

Annual Report & Financial Statements

Monmouthshire Housing Association Limited

Reporting Year 31st March 2020

Welsh Government registration number: L144

Co-operative and Community Benefit Societies Act 2014 number: 30087R



**Our vision is to create
an environment where
people can have a brilliant
quality of life, in areas
where they aspire to live
and work.**

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.

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Members, Executives & Advisors

The following people served on the Board during the year



Andy **Jones**
(Chair)



Zena **Beirne**



Emma **Brute**



Colin **Marsh**



Ken **Bucknall**



Dimitri **Batrouni**



Ann **Webb**



Reg **Kilpatrick**



Tony **Deakin**



Anthony
Crowhurst



Colin **Lewis**



Sandra **Flanagan**
(Retired December 2019)



Lynnette **Glover**
(Retired December 2019)

Executive Officers



John **Keegan**
Chief Executive



Michele **Morgan**
Director of Housing
& Communities



Karen **Tarbox**
Director of
Property Services



Gwyndaf **Tobias**
Director of
Resources
(Started
July 2020)



Steve **Higginson**
Director of
Resources &
Deputy Chief
Executive (Retired
July 2020)

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

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.

Our strength is our people and our values are embedded in everything that we do...

Open

Fair

Flexible

Achieving



Our Chairperson's statement

Welcome to Monmouthshire Housing Group's annual review. MHA Group comprise Monmouthshire Housing Association Limited and Capsel Limited, our trading subsidiary. This review provides an update of all our activities and achievements for the year 2019/2020.

Before getting into any business matters, I think we have to take a moment to reflect on challenging times. No one predicted that we would face a worldwide pandemic but we are currently in what looks like a long struggle with Covid-19. For those who have seen loved ones or friends pass on, we as an organisation and group of people are truly sorry for your loss. For those of you who are struggling with Covid 19 or any other challenge, our thoughts and best wishes are with you.

In reviewing 2019/2020, we have to recognise that the pandemic has impacted on our expected end of year outcome in that during March, we stopped a number of activities such as development of new homes and planned maintenance, and concentrated on emergency repairs and health and safety requirements.

Looking at our business, as in previous years, this report will show you how much surplus we've made, how much goes back into our communities, how much we've spent and what we've spent it on. We are now in our 13th year following transfer which took place on 21st January 2008. Our desire to transform people's lives and provision of good quality affordable housing within communities where people want to live and work remains as strong

as ever. Looking after our existing tenants, homes and communities is in our DNA and we are also focussing on delivery of much needed new affordable homes in line with Welsh Governments aspirations around meeting the demand for new housing. Monmouthshire Housing delivered 85 affordable new homes during 2019/2020 – we were expecting to deliver 100 but the pandemic impacted delivery in the last month. Our aim remains to have a development pipeline of at least 100 new homes each year.

The following pages go into some detail of our activity and delivery over the last 12 months as well as touching on some of our future planned activity. Working closely with our tenants will remain a key requirement of MHA's future success and we are always keen to have your views on how we are doing as an organisation.

Please continue to let us have your thoughts, ideas and feedback to help shape an exciting future for MHA Group. We very much look forward to working with our tenants and other stakeholders to continue to deliver a strong performance in the years ahead.

Andy Jones



Our key objectives

Landlord Services

Economic

environment

Environmental

impact

Our People

As a Landlord we will...

- Develop 100 affordable properties per annum until 2022, then average to increase by 20 per annum, and to 150 by 2024
- Continue with deployment of new enhancements to CX and implement contractor/repairs IT
- Develop Tenant Portal into efficient business enhancement/service delivery tool
- Develop Apps for Tenant use
- Review Void Gold standard
- Complete Fire Risk Assessments and implement enhancements
- Maintain satisfaction levels at 90%+
- Increase rented social stock to 4,000 by 2024
- Have market and intermediate rented stock of 300 by 2024

Economically we will...

- Seek out new opportunities once Local Development Plan has been approved
- By 2024 have an annual turnover in excess of £30m
- Seek to increase forward development programme up to 700 units by 2022 and 1,000 by 2024
- Start production at off site factory, producing 100 properties in year 1, 300 by year 2 and 600 by year 2024
- Deploy new rent policy
- Get 30 more tenants into work each year
- Keep Universal Credit arrears to 5%
- Develop 2 tenant cooperatives to develop foundation economy within Monmouthshire
- Expand factory staff to 20 by 2021 and 50 by 2024
- Make all strands of CAPSEL profitable
- Start sales in Govilon and Bronllys by 2021
- Start on new Innovative Housing Programme site, with planning for 20 properties – 2021
- Develop new ways of working delivering on 10% in business efficiencies and making sure MHA is set for the future in technology, working practices and culture
- CAPSEL to be a well-established and trusted local company employing 25 people with a regular turnover of £5m per annum and increasing by 2024

- Develop our ability to work in joint ventures with developers to expand delivery of new properties
- Be a firmly established development partner and local landlord in Monmouthshire, Newport, Torfaen and Powys by 2024

Environmentally we will...

- Reduce incoming calls by 50% by 2021 and 75% by 2024
- Reduce CO2 footprint by a further 10% by 2024
- Produce units from factory with SAP of 95
- Review existing stock to appraise feasibility of additional CO2 reduction interventions
- Start installation of new Hybrid or alternative heating systems
- Expand hybrid pool car fleet and test benefits of having a hybrid van fleet

People orientated we will...

- Develop 5 future leaders per annum
- Recruit 5 more apprentices per annum
- Retrain staff for new digital environment
- Implement new Contractor/Repairs system with full training and develop system further over subsequent years to 2024 to have a sector leading system delivering to MHA to service and information it needs to be best in class
- Become a three star Times Best 100 Company
- Develop our own staff to bid for and construct 20 Properties per year
- Develop more staff to work in hard to recruit posts
- Continue to develop succession plans for all posts
- Develop the best older person offer in Wales by 2021 with a forward programme of developing micro/pocket communities of 20 properties per annum.
- Develop the digital offer for tenants reducing the need for care and support workers.
- Have tenant satisfaction with quality of life as highest in Wales
- Reduce isolation in our communities through community development and innovative new build environments

Finances and the Business Model

We have a loan facility with Barclays of **£45m**, of which **£38.9m** has been borrowed – **86%**. The Association is currently looking to renegotiate this facility with its funder. This has helped to fund the major repairs expenditure 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 **£20.4m** has been earmarked for the financial year to March 2021. The current business plan was approved by Barclays in the summer of 2019 and shows the Association's ability to work within its peak debt limit. The Association's cash flow continues to be strong with a balance of **£1.7m** at the end of the year whilst the cash balance for the Group is slightly higher at **£1.8m**.

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 increased by **11%** during the year and its underlying profitability remained strong. The rent increase was **2.4%** in accordance with the guidelines of Welsh Government and the bad debts were **1.0%**.

The Association's core profitability remains strong with a Group surplus for the year of **£2.6m** and net cash generated from operating activities being **c£5m**. The actuarial gain of **£4.9m** within the LGPS and SHPS compares favourably with the actuarial loss of **£2.9m** made in the previous year, leading to Group Comprehensive Income of **£7.6m**.

The budget for 2020/21 sees the Association continuing to show a surplus and fund its planned maintenance programme from operating cash generated in the year.

Risk and 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, the impact of Covid-19 on activities including potential increased rent arrears, 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, Cyber and data risks posed by remote working and possible future changes to Government rent guidelines and policy.

Governance

The regulatory opinion in December 2018 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.”

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

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 2024.

The Strategic Report was approved by the Board on 16th September 2020.

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 2020/21.

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

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.



Board Report



Maintaining communities where people are proud to live



Llwynu Close, Abergavenny - Before



Llwynu Close, Abergavenny - After

Invested in our stock

MHA have invested £2m in its extensive external works programme this year.

By using a combination of private contractors, our subsidiary company Capsel and our own in-house building team, we have undertaken a range of external maintenance to over **800** homes.



At a glance

MHA have undertaken:

External decoration to **597** properties, (inc communal areas to **97** flats).

Major upgrade work to paths, gates, hard-standings, fencing and boundary walls to **210** properties.

Replacement roof covering to **139** homes.

External wall insulation to **34** properties.

At a glance

MHA have undertaken:

Replacement of **80**
external doors.

Replacement
windows to
12 properties.

Renewed/
refurbished or
converted **91** garages
and carports to
parking.

External
decoration to **597**
properties, (inc
communal areas to
97 flats).

Invested in our external spaces

A total amount of **£438,882** has been invested in projects across Monmouthshire including redesigning of community gardens, creating of car parking spaces and redesigning bin store areas, ensuring compliance with Welsh Housing Quality Standard.

