
Social security costs	45	44	45	44
Pension costs	62	48	62	48
Total key management personnel remuneration	464	444	464	444

9. Key Management Personnel (continued)

Board members receive no remuneration and are paid travel expenses at the existing HMRC approved rate of 45 pence per mile.

Key management personnel are defined as non-executive Board members, the Chief Executive and any other person who is a member of the executive management team.

Remuneration of the highest paid director, excluding pension contributions **115** **114**

The Chief Executive is an ordinary member of the pension scheme. No additional contributions to any pension scheme have been made and there were no special or enhanced terms which applied. The employer's contribution to the pension scheme on behalf of the Chief Executive in the year was £21k (2017:£15k)

The number of key management personnel who received emoluments (including pension contributions) in the following range was:

Salary band (£)	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
£50,000-£59,999	-	-	-	-
£60,000-£69,999	-	-	-	-
£70,000-£79,999	2	2	2	2
£80,000-£89,999	1	1	1	1
£90,000-£99,999	-	-	-	-
£100,000-£109,999	-	-	-	-
£110,000-£119,999	1	1	1	1
	4	4	4	4

In March 2018, The Director of Housing and Communities left and the role will be filled by an interim director who has been appointed for a period of 6 months.

10. Tax on surplus on ordinary activities

	Group	Association	
	2018	2018	2017
	£'000	£'000	£'000
Current tax on surplus on ordinary activities	-	-	-

The standard rate of tax applied to the reported surplus is 19% (2017 - 20%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus is as follows:

	Group	Association	
	2018	2018	2017
	£'000	£'000	£'000
Surplus before tax	3,418	3,458	-
Surplus/(loss) on taxable activities	-	(2)	(115)
Tax on ordinary activities at standard rate of UK corporation tax (20%)	-	-	-
Effects of:			
Utilisation of tax losses not previously recognised	-	-	-
Capital allowances in excess of depreciation	-	-	-
Tax (payable)/receivable due to an adjustment in respect of previous periods	24	24	-
Group Relief	-	-	-
	24	24	-

11. Intangible fixed assets

	Group			Association	
	Computer software £'000	Website £'000	Total £'000	Computer software £'000	Total £'000
COST					
As at 1 April 2017	188	4	192	188	188
Additions	-	3	3	-	-
Disposals	-	-	-	-	-
As at 31 March 2018	188	7	195	188	188
AMORTISATION					
As at 1 April 2017	-	-	-	-	-
Amortised in the year	-	2	2	-	-
Eliminated on disposal	-	-	-	-	-
As at 31 March 2018	-	2	2	-	-
NET BOOK VALUE					
As at 31 March 2018	188	5	193	188	188
As at 31 March 2017	188	4	192	188	188

Intangible fixed assets include software purchased and developed in house. Cost is measured initially at acquisition cost or costs incurred to develop the asset. Amortisation has not been charged for the association as the asset is still being developed.

12. Tangible Fixed Assets – Housing Properties (Group)

Group

	Completed Properties £'000	Under Construction £'000	Total £'000
Cost of valuation			
At 1 April 2017	79,417	4,463	83,880
Schemes completed in the year	2,181	(2,181)	-
Additions			
Component additions	6,135	-	6,135
New developments	6,674	6,204	12,878
Disposals	(720)	-	(720)
At end of year	93,687	8,486	102,173
Depreciation			
At 1 April 2017	(17,328)	-	(17,328)
Charge for the year	(3,622)	-	(3,622)
Eliminated on disposal	127	-	127
At end of year	(20,823)	-	(20,823)
Net Book Value			
As at 31 March 2018	72,864	8,486	81,350
As at 31 March 2017	62,089	4,463	66,552

12. Tangible fixed assets – Housing Properties (Association)

Association

	Completed properties £'000	Under Construction £'000	Total £'000
Cost of valuation			
At beginning of year	75,892	4,463	80,355
Schemes completed in the year	2,181	(2,181)	-
Additions			
Component additions	6,135	-	6,135
New developments	6,674	6,204	12,878
Disposals	(720)	-	(720)
At end of year	90,162	8,486	98,648
Depreciation			
At 1 April 2017	(17,039)	-	(17,039)
Charge for the year	(3,431)	-	(3,431)
Eliminated on disposal	130	-	130
At end of year	(20,340)	-	(20,340)
Net Book Value			
As at 31 March 2018	69,822	8,486	78,308
As at 31 March 2017	58,853	4,463	63,316

Freehold land and buildings with an Existing Use Value – Social Housing of £112.5m (2017: £95.9m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

Work to existing properties includes costs charged by contractors, external consultants, and related in-house supervision and administration costs which have been capitalised.