Launched a new estate maintenance service

This service was created specifically to survey and assess the condition of all of MHA's land outside the normal curtilage of our properties. The information gathered is being used to set up a planned maintenance programme. A rolling programme of work has commenced tackling the areas in most urgent need of work.



Usk View, Govilon - Before



Usk View, Govilon - After



Garages at Dragon Lane, Govilon - Before



Garages at Dragon Lane, Govilon - After



Tenant involvement that counts

Having a say on what matters and being more actively involved in their local communities, is important to many tenants, which is why we piloted a new approach in Abergavenny and Caldicot.

We consulted with groups of tenants to determine what they were good at, what they were interested in and what was important in both their own and wider neighbourhoods.

Armed with the results, the groups worked with staff to create plans based on what they thought would make the most difference to their community. Many of the ideas were carried forward by already established groups, with some support from MHA, with many naturally becoming part of community life.



Key connections made

More than **170** people have become involved with community led activities.



Links with **20** groups and businesses.



Through outreach work **58** people have been introduced to vital support services.



Funding accessed



Personal impact





Creating thriving & sustainable tenancies

Launched a Tenancy Health Check service

During the last year we launched a new bespoke Tenancy Health Check service complete with tenancy coaches, offering intensive tenancy support where needed.

Tenancy health checks are now proactively undertaken across all properties.



At a glance

1,247

tenancy health checks have been completed.

181

tenants are currently being supported.

Supporting people to maintain their tenancy

Our specialist team supports people to either find a perfect home to suit their individual needs or to remain in a home when they are struggling to maintain their tenancy.

The support is provided via services funded by Welsh Government's Housing Support Grant and through our own Tenancy Coaching service.

The Housing Support Grant provides funding for two service areas ...

Housing and Wellbeing

MHA have supported **125** people

66 females (53%)

59 males (47%)

Social Inclusion

MHA have supported **71** people

43 females (61%)

28 males (39%)

Tenancy Coaching is aimed at sustaining MHA tenancies. Its primary goal is to prevent crisis leading to the loss of tenancy. In the last year the team have received 38 referrals, 100% of those tenancies are still being maintained.

Supporting tenants into work

Our Work and Skills Wise service offer advice and support to help tenants into work, education or training.

At a glance

69 people
have entered
employment
(inc self-
employment)

7 Tenants into
higher education.

22
Computer in
the Community
laptops given
out.

26
Volunteering
placements
started.

234 tenants
supported
across the year.

£5089.24
Bursary spent
on tenants
training /
equipment.

Managing Monmouthshire's housing register

MHA continue to manage Monmouthshire's Common Housing Register.

There are currently **3,373** applicants on the Housing Register. Of these, **10%** have a high/urgent need to move including **2%** of the Housing Register who are homeless/threatened with homelessness.

At a glance

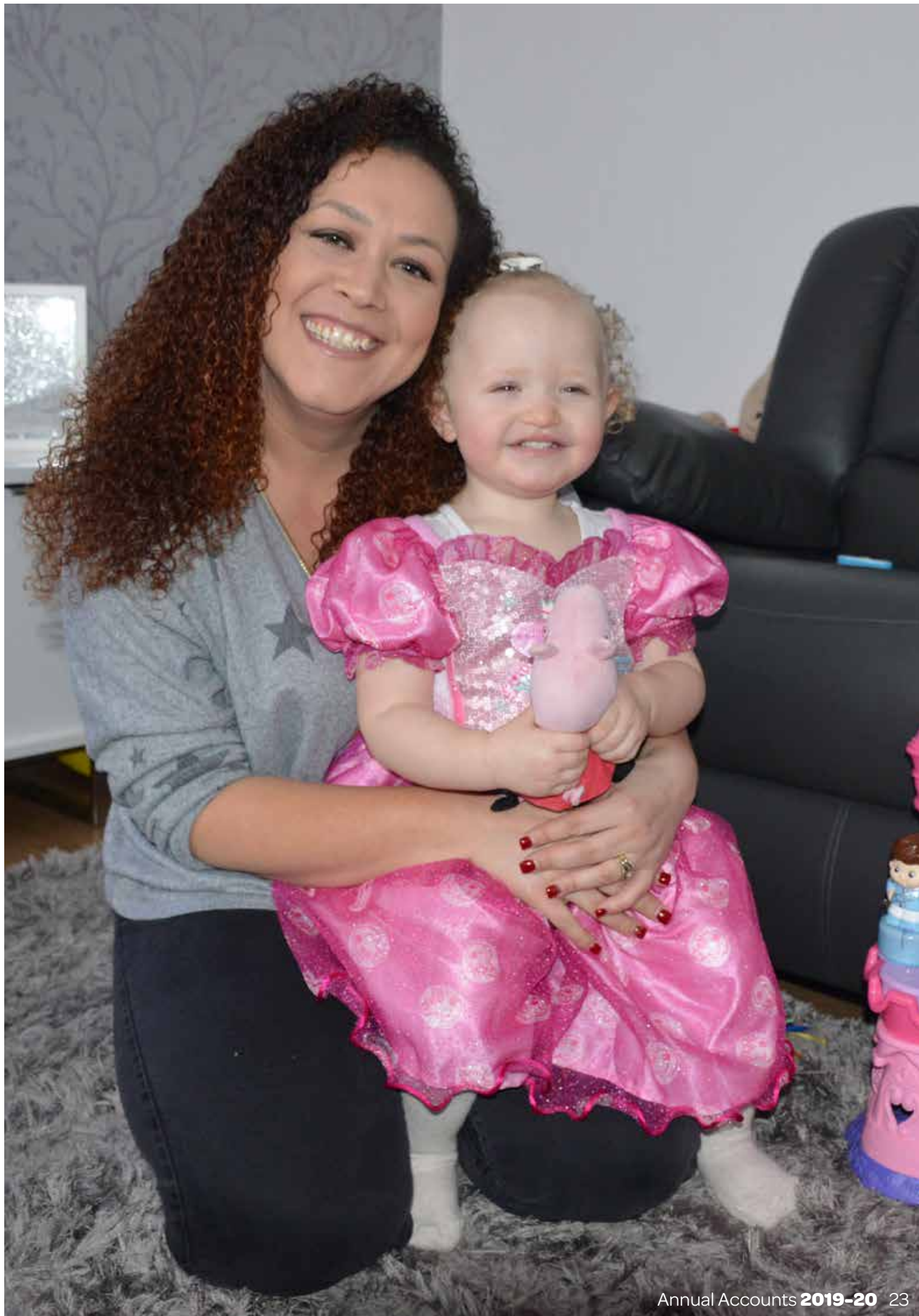
Received **1,653**
new housing
applications.

Housed **461**
households.

Assessed
382 medical
and welfare
applications.

Helped an
average of **58**
of the most
vulnerable
applicants
every week
with an
assisted
bidding
service.

MHA has been busy reviewing the Allocations Policy thanks to feedback from tenants, applicants, stakeholders and staff. It is hoped this will be implemented, together with a new website, by the end of 2020.





Julie James, Minister for Housing & Local Government visits Cwrt y Ffynnon

At a glance

100%
of fire risk
assessments
completed

3
skip days
took place
across the
county

252
fly tipping
cases were
resolved

102
mutual
exchanges/
successions/
assignments

Managing our neighbourhoods

Revamped cleaning service

Our cleaning regime across our estates has been revamped, to include employing our own scheme cleaners and increasing the cleaning schedules across our general needs blocks of apartments.

Keeping our communities safe

Ensuring our communities are safe places to live is important to us, which is why when we receive complaints we take them seriously and try to resolve cases as quickly as possible.



Incident handling

724 ASB incidents reported

432 ASB cases opened

17 Referrals to Cognitive Behavioural Therapy/ Counselling

16 Referred to mediation

Security measures taken

489 hardening alarms installed

29 CCTV guardcams installed

18 Neighbourhood CCTV units installed

79 gas access referrals

Court proceedings

2 Injunctions

2 outright Possession Orders

2 suspended Possession Orders

1 demotion

Our accolades

Our neighbourhood team made it into the final of the CIH Housing Heroes Awards and also provided financial support to the residents at Plas Mawr to improve their communal garden which resulted in a Gold Award at Usk in Bloom.

Digitally transforming the way we work

The year has seen some significant steps forward in relation to our service offering to our customers, delivering new digital solutions that will improve service delivery and customer satisfaction. We plan to continue this into the years ahead which will lead to innovative solutions that will make delivering our services more effective.

Ensuring we are ready for the future

In May 2019, we set up a business evolution function to support MHA in meeting its ambitious Corporate Plan, focusing particularly on those actions relating to; modernising our technology, ways of working and culture, to ensure we are adaptable and responsive to future challenges.

The main aim of business evolution is to simplify how we currently manage and deliver our services, ensuring they are efficient, effective and most importantly, customer-centric.

Although it is still early days, over the last 12 months, we have been:

Preparing the organisation for the move to agile-working.

Developing our Customer First programme, which will be focused on co-designing services with tenants.

Implementing new IT systems, which will enable us to work more effectively.

Working across the organisation to continue to improve existing IT systems, particularly our housing management system.

The start of MHA's business evolution journey has been somewhat timely, and has massively helped the organisation with its swift transition to total 'agile working' when the Covid-19 pandemic struck in March 2020.

Digital tenancy sign ups

Our New Homes team took a giant leap forward to paperless working in 2019 achieving greater efficiencies.

The team got kitted out with new netbooks; digital signatures using your finger or a digi-pen, mi-fi dongles; giving online access to most of our deepest rural not-spots that regular broadband won't reach and used SnapApp for tenant visits.

Going digital has been a game changer for the team, saving each full-time officer an estimated 4 weeks' worth of admin per year, to support income collection management. In a small, busy team this makes a massive difference to their outputs and outcomes; ultimately giving staff more time to spend with tenants supporting tenancy sustainment, rather than duplicating and checking paperwork. (See opposite page for 'at a glance' information).



At a glance

Saved officers **hundreds of hours** of additional work resulting in less stress.

Speedier transactions.

Better communication between service areas and partner agencies.

Spend more quality time supporting tenancies.



FEEDBACK

OPINION

REVIEW

COMMENT

Capturing customer feedback

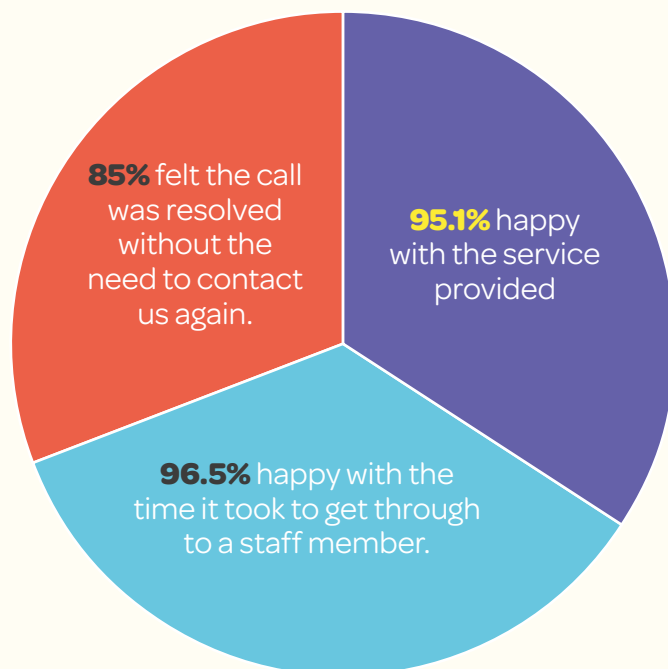
Voicescape

In early 2020 MHA launched Voicescape, a new method for capturing real time customer satisfaction from tenants using our contact centre services.

Voicescape calls back customers that have contacted us the previous day and asks three short questions relating to the service they received.



To date, **682** customers have been surveyed with excellent feedback given.



Customer Services Team



Customer Service Team comprises **6** people.



1,659 live chats via our website.



37,964 phone calls received.



Average call length **3mins 29** seconds.
Average call waiting time **21** seconds.



10,433 emails received.

Live chat

In 2020/21 the Customer Services team will be focusing on improving access with a new updated live chat service, utilising the feedback by our customers, increasing the knowledge within the contact centre and looking for new and innovative ways to stay in touch.





Increasing independence & promoting wellbeing

Pioneering project for single dads

Dads Can Cymru (DCC) launched in early 2019 to support single fathers across Monmouthshire, Newport and Blaenau Gwent, building on the robust network of support to dads and father figures already established by the Dads Can Project.

By using a coaching and mentoring approach through group work and 1:2:1 dads are empowered to identify and resolve challenges they face such as low confidence, mental ill health, access to children and negative lifestyle choices.



At a glance

Two thirds of the dads feel they have an improved quality of engagement with support services.

The ACEs (adverse childhood experiences) and trauma informed approach continues to be positively received.

Dads are self-identifying generational behaviours with 40% of families engaged displaying less ACE behaviour in the home and are working to reduce damaging impacts for future generations.

The team will be working in partnership with Monmouthshire County Council to deliver ACEs training to staff to further encourage this successful approach.

A bespoke 'working with dads' toolkit has been developed which will further help dads to build healthy relationships, identify values and promote mental and emotional wellbeing.

**Dads
Can
Cymru**

 **CRONFA
GYMUNEDOL
COMMUNITY
FUND**



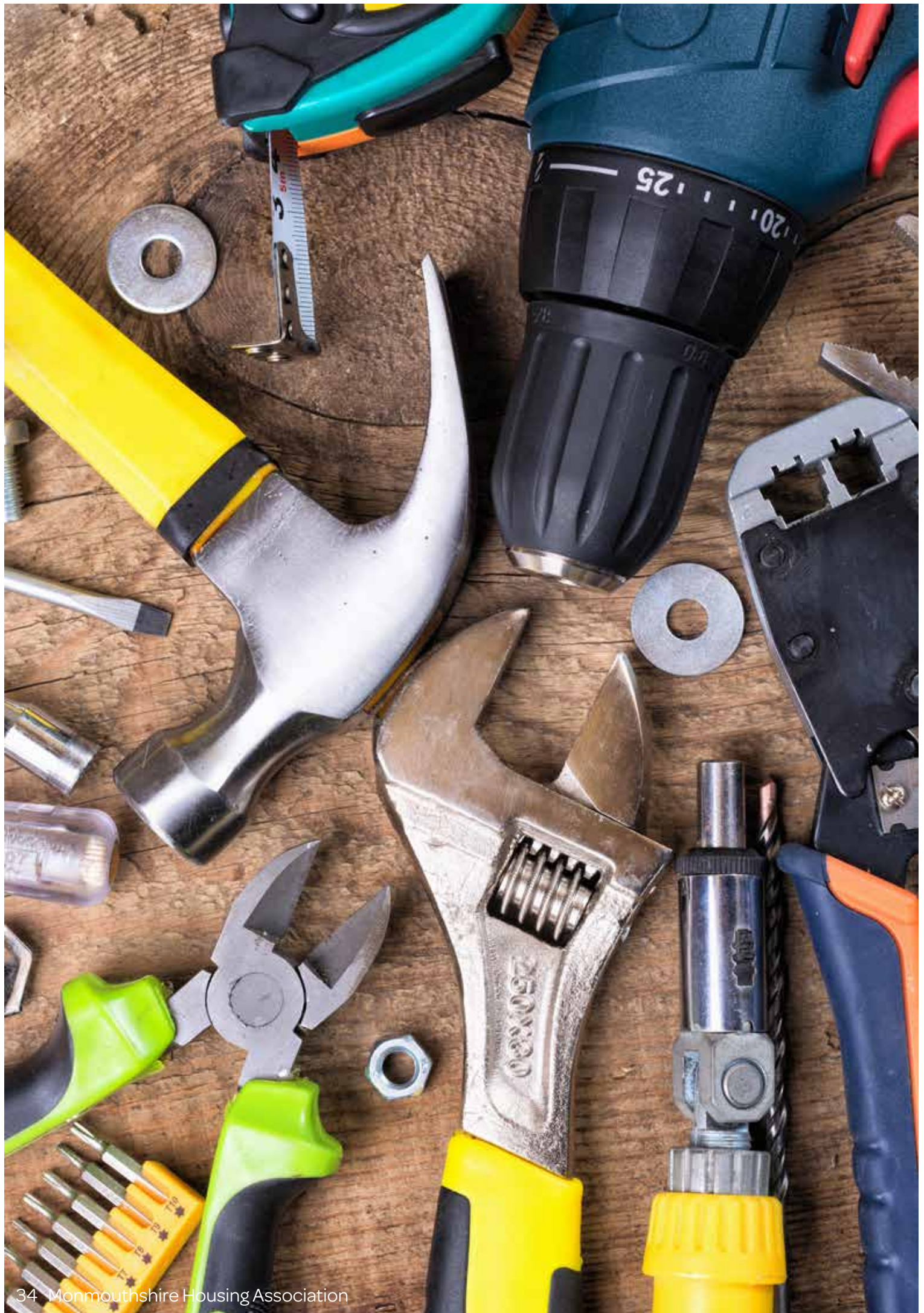


Connecting with our older tenants

A **£72,000** Active Ageing Grant from Comic Relief has enabled MHA to make a big difference to the lives of many older people across Monmouthshire feeling isolated from their communities through the Rise 2 Inspire project.

A mix of scheme based and community activities including digital workshops, afternoon teas, gardening projects and repair cafes were attended by over 250 people.