The Association capitalised £1.308m of planned repair works undertaken by the Association's Building Services department (2017: £1.226m). This represents the element of the Group and Association's planned replacement programme which is undertaken by the Association's workforce. The balance of the programme is undertaken by contractors

Analysis of work to existing properties:	2018 £'000	2017 £'000
Capitalised replacement of components	6,135	6,343
Charge to Statement of Comprehensive Income	5,222	4,247

12a. Market Rent Properties

There are 13 market rent properties included in the housing property additions this year which in total cost £1,694,326.19.

12b. Low Cost Home Ownership

	2018	2017
	£'000	£'000
Cost		
Additions during the year	603	-
Disposals during the year	(380)	-
As at 31 March 2018	223	-

12c. Homebuy Loans Receivable

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At 1st April	-	-	-	-
Loans issued in year	373	-	373	-
At 31st March	373	-	373	-

Low Cost Home Ownership (LCHO) loans receivable represent the initial value of MHA's remaining equity share in properties funded under the equity share LCHO Schemes.

13. Property, Plant and equipment – other

	Group			Association		
	Freehold property	Fixtures and Fittings	Total	Freehold property	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of valuation						
At beginning of year	4,465	860	5,325	4,465	860	5,325
Additions	3	25	28	3	25	28
Disposals	-	-	-	-	-	-
At end of year	4,468	885	5,353	4,468	885	5,353
Depreciation						
At 1 April 2017	(448)	(780)	(1,228)	(448)	(780)	(1,228)
Charge for the year	(42)	(28)	(70)	(42)	(28)	(70)
Eliminated on disposal	-	-	-	-	-	-
At end of year	(490)	(808)	(1,298)	(490)	(808)	(1,298)
Net Book Value						
As at 31 March 2018	3,978	77	4,055	3,978	77	4,055
As at 31 March 2017	4,017	80	4,097	4,017	80	4,097

14. Inventories

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Raw materials and consumables	1,219	154	149	146
Total	1,219	154	149	146

Inventories are valued at the lower of cost or net realisable value.

15. Debtors

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Rent arrears (gross)	789	1,009	789	1,009
Provision for bad debts	(307)	(316)	(307)	(316)
Net rental debtors	482	693	482	693
Loans to employees	11	16	11	16
Inter company debtor	-	-	283	244
Other debtors	856	350	664	171
HMRC - VAT Refund	182	330	182	330
Prepayments and accrued income	678	613	667	551
Corporation Tax Refund Due	24	-	24	-
Total	2,233	2,002	2,313	2,005

The Association has made a number of car loans to employees. The loans are for a period up to 5 years and the interest charged is a fixed rate of 6.1% APR – which is above the HMRC official rate.

The following debtors are due after more than one year:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Other debtors (car loans)	39	34	39	34
Finance lease	-	-	3,072	3,225
Inter company debtor	-	-	1,200	200
Total falling due after more than one year	39	34	4,311	3,459
Total debtors	2,272	2,036	6,624	5,464

The finance lease debtor is with Capsel for PV panels. See note 24 for further details.