Rise 2 Inspire also provides individual support to those struggling with barriers to engagement, enabling them to reconnect with their community, often leading to becoming active participants in group activities and undertaking wider volunteering roles.




Our repairs service


Providing a first class repairs service is important to us, which is why we are continuously looking at ways to further improve. All our repairs are undertaken either by our in-house building services team or by our trading subsidiary Capsel.

Responsive Repairs



 **9,797** general repairs completed.

 **3,600** heating repairs completed.

 **1,388** out of hours repairs completed (operating 365 days a year around the clock).

£135*

Is the average cost of a responsive repair.

*carried out by Building Services

	Achieved	Target
Repairs completed right first time	Averaged 96.04%	Consistently exceeding target of 96%
Repairs offered with appointments	97.97%	99%
Appointments kept	96.55%	97%
Tenant satisfaction	90.25%** (represents a substantial increase)	95%

**This year, we introduced a new automated call system to gain feedback from tenants the morning after a repair

has been completed. This enables MHA to obtain accurate information and closely monitor and improve performance and service delivery.

Planned Maintenance

MHA completed the last of the flat refurbishments at Oakley Way, Caldicot this year. The works included new kitchens, bathrooms, electrical upgrades and a heating upgrade if necessary.



5 roof renewals at Llwynu Lane, Abergavenny.

57 kitchen upgrades.

28 bathroom upgrades.

162 boiler renewals.

Heating

A sustained and collaborative working approach saw MHA achieve 100% compliance for gas servicing for the majority of the year.

The servicing of oil boilers, solid fuel and commercial systems was also maintained at 100%.

Disabled Adaptations

MHA saw an increase in the number of adaptations carried out this year.

At a glance

51 level access showers.

18 stair lifts.

45 access works/adaptations.

1 property extension.

Voids

At a glance

283 voids completed last year.

The voids standard last year continued to include both the full decoration and the provision of carpets in all properties. The consistently high standard of workmanship has in turn reaped high levels of satisfaction from tenants moving into the homes and job satisfaction enjoyed within the voids team.

MHA complete all repairs required within the property and carry out any planned maintenance upgrade works required such as kitchen and bathroom renewals before handing a property back for let.





Creating high quality new homes

MHA is committed to building at least 100 affordable new homes every year.



At a glance

48 affordable homes built.

37 affordable homes purchased (via s106).

85 total affordable homes created in 2019/20.

9 buybacks for social rent / intermediate rent.

14 open market sales.

New affordable homes built

MHA have developed and completed 48 new affordable homes this year, available across a range of tenures including social rent, intermediate rent and the Homebuy scheme.

As part of the significant regeneration of **Oakley Way, Caldicot** we completed the remaining **37** new homes comprising **21** x 2 bed houses, **5** x 3 bed houses, **8** x 1 bed flats, **3** x 2 bed bungalows.

Cwrt Llwyfen, Caldicot

Four x 1 bed houses

Anghidi Close, Tintern

Three new homes comprising **two** x 2 bed houses and **one** x 3 bed house

Cwrt y Ffynnon, Abergavenny

Four x 1 bed bungalows

New affordable homes purchased via S106 Agreement

37 affordable homes were purchased from two quality house builders on the following popular housing developments ...

Kingswood Gate, Monmouth

30 x 2, 3 and 4 bedroom mixed tenure homes comprising social rent, intermediate and Homebuy

Greystone Meadows, Undy

7 x 2 and 4 bedroom houses for social rent

Buyback

9 buybacks were made throughout the year; increasing MHA's provision of affordable housing, whilst adding to the association's social/intermediate stock.

Open Market Sales

14 homes were built at **Cae Castell, Llangynidr** by MHA's trading subsidiary Capsel, for sale on the open market.

Keeping the build in-house

Llantilio Crossenny is being constructed by our trading subsidiary Capsel, who successfully secured the tender through an open market tender process. MHA were also utilised, as a sub-contractor of Capsel. The four x 2 and 3 bedroom houses completed early Spring 2020.

Llantilio Crossenny

Four x 2 and 3 bedroom houses

Going forward

We are currently on site developing new homes at:

The Alders, Dingestow

15 new homes comprising **3** x rent, **6** x Homebuy scheme and **6** open market sales

Maple Gardens, Govilon

19 new homes comprising **4** x 2 bed bungalows, **2** x 3 bed houses and **13** open market sales

Bulwark, Monmouthshire

17 new homes over 2 ex garage sites

Cross Ash, Monmouthshire

6 new homes

Wyesham, Monmouthshire

11 new homes and a new vicarage rebuild for seller



In the pipeline

MHA currently has a number of new schemes in the pipeline at varying stages and development which will commence during 2020/2021.

Wern Gifford, Monmouthshire

20 new homes

Church Farm, Caldicot

44 new Homes



Llantilio Crossenny



40 Monmouthshire Housing Association

The Alders, Dingestow

Creating homes for the future

MHA unveiled flagship homes at two locations in 2019, funded by Welsh Government's Innovative Housing Fund. Both developments have been built by MHA's own building services team utilising local skills, resources and equipment wherever possible – a first for a Welsh RSL.

Built in collaboration with Cardiff University's Welsh School of Architecture and developed on two former garage sites, the 8 properties were developed with two very different demographics in mind; four start-up houses in Caldicot and four slim-down bungalows in Abergavenny.

Start-ups at **Cwrt Llwyfen, Caldicot**



These one bedroom houses, designed for first time renters, featured state of the art environmental monitoring. With internal environmental and hot water meters, smart energy meters and air quality equipment, they were built to the highest development standards, using local skills, resources and equipment wherever possible.

These light and airy houses offer local young people a taste of freedom and responsibility in their very first home, with priority given to couples aged under 35 and in full time employment.

Bungalows at **Cwrt y Fynnon, Abergavenny**



Our new single storey homes gave a contemporary twist on bungalow design, aimed at downsizing tenants who wish to retain their independence when leaving a family home. A built-in courtyard leading to both the living room and master bedroom French doors at each dwelling enhanced a sense of community, whilst retaining household privacy.



Maple Gardens, Govilon



Environmental & compliance

We have a corporate facilities management team who oversee the delivery of compliant health and safety activity across the Group and who ensure that we have safe workplaces.

Compliance

MHA continue to review and strengthen its processes to ensure legal compliance and achieve best practice. Annual audits are undertaken by an external auditor to verify whether MHA processes meet the requirements of each standard.

During 2019/20 financial year MHA have been recertified to:

The Environmental ISO 14001:2015 Standard - March 2020.



The Environmental Green Dragon (Welsh Standard) Level 5

- December 2019

Health & Safety ISO 45001:2018 Standard - March 2020



At a glance

MHA have achieved a CO2 emissions saving of **45.8%**. This will become harder to achieve in the future as extensive work has already been undertaken to our stock.

The **energy efficiency** of the **new homes MHA build and manage** are achieved through a range of ongoing planned maintenance programmes, which include:

- PV installation
- Loft insulation
- External wall insulation
- Roof replacement
- Boiler replacement
- Air source heat pumps
- Fuel switching

Environmental

The expansion of MHA's pool car fleet is a key environmental objective. MHA currently own 2 **hybrid** and 2 **electric** cars and have undertaken a cost benefit analysis to determine their operating efficiency.

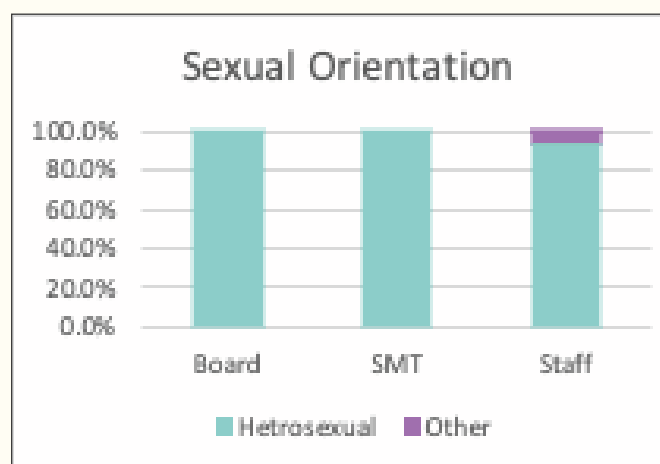
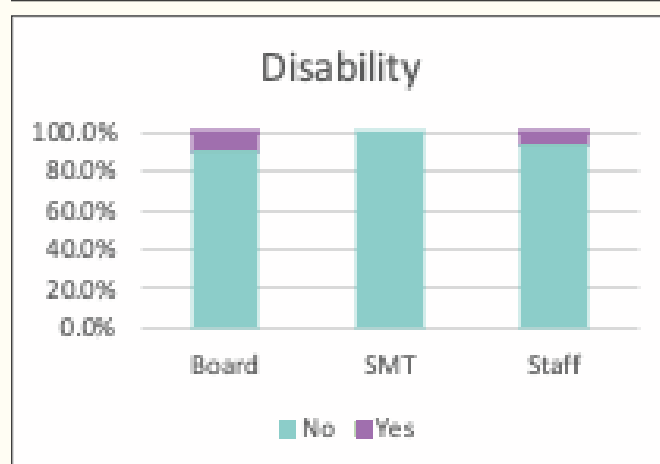
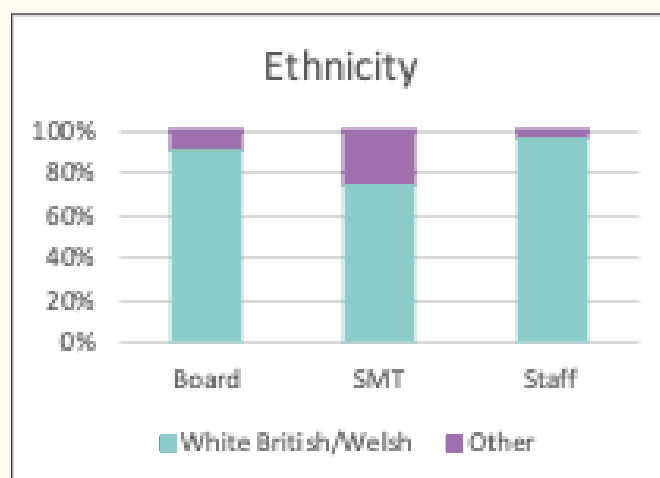
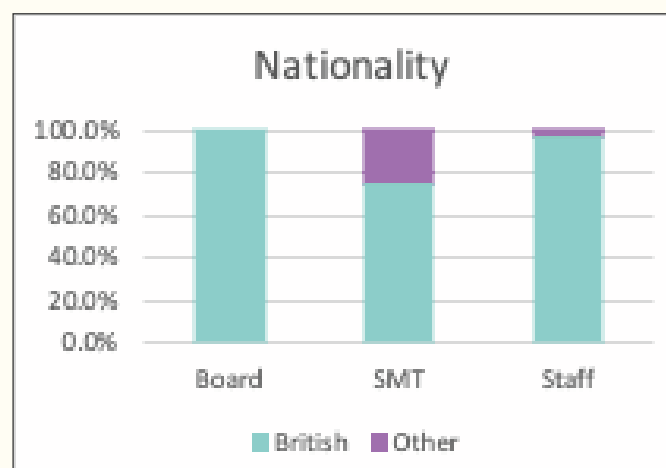
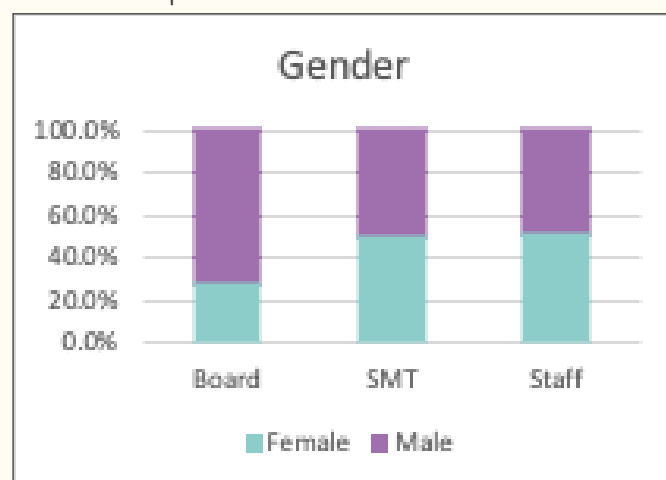
We plan to increase our fleet during 2020/2021 with **3 additional plug in hybrids** for use at our main hubs and within MHA's communities.

Staff Development

In 2019/2020 MHA spent **£95,000** on training staff and Board Members which equates to almost **950** training days. MHA has implemented more e-learning in the past year which has resulted in a reduction of costs. This highlights our commitment to ensure our staff have the appropriate skills and knowledge, in a flexible manner to suit the employee, and which delivers high quality services to our customers.

Equal Opportunities

MHA signed up to the Chartered Institute of Housing's (CIH) Equality & Diversity Charter to create a truly equal and diverse UK Housing Sector. In recognition of this, we have an action plan to achieve the challenges of the Charter and will annually publish the make-up of our Board membership and workforce.



Board Performance Indicators

Description	2020 Actual	2020 Target	2019 Actual	2019 Target
Rents				
% rent loss due to void	0.99%	1%	0.94%	0.9%
% rent arrears – current	1.51%	2.2%	1.54%	2.5%
% rent collected	100.34%	99%	99.94%	99%
Staffing				
Annual Staff Turnover (voluntary)	9.17%	12%	11.79%	8%
Overall Sickness Level	2.65%	3.2%	4.22%	3.2%
Repairs				
% repairs completed Right First Time	96.85%	96%	96%	95%
Re-let time (days) Standard lets	42.63	24	31.71	24
% properties with Landlord Gas Certificate	99.97%	100%	100%	100%
Miscellaneous				
Loan Covenant	Met	-	Met	-
Overall Satisfaction with services from MHA	89.5%	90%	No survey undertaken in the year	No survey undertaken in the year

Staffing

In 2019/20, our target for staff turnover was adjusted to represent sector averages, which now shows an improvement in 2020. This KPI is now monitored quarterly so that marked changes in performance can be identified sooner.

During 2018/19 we did experience an increase in sickness absence. However, following changes to formal procedures, and further training for managers, our performance improved in 2020.

Repairs

During the year, there were 183 standard re-lets and the average void period was 42.63 days, which is significantly above the target time of 24 days. Performance was impacted for a number of reasons including 10 x hard to let sheltered apartments, 1 x property was delayed whilst we awaited a nomination from the Health Board, 3 x properties were held for flood victims in Monmouth and there were delays in reletting 13 flats due to fire safety works being required. Removing these voids from the calculation reduces the average relet time to 30.5 days. Void management continues to be closely monitored by Senior Management and a cross-departmental working group meets monthly to monitor progress and discuss issues.



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; and
- 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 Director of Resources on behalf of the Audit Committee presents an annual report to the Board covering the period from 1 April 2019 to 31 March 2020. 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.

2. Internal Control framework

2.1 In accordance with the Welsh Government's Housing Association Circular RSL 02/10 Internal Controls and reporting, the 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.

2.2 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.

2.3 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

2.4 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
- Emergency plans which are tested and reviewed by external consultants

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
- A project is in place to ensure MHA comply with Data Protection legislation. Training is carried out to all staff periodically and a framework of policies, procedures and guidelines are in place.
- MHA have the adequate security software to protect against cyber attacks and penetration tests are carried out periodically

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
- Annual stress testing of the business plan is carried out and results are presented to Board

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
- A 10% stock condition survey carried out every 5 years

People

- Clearly defined corporate and directorate management responsibilities and reporting structures ensuring that experience 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 in annually).
- Investors in People – Gold and Platinum Standard.
- Corporate Health Standard – Gold and Platinum accreditations

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

3. Risk Management framework

3.1 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.

3.2 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.

3.3 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.

3.4 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.

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

3.5 We are currently undertaking an assurance mapping exercise that maps out all the internal controls MHA have in place for key risks using the 3 lines of defence model.

4. Register of Detected Frauds

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

5. Adequacy and Effectiveness of the Association's Internal Control System

5.1 The Director of Resources has reviewed the adequacy and effectiveness of the Association's internal control and risk management systems for the period 1 April 2019 to the date the annual accounts for 2019/20 are approved and confirms that they are operating effectively.

5.2 The Board Report, Statement of Board Members' Responsibilities and the Statement of Internal Control were approved by the Board on 16/09/2020.

Gwyndaf Tobias

Director of Resources



Independent Auditor's Report

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

Opinion

We have audited the financial statements of Monmouthshire Housing Association Limited (the Association) and its subsidiary (the Group) for the year ended 31 March 2020 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated and Association 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 of the Association's affairs as at 31 March 2020 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- 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 Cooperative 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 and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we 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 48, 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 Members' Responsibilities set out on page 46, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines 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 is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at **www.frc.org.uk/auditorsresponsibilities**

- This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014.