16. Creditors – Amounts falling due within one year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Rents in advance	249	245	249	245
Other creditors	1,237	1,240	1,151	1,080
Accrued interest	227	213	227	213
Accruals	262	231	262	231
SHG in advance	1,744	1,287	1,744	1,287
Taxation and national insurance	185	147	138	140
Retentions	128	107	128	107
Contractors - planned improvements	511	632	511	632
Pensions	7	14	7	14
Government grants	1,405	1,253	1,405	1,253
Intercompany creditor	-	-	82	100
	5,955	5,369	5,904	5,302

17. Creditors – Amounts falling due after more than one year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Housing loans	27,900	19,400	27,900	19,400
Welsh Government dowry grant	17,775	16,630	17,775	16,630
Other government grants	11,972	8,465	11,972	8,465
Social Housing Pension Scheme	59	65	59	65
	57,706	44,560	57,706	44,560

The loans are secured on those freehold properties which were transferred from the council in January 2008, Interest is payable at 3.48% (2017: 4.54%)

17. Creditors – Amounts falling due after more than one year (continued)

Analysis of debt repayments:

	Group		Association	
Housing loans	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Due within:				
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	27,900	19,400	27,900	19,400
	27,900	19,400	27,900	19,400

Social Housing Pension Scheme

	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Due within:				
Less than one year	7	9	7	9
Between one and two years	7	9	7	9
Between two and five years	22	27	22	27
In five years or more	30	29	30	29
	66	74	66	74

17a. Creditors – Government Grants Group and Association

	Dowry Grant	SHG	Other Government Grants	Total
	£'000	£'000	£'000	£'000
Grant Received				
As at 1 April 2017	23,900	11,117	237	35,254
Received	2,600	3,605	-	6,205
As at 31 March 2018	26,500	14,722	237	41,459
Amortisation				
As at 1 April 2017	6,075	2,772	59	8,906
Amortised	1,325	70	10	1,405
Written back	-	-	-	-
As at 31 March 2018	7,400	2,842	69	10,311
As at 31 March 2018	19,100	11,880	168	31,148
As at 31 March 2017	17,825	8,345	178	26,348
Due within:				
Less than one year	1,325	70	10	1,405
Between one and two years	1,325	70	10	1,405
Between two and five years	3,975	210	29	4,214
In five years or more	12,475	11,530	119	24,124
	19,100	11,880	168	31,148

18. Provisions – Group and Association

	2018	2017
	£'000	£'000
Provision brought forward	171	409
Net movement in the year	(171)	(238)
Provision carried forward	-	171

The provisions represented home loss payments and the redundancy of a number of employees working for the Safe Hands service. The provision was fully utilised in the year to 31st March 2018.

19. Defined benefit schemes

SCHEME: Local Government Pension Scheme

Monmouthshire Housing Association is an admitted member of the Greater Gwent (Torfaen) Pension Fund, which is part of the Local Government Pension Scheme (LGPS) – a funded defined benefit scheme based on final salary. The Association's contributions in the year were 17.8% of pensionable salary (2017 – 13.3%)

The schemes are funded schemes.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2018 by Douglas Green of Hymans Robertson LLP, a fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligations, the related current service costs and the past service costs were measured using the projected unit credit method.

The key assumptions used are:

	2018 % p.a.	2017 % p.a.
Pension increase rate	2.4%	2.4%
Salary increase rate*	2.8%	3.4%
Discount rate	2.7%	2.6%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2013 model assuming the rate of improvement will converge to a long term rate of 1.25%.

Based on these assumptions, the average future life expectancies at age 65 are summarised as follows:

	Males	Females
Current pensioners	21.5 years	23.9 years
Future pensioners*	23.6 years	26.1 years

*Figures assume members age 45 as at the last formal valuation date.

Historic Mortality

Life expectancies for the prior period are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Period ended	Prospective pensioners	Pensioners
31 March 2017	CMI 2013 tables with a 1.25% p.a. rate of long term improvements	CMI 2013 tables with a 1.25% p.a. rate of long term improvements.