Our audit work has been undertaken so that we might state to the Association 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 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:



Statement of Comprehensive Income

	Notes	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover	3	22,960	20,425	22,047	20,049
Operating expenditure	3	(20,591)	(18,833)	(19,909)	(18,603)
Gain on disposal of property, plant and equipment	4	1,637	2,087	1,637	2,088
Operating surplus		4,006	3,679	3,775	3,534
Interest receivable	5	4	8	222	140
Interest and financing costs	6	(1,408)	(1,244)	(1,408)	(1,244)
Movement in fair value of investment properties	12	52	-	52	-
Surplus before tax		2,654	2,443	2,641	2,430
Taxation	10	-	-	-	-
Surplus for the year		2,654	2,443	2,641	2,430
Other comprehensive income for the year					
Initial recognition of multi-employer defined benefit scheme		-	(343)	-	(343)
Actuarial gain/(loss) in respect of pension schemes	19	4,949	(2,926)	4,949	(2,926)
Total comprehensive income for the year		7,603	(826)	7,590	(839)

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 66-95 form part of these financial statements.

The financial statements on pages 56-95 were approved and authorised for issue by the Board on 16/09/2020 and were signed on its behalf by:

Signed

Andy Jones
Chair

.....

Tony Deakin
Vice Chair

.....

Gwyndaf Tobias
Company Secretary



Statement of Financial Position

	Notes	Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Intangible fixed assets	11	234	302	231	294
Housing properties	12	102,273	92,332	99,615	89,479
Homebuy loans receivable	12	2,287	1,757	2,287	1,757
Investment properties	12	1,385	1,799	1,385	1,799
Other property, plant and equipment	13	3,989	3,973	3,972	3,973
Total fixed assets		110,168	100,163	107,490	97,302
Current assets					
Inventories	14	6,819	3,576	158	159
Debtors	15	1,422	1,594	11,072	8,134
Cash and cash equivalents		1,822	1,236	1,711	1,168
		10,063	6,406	12,941	9,461
Current liabilities					
Creditors: amounts falling due within one year	16	(6,308)	(5,461)	(6,315)	(5,449)
Net current assets		3,755	945	6,626	4,012
Total assets less net current assets		113,923	101,108	114,116	101,314
Non-current liabilities					
Creditors: amount falling due after more than one year	17	(76,229)	(67,949)	(76,229)	(67,949)
Provision for liabilities and charges	18	-	-	-	-
Pension Fund	19	(9,561)	(12,629)	(9,561)	(12,629)
		28,133	20,530	28,326	20,736
Net assets					
Capital and Reserves					
Share capital	20	-	-	-	-
Pension Reserve		(9,561)	(12,629)	(9,561)	(12,629)
Revenue Reserve		37,694	33,159	37,887	33,365
Total Reserves		28,133	20,530	28,326	20,736

The notes on pages 66-95 form part of these financial statements

The financial statements of Monmouthshire Housing Association Limited on pages 56-95 were approved and authorised for issue by the Board on 16/09/2020 and signed on its behalf by:

Andy Jones
Chair

Tony Deakin
Vice Chair

Gwyndaf Tobias
Company Secretary

Date



Statement of Changes in Equity and Reserves

	Consolidated			Association		
	Called up share capital	Revenue Reserve (including pension reserve)	Total	Called up share capital	Revenue Reserve (including pension reserve)	Total
As at 1st April 2018	-	21,356	21,356	-	21,575	21,575
Surplus for the year	-	2,443	2,443	-	2,430	2,430
Initial recognition of SHPS defined benefit scheme	-	(343)	(343)	-	(343)	(343)
Actuarial loss in respect of pension schemes	-	(2,926)	(2,926)	-	(2,926)	(2,926)
As at 31st March 2019	-	20,530	20,530	-	20,736	20,736
Surplus for the year	-	2,654	2,654	-	2,641	2,641
Actuarial gain in respect of pension schemes	-	4,949	4,949	-	4,949	4,949
As at 31st March 2020	-	28,133	28,133	-	28,326	28,326

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

The notes on pages 66-95 form part of these financial statements.



Statement of Cash Flows

		Group		Association	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Net cash generated from operating activities	21	4,978	3,621	4,702	3,480
Cash flow from investing activities					
Purchase of tangible fixed assets		(15,098)	(19,537)	(15,079)	(19,525)
Proceeds of sale of tangible fixed assets		1,886	2,781	1,882	2,777
Grants received		3,724	7,526	3,724	7,526
Interest received		4	8	222	140
Net cash flow from investing activities		(9,484)	(9,222)	(9,251)	(9,082)
Cash flow from financing activities					
Interest paid		(1,408)	(1,244)	(1,408)	(1,244)
New secured loans		7,500	4,500	7,500	4,500
Repayment of borrowings		(1,000)	-	(1,000)	-
Net cash flow from financing activities		5,092	3,256	5,092	3,256
Net increase/(decrease) in cash and cash equivalents		586	(2,345)	543	(2,346)
Cash and cash equivalents at beginning of the year		1,236	3,581	1,168	3,514
Cash and cash equivalents at end of the year		1,822	1,236	1,711	1,168

The notes on pages 66-95 form part of these financial statements.



Statement of Cash Flow

Free cash flow for the reporting year ended 31 March 2020

		Group		Association	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net cash generated from operating activities	21	4,978	3,621	4,702	3,480
Interest paid		(1,408)	(1,244)	(1,408)	(1,244)
Interest received		4	8	222	140
Component replacements		(4,538)	(4,935)	(4,544)	(4,935)
Purchase of other replacement fixed assets		(87)	(215)	(87)	(215)
Dowry grant received		2,600	2,600	2,600	2,600
Free cash generated before loan repayments		1,549	(165)	1,485	(174)
Loans repaid		(1,000)	-	(1,000)	-
Free cash generated after loan repayments		549	(165)	485	(174)



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 England and Wales. The address of the registered office is Nant Y Pia House, Mamhilad Technology Park, Mamhilad, Pontypool, Monmouthshire, NP4 OJJ.

The main activities of the Association and its subsidiary is 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 2018 (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.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Board Report. The Group has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan, which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. Although the coronavirus pandemic has had an impact on the levels of rent collected in the early part of 2020, 85.21% of rent charged was collected in April 2020 and 90.82% for the first quarter overall, this is acceptable in the short-term and does not lead management to believe there will be any material issues with liquidity. The board has also considered the impact of the parent recoverability of the intercompany debtor and the high value of WIP. Expected sales proceeds, and market demand post year end, have remained in line with business plan assumptions and scheme appraisals. On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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.

Right to Buy Sales

Property sales arise from a Preserved Right to Buy for tenants at the time of Local Authority transfer.

The surplus from the sale of Right to Buy properties is disclosed in the Statement of Comprehensive Income as a separate figure and is excluded from turnover. As it is considered to be an integral part of the Group's operating strategy, the surplus is disclosed within operating surplus.

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.

VAT

The Association is registered for VAT and operates a VAT shelter for its programme of planned works.

A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under partial exemption rules is credited to the Statement of Comprehensive Income.

Pensions

Local Government Pension Scheme and Social Housing Pension Scheme

The Group participates in both a local government and social housing pension scheme which are multi-employer schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For these schemes, 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, 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.

Other income is recognised once the work has been undertaken, this also applies to the recognition of the intercompany income. Revenue from services is recognised on completion of the service and the Company becomes entitled to payment. Revenue from photovoltaic panels is recognised on the basis of the feed-in-tariff receivable for the period.

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors 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.

Inventories

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

HomeBuy Loans

The Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of social housing grant (SHG). On redemption:

- The SHG is recycled
- The SHG is written off, if a loss occurs
- The Group keeps any surplus

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant is recognised as deferred income until the loan is redeemed.

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

Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. However there are currently no provisions for the year end 31st March 2020.

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 the key management judgements and estimates MHA have made within the financial year.

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.

Investment properties were valued as at 31 March 2020 by Julian Dyer and Co, professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

However, there is uncertainty arising from the Coronavirus-19 pandemic. Should the market value of house prices fall as a result of the pandemic and subsequent recession of the economy then the reduction in value of these properties will affect the surplus generated in the year. As an illustration, a 10% fall in the valuation of the properties would reduce overall surplus by £138.5k.

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. The Group carries out an impairment

review, assessing the Useful Economic Lives of properties and their future value to the Group, taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and the ongoing investment in property maintenance and improvement. We have also considered the impact of Covid-19 as a specific external shock that could impact the underlying demand or expected future cash flows of our housing assets. However, the Group have seen no reduction in demand for our properties. Void levels have remained consistent with historic levels and are in-line with the business plan. Going forward the Group now has safe working practices in place to be able to continue to let properties in a manner that is safe and socially distanced, which will withstand any further waves of Covid-19. Hence MHA do not consider Covid-19 as an impairment trigger at this time. There are no other indicators of impairment present in our housing stock or other fixed assets at 31st March 2020.

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.

Valuation of work in progress

Work in progress (WIP) relates to the construction of new-build dwellings for sale, valued at the lower of cost or net realisable value. The directors have reviewed the situation and do not believe that the WIP needs to be impaired as all recent market intelligence and board updates show that there is no significant detriment to the sales environment as a result of Covid-19 by September 2020.

3. Particulars of turnover, operating costs and operating surplus

Group

	2020			2019		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3a)	21,424	(18,366)	3,058	19,615	(17,404)	2,211
Other Social Housing income						
Building services external income	493	(1,083)	(590)	180	(312)	(132)
Non Social Housing activities:						
Property development and sales	240	(121)	119	62	-	62
Property maintenance and refurbishment	361	(505)	(144)	151	(653)	(502)
Estate agency services	18	(145)	(127)	14	(132)	(118)
Photovoltaic panels	424	(371)	53	403	(332)	71
Total	22,960	(20,591)	2,369	20,425	(18,833)	1,592

Association

	2020			2019		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3b)	21,512	(18,826)	2,686	19,869	(18,291)	1,578
Other Social Housing income						
Building services external income	535	(1,083)	(548)	180	(312)	(132)
Total	22,047	(19,909)	2,138	20,049	(18,603)	1,446

3a. Particulars of income and expenditure from social housing lettings - Group

	General Needs £'000	Supported Housing £'000	2020 Total £'000	2019 Total £'000
Income				
Rents receivable	18,198	-	18,198	16,966
Service charge income	391	-	391	302
Income for support services	-	179	179	181
Amortised government grants	1,934	-	1,934	1,738
Leaseholders income	93	-	93	108
Other income	329	-	629	320
Turnover from social housing lettings	21,245	179	21,424	19,615
Cost				
Management costs	(3,480)	(585)	(4,065)	(3,616)
Service charge costs	(820)	-	(820)	(884)
Routine maintenance	(6,790)	-	(6,790)	(6,444)
Major repairs expenditure	(2,022)	-	(2,022)	(1,878)
Bad Debts	(192)	-	(192)	(65)
Depreciation of housing properties	(4,445)	-	(4,445)	(4,470)
Other costs	(32)	-	(32)	(47)
Operating costs on social housing activities	(17,781)	(585)	(18,366)	(17,404)
Operating surplus on social housing lettings	3,464	(406)	3,058	2,211
Rent loss due to voids	219	-	219	189

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

	General Needs £'000	Supported Housing £'000	2020 Total £'000	2019 Total £'000
Income				
Rents receivable	18,198	-	18,198	16,966
Service charge income	391	-	391	302
Income for support services	-	179	179	181
Amortised government grants	1,934	-	1,934	1,738
Leaseholders income	93	-	93	108
Other income	717	-	717	574
Turnover from social housing lettings	21,333	179	21,512	19,869
Cost				
Management costs	(3,940)	(574)	(4,514)	(4,448)
Service charge costs	(820)	-	(820)	(884)
Routine maintenance	(6,790)	-	(6,790)	(6,444)
Major repairs expenditure	(2,022)	-	(2,022)	(1,878)
Bad Debts	(192)	-	(192)	(65)
Depreciation of housing properties	(4,256)	-	(4,256)	(4,281)
Other costs	(232)	-	(232)	(291)
Operating costs on social housing activities	(18,252)	(574)	(18,826)	(18,291)
Operating surplus on social housing lettings	3,081	(395)	2,686	1,578
Rent loss due to voids	219	-	219	189

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Housing properties - sales proceeds	1,459	1,178	1,459	1,174
Housing properties LCHO - sales proceeds	1,062	2,932	1,062	2,932
Cost of sales	(430)	(458)	(430)	(453)
Cost of sales LCHO	(454)	(1,565)	(454)	(1,565)
Surplus	1,637	2,087	1,637	2,088

During the year MHA disposed of 4 properties under the Association's asset management strategy, as they were uneconomical to repair and a further 3 properties under the Right to Buy scheme.

5. Interest receivable

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank interest receivable	3	7	3	7
Other Interest receivable	1	1	219	133
	4	8	222	140

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

6. Interest and financing costs

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest payable	1,087	1,014	1,087	1,014
Net interest on defined benefit pension liability	321	230	321	230
Total	1,408	1,244	1,408	1,244

7. Surplus for the year

	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
The operating surplus for the year is stated after charging/(crediting):				
Depreciation - Housing Properties	4,445	4,470	4,256	4,281
Depreciation - Other	79	65	71	65
Amortisation - Intangible Assets	83	78	80	74
Amortised government grant	(1,753)	(1,562)	(1,753)	(1,562)
Gain on disposal of fixed assets	(1,637)	(2,087)	(1,637)	(2,088)
Audit fees (excluding VAT):				
Statutory audit	17	18	17	18
Operating lease rentals	37	37	37	37

8. Employee Information

	Group		Association	
	2020	2019	2020	2019
	No.	No.	No.	No.
The average number of staff (including directors) employed during the year was:	245	239	231	225
The actual number of staff (including directors) employed at 31st March 2020	253	234	239	221
Full time equivalents - 37 hours per week				
Direct labour organisation including admin	83	81	73	71
Head office staff	130	131	127	128
Total	213	212	200	199
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Wages and salaries	6,648	6,417	6,221	6,040
Social security costs	595	587	559	553
Pension costs	979	923	970	918
Total	8,222	7,927	7,750	7,511

9. Key Management Personnel

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salaries	374	362	374	362
Social security costs	47	46	47	46
Pension costs	67	63	67	63
Total key management personnel remuneration	488	471	488	471

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.

	2020 £'000	2019 £'000
Remuneration of the highest paid director, excluding pension contributions	122	118

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 £22k (2019:£21k)

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

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salary band (£)				
£50,000-£59,999	-	-	-	-
£60,000-£69,999	-	-	-	-
£70,000-£79,999	-	-	-	-
£80,000-£89,999	-	-	-	-
£90,000-£99,999	2	2	2	2
£100,000-£109,999	1	1	1	1
£110,000-£119,999	-	-	-	-
£120,000-£129,999	-	-	-	-
£130,000-£139,999	-	1	-	1
£140,000-£149,999	1	-	1	-
	4	4	4	4

10. Tax on surplus on ordinary activities

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current tax on surplus on ordinary activities	-	-	-	-

The standard rate of tax applied to the reported surplus is 19% (2019 - 19%).

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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Surplus before tax	2,654	2,443	2,641	2,430
(Loss) on taxable activities	(26)	(61)	(39)	(72)
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	-	-	-	-
Group Relief	-	-	-	-
	-	-	-	-

11. Intangible fixed assets

Intangible fixed assets include software purchased and developed in house. Cost is measured initially at acquisition cost or costs incurred to develop the asset.

	Group			Association	
	Computer software £'000	Website £'000	Total £'000	Computer software £'000	Total £'000
Cost					
As at 1 April 2019	368	14	382	368	368
Additions	17	2	19	17	17
Disposals	-	(9)	(9)	-	-
At end of year	385	7	392	385	385
Amortisation					
As at 1 April 2019	74	6	80	74	74
Amortised in the year	80	3	83	80	80
Eliminated on disposal	-	(5)	(5)	-	-
At end of year	154	4	158	154	154
Net Book Value					
As at 31 March 2020	231	3	234	231	231
As at 31 March 2019	294	8	302	294	294

12. Tangible Fixed Assets – Housing Properties (Group)

		Group		
		Completed Properties £'000	Under Construction £'000	Total £'000
Cost				
At 1 April 2019		109,131	8,324	117,455
Schemes completed in the year		3,256	(3,256)	-
Additions				
	Component additions	4,538	-	4,538
	New developments	4,043	6,114	10,157
Disposals		(1,012)	-	(1,012)
Transfer from investment properties		466	-	466
At end of year		120,422	11,182	131,604
Depreciation				
At 1 April 2019		(25,123)	-	(25,123)
Charge for the year		(4,445)	-	(4,445)
Eliminated on disposal		237	-	237
At end of year		(29,331)	-	(29,331)
Net Book Value				
As at 31 March 2020		91,091	11,182	102,273
As at 31 March 2019		84,008	8,324	92,332

12. Tangible fixed assets – Housing Properties (Association)

	Association		
	Completed properties £'000	Under Construction £'000	Total £'000
Cost			
At 1 April 2019	105,607	8,324	113,931
Schemes completed in the year	3,256	(3,256)	-
Additions			
Component additions	4,544	-	4,544
New developments	4,043	6,114	10,157
Disposals	(1,012)	-	(1,012)
Transfer from investment properties	466	-	466
At end of year	116,904	11,182	128,086
Depreciation			
At 1 April 2019	(24,452)	-	(24,452)
Charge for the year	(4,256)	-	(4,256)
Eliminated on disposal	237	-	237
At end of year	(28,471)	-	(28,471)
Net Book Value			
As at 31 March 2020	88,433	11,182	99,615
As at 31 March 2019	81,155	8,324	89,479

Freehold land and buildings with a carrying value of £101m (2019: £91.3m) and an Existing Use Value – Social Housing of £101.4m (2019: £99.1m) which both include market rent properties(note 12a), 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. 375 properties are uncharged whereas the remaining 3418 properties are charged.