Note that the mortality assumptions are identical to those used in the previous period.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-2008 service and 50% of the maximum tax-free cash for post April 2008 service.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2018

	Assets £000's	Obligations £000's	Net (liability) / / asset £000's
Fair value of plan assets	24,564		24,564
Present value of funded liabilities		32,468	(32,468)
Present value of unfunded liabilities		-	-
Opening position as at 31 March 2017	24,564	32,468	(7,904)
Service cost			
Current service cost	-	1,806	(1,806)
Past service cost	-	28	(28)
Effect of settlements	-	-	-
Total service cost	-	1,834	(1,834)
Net interest			
Interest income on plan assets	648	-	648
Interest cost on defined benefit obligation		865	(865)
Impact of asset ceiling on net interest	-	-	-
Total net interest	648	865	(217)
Total defined benefit cost recognised in surplus	648	2,699	(2,051)
Cashflows			
Plan participants' contributions	297	297	-
Employer contributions	882		882
Contributions in respect of unfunded benefits	-		-
Benefits paid	(453)	(453)	-
Unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
Expected closing position	25,938	35,011	(9,073)
Remeasurements			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	(772)	772
Other experience	-	-	-
Return on assets excluding amounts included in net interest	275	-	275
Changes in asset ceiling	-	-	-
Total remeasurements recognised in Other Comprehensive Income (OCI)	275	(772)	1,047
Fair value of plan assets	26,213	-	26,213
Present value of funded liabilities	-	34,239	(34,239)
Present value of unfunded liabilities**	-	-	-
Closing position as at 31 March 2018	26,213	34,239	(8,026)

* The current service cost includes an allowance for administration expenses of 0.5% of payroll

** For unfunded liabilities as at 31 March 2018, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

19. Defined Benefit schemes (continued)

	Liability split as at 31-Mar-18 £000's	Liability split as at 31-Mar-18 %	Weighted Average Duration
Active members	24,215.00	70.70%	23.80
Deferred members	3,326.00	9.70%	28.10
Pensioner members	6,698.00	19.60%	13.30
Total	34,239.00	100.00%	21.30

Information about the Defined Benefit Obligation

Please note that the above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are as they stood at the date of the most recent actuarial valuation of the employer

SCHEME: The Pensions Trust – Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association 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 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.

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

Deficit contributions

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

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

Where the scheme is in deficit and where the 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 these disclosures. The unwinding of the discount rate is recognised as a finance cost.

19. Defined Benefit schemes (continued)

Present Value of provision

	2018 (£)	2017 (£)
Present value of provision	66,294	73,743

Reconciliation of opening and closing provisions

	2018 (£)	2017 (£)
Provision at the start the period	73,743	76,804
Unwinding of the discount factor (interest expense)	929	1,502
Deficit contribution made	(7,275)	(7,063)
Re-measurements – impact of any change in assumptions	(1,103)	2,500
Re-measurements – amendments to contribution schedule	-	-
Provision at end of period	66,294	73,743

Income and Expenditure Impact

	2018 (£)	2017 (£)
Interest expense	929	1,502
Re-measurements – impact of any change in assumptions	(1,103)	2,500
Re-measurements – amendments to contribution schedule	-	-
	(174)	4,002

Assumptions

	2018 % per annum	2017 % per annum
Rate of discount	1.72	1.33

The discount rates shown are above 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.

Deficit Contributions Schedule

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

Year ending	31 March 2018	31 March 2017	31 March 2016	31 March 2015
	(£s)	(£s)	(£s)	(£s)
Year 1	7,493	7,275	7,063	2,437
Year 2	7,718	7,493	7,275	2,510
Year 3	7,950	7,718	7,493	2,586
Year 4	8,188	7,950	7,718	2,663
Year 5	8,434	8,188	7,950	2,743
Year 6	8,687	8,434	8,188	2,825
Year 7	8,948	8,687	8,434	2,910
Year 8	9,216	8,948	8,687	2,998
Year 9	4,746	9,216	8,948	3,087
Year 10	-	4,746	9,216	3,180
Year 11	-	-	4,746	3,276
Year 12	-	-	-	1,687

The Association has commissioned a review of the current pension schemes and a number of options are being considered.

20. Share Capital – Group and Association

	2018	2017
	£	£
As at start of year	90	93
Issued during the year	6	5
Shares cancelled during the year	(30)	(8)
	<hr/>	<hr/>
As at end of year	66	90

The par value of each share is £1

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.

21. Statement of Cash Flows

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash flow from operating activities:				
Surplus for the year	3,418	2,694	3,458	2,943
Adjustment for non-cash items:				
Depreciation of property, plant and equipment	3,565	3,241	3,371	3,081
Amortisation of intangible assets	2	-	-	-
Decrease / (Increase) in inventories	(1,066)	(17)	(3)	(9)
Decrease / (Increase) in debtors	268	443	(658)	184
(Decrease) / Increase in creditors	5,129	4,890	5,146	5,173
(Decrease) / Increase in provision	(171)	(238)	(171)	(238)
Pension costs less contributions payable	1,168	645	1,168	645
Carrying amount of property, plant and equipment disposals	797	278	1,794	175
Adjustments for investing or finance activities:				
Proceeds from the sale of property, plant and equipment	(2,483)	(1,463)	(3,483)	(1,394)
Government grants utilised in the year	(6,280)	(4,602)	(6,280)	(4,602)
Interest payable	890	886	890	886
Interest received	(3)	(2)	(109)	(104)
Taxation paid	-	25	-	25
Net cash generated by operations	5,234	6,780	5,123	6,765

22. Financial Commitments

Capital commitments are as follows:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Contracted but not provided for	8,362	6,504	8,362	6,504
Approved by the Board but not contracted for	6,415	7,879	6,415	7,879

The expenditure will be funded by a combination of Social Housing Grant and an existing loan facility of £45 million, of which the Association has drawn £27.9 million as at 31st March 2018.

Operating Leases

The future minimum lease payments under non-cancellable opening leases are as follows:

Operating leases	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Payments due:-				
Within one year	5	23	5	23
Between one and five years	-	5	-	5
After five years	-	-	-	-
	5	28	5	28

23. Housing Stock

Number of units:

	2018	2017
Housing accommodation at an affordable rent	3,559	3,562
Housing accommodation at intermediate rent	29	6
Supported housing accommodation	6	6
Housing accommodation let at market rent	13	29
LCHO - held for sale	2	-
Total	3,609	3,603

At 31st March 2018, the Association was developing an additional 77 units for social housing.

24. Related party transactions

Monmouthshire Housing Association's board consists of two councillors, four tenants and seven independent nominees, including one Co-optee to our Board. No board member can use their position to their advantage and they are only reimbursed with travel expenses at the appropriate HMRC rate. At the year end, the aggregate rent balance for tenant board members was an arrears balance of £108 (2017 - £131) after a rental charge of £14,668 in the year.

Capsel Limited is a non-charitable company which is 100% owned by Monmouthshire Housing Association Limited and any staff time and costs are recharged from the parent company. The recharge varies from 2% to 100% dependent on the level of involvement. For the year ending 31 March 2018 the total recharge was a repayment to Capsel of £41k due to the issue of a credit note covering a number of years (2017: £85k).

During the year, Capsel Limited undertook £1.33 million (2017: £1.0 million) of work for Monmouthshire Housing Association Limited and the year end inter group balances were:

- Owed by Monmouthshire Housing Association to Capsel – £82k (2017: £100k)
- Owed by Capsel to Monmouthshire Housing Association - £4.55 million (2017:£3.68 million)

25. Ultimate controlling party

The ultimate controlling party of the Monmouthshire Housing Association Group is the Board. The Group prepare publicly available Annual Financial Statements; copies of which are available upon request from the registered office.

26. Investments - Association

Capsel Limited is a company registered in the U.K. and is 100% owned by Monmouthshire Housing Association Limited. The primary activities of Capsel Limited are construction and repair of properties, renewable energy and property management.

27. Financial Instruments

The carrying values of the group's financial assets and liabilities are summarised by category below:

	2018	2017
	£'000	£'000
Financial Assets		
Measured at undiscounted amount receivable		
Rent arrears (note 15)	482	693
Other debtors	1,073	696
Cash and cash equivalents	3,581	1,840
	<hr/> 5,136	<hr/> 3,229
Financial liabilities		
Measured at amortised cost		
Loans payable (note 17)	27,900	19,400
Measured at undiscounted amount payable		
Trade and other creditors	33,583	28,850
	<hr/> 61,483	<hr/> 48,250







Monmouthshire Housing Association

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