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 £1.049m of replaced components undertaken by the Association's Building Services department (2019: £0.964m). 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

	2020 £'000	2019 £'000
Analysis of work to existing properties:		
Capitalised replacement of components	4,544	4,935
Charge to Statement of Comprehensive Income	8,812	8,322

12a. Investment Properties

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1st April 2019	1,799	1,694	1,799	1,694
Properties re-classified	(466)	105	(466)	105
Movement in fair value	52	-	52	-
At 31st March 2020	1,385	1,799	1,385	1,799

At 31st March 2020 10 properties remain as market rent valued at £1.385m (2019: 13 properties valued at £1.799m). These properties were valued on the basis of MV-ST by an independent valuer with a recognised and professional qualification in March 2020.

12b. Low Cost Home Ownership

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
-				
Cost as at 1 April 2019	273	223	273	223
Additions during the year	468	1,590	468	1,590
Disposals during the year	(448)	(1,540)	(448)	(1,540)
As at 31 March 2020	293	273	293	273

The balance at 31st March 2020 relates to the LCHOs held for sale at the year end per note 23.

12c. Home buy Loans Receivable

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1st April 2019	1,757	373	1,757	373
Loans issued in year	530	1,384	530	1,384
At 31st March 2020	2,287	1,757	2,287	1,757

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 £'000	Fixtures and Fittings £'000	Total £'000	Freehold property £'000	Fixtures and Fittings £'000	Total £'000
Cost of valuation						
At beginning of year	4,477	859	5,336	4,477	859	5,336
Additions	15	80	95	15	55	70
Disposals	-	-	-	-	-	-
At end of year	4,492	939	5,431	4,492	914	5,406
Depreciation						
At 1 April 2019	(533)	(830)	(1,363)	(533)	(830)	(1,363)
Charge for the year	(43)	(36)	(79)	(43)	(28)	(71)
Eliminated on disposal	-	-	-	-	-	-
At end of year	(576)	(866)	(1,442)	(576)	(858)	(1,434)
Net Book Value						
As at 31 March 2020	3,916	73	3,989	3,916	56	3,972
As at 31 March 2019	3,944	29	3,973	3,944	29	3,973

14. Inventories

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Raw materials and consumables	170	171	158	159
Work in progress	6,649	3,405	-	-
Total	6,819	3,576	158	159

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

15. Debtors

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Rent arrears (gross)	700	624	700	624
Provision for bad debts	(408)	(294)	(408)	(294)
Net rental debtors	292	330	292	330
Loans to employees	1	6	1	6
Inter company debtor	-	-	285	278
Other debtors	408	356	312	300
HMRC - VAT Refund	191	306	191	298
Prepayments and accrued income	512	570	501	468
Total	1,404	1,568	1,582	1,680

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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other debtors (car loans)	18	26	18	26
Finance lease - inter company debtor	-	-	2,749	2,913
Other inter company debtor	-	-	6,723	3,515
Total falling due after more than one year	18	26	9,490	6,454
Total debtors	1,422	1,594	11,072	8,134

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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Rents in advance	481	369	481	369
Other creditors	1,631	2,127	1,461	2,146
Accrued interest	221	219	221	219
Accruals	382	290	469	239
SHG in advance	1,058	188	1,058	188
Taxation and national insurance	173	8	148	-
Retentions	310	225	310	225
Contractors - planned improvements	184	473	184	473
Pensions	115	-	115	-
Government grants	1,753	1,562	1,753	1,562
Intercompany creditor	-	-	115	28
	6,308	5,461	6,315	5,449

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

	£'000	£'000	£'000	£'000
Housing loans	38,900	32,400	38,900	32,400
Welsh Government dowry grant	19,675	18,790	19,675	18,790
Other government grants	17,654	16,759	17,654	16,759
	76,229	67,949	76,229	67,949

The loans are secured on those freehold properties which were transferred from the council in January 2008, interest is payable at 2.92% (2019: 3.20%)

Analysis of debt repayments:

	Group		Association	
Housing loans	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Due within:				
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	38,900	32,400	38,900	32,400
	38,900	32,400	38,900	32,400

17a. Creditors – Government Grants Group and Association

	Dowry Grant	SHG	Other Government Grants	Total
	£'000	£'000	£'000	£'000
Grant Received				
As at 1 April 2019	29,100	19,648	237	48,985
Received	2,600	1,124	-	3,724
As at 31 March 2020	31,700	20,772	237	52,709
Amortisation				
As at 1 April 2019	8,855	2,939	79	11,873
Amortised	1,585	158	10	1,753
Written back	-	-	-	-
As at 31 March 2020	10,440	3,097	89	13,626
As at 31 March 2020	21,260	17,675	148	39,083
As at 31 March 2019	20,245	16,709	158	37,112
Due within:				
Less than one year	1,585	158	10	1,753
Between one and two years	1,585	158	10	1,753
Between two and five years	4,755	474	29	5,258
In five years or more	13,335	16,885	99	30,319
	21,260	17,675	148	39,083

18. Provisions – Group and Association

There are no provisions for the year end 31st March 2020.

19. Defined benefit schemes

SCHEME: Local Government Pension

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 (2019 – 17.8%).

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 2020 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:	2020 % p.a.	2019 % p.a.
Pension increase rate	1.8%	2.5%
Salary increase rate	2.1%	2.9%
Discount rate	2.3%	2.4%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and females.

	Males		Females	
	2020	2019	2020	2019
Current pensioners	20.6 years	21.5 years	22.9 years	23.9 years
Future pensioners*	21.6 years	23.6 years	24.6 years	26.1 years

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

Historic Mortality

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

Prospective Pensioners	Pensioners
CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

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-April 2008 service and 50% of the maximum tax-free cash for post-April 2008 service.

19. Defined benefit schemes (continued)

SCHEME: Social Housing Pension

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

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

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

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2019. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2020 to 29 February 2021 inclusive.

The key assumptions used are:

	2020	2019
	% p.a.	% p.a.
Discount Rate	2.34%	2.35%
Inflation (RPI)	2.53%	3.25%
Inflation (CPI)	1.53%	2.25%
Salary Growth	2.53%	3.25%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted imply the following life expectancies:

	2020		2019
	Life expectancy at age 65 (Years)		Life expectancy at age 65 (Years)
Male retiring in 2020	21.5	Male retiring in 2019	21.8
Female retiring in 2020	23.3	Female retiring in 2019	23.5
Male retiring in 2040	22.9	Male retiring in 2039	23.2
Female retiring in 2040	24.5	Female retiring in 2039	24.7

19. Defined benefit schemes (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2020 for LGPS and SHPS

	LGPS Net (liability)/ asset £000's	SHPS Net (liability)/ asset £000's	Total Pensions (liability)/ asset 2020 £000's
Fair value of plan assets	28,298	1,380	29,678
Present value of funded liabilities	(40,418)	(1,889)	(42,307)
Present value of unfunded liabilities	-	-	-
Opening position as at 31 March 2019	(12,120)	(509)	(12,629)
Service cost			
Current service cost	(2,480)	(89)	(2,569)
Past service cost (including curtailments)	(119)	(3)	(122)
Effect of settlements	-	-	-
Total service cost	(2,599)	(92)	(2,691)
Net interest			
Interest income on plan assets	690	34	724
Interest cost on defined benefit obligation	(999)	(46)	(1,045)
Total net interest	(309)	(12)	(321)
Total defined benefit cost recognised in Profit	(2,908)	(104)	(3,012)
Cashflows			
Participants' contributions:	366	25	391
	(366)	(25)	(391)
Employer contributions	1,031	100	1,131
Estimated benefits paid:	(616)	(6)	(622)
	616	6	622
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
Expected closing position	(13,997)	(513)	(14,510)
Remeasurements			
Changes in financial assumptions	5,146	277	5,423
Changes in demographic assumptions	1,860	15	1,875
Other experience	977	59	1,036
Return on assets excluding amounts included in net interest	(3,309)	(76)	(3,385)
Total remeasurements recognised in Other Comprehensive Income (OCI)	4,674	275	4,949
Fair value of plan assets	26,460	1,457	27,917
Present value of funded liabilities	(35,783)	(1,695)	(37,478)
Closing position as at 31 March 2020	(9,323)	(238)	(9,561)

19. Defined benefit schemes (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2019 for LGPS and SHPS

	LGPS Net (liability)/ asset £000's	SHPS Net (liability)/ asset £000's	Total Pensions (liability) / asset 2019 £000's
Fair value of plan assets	26,213	1,262	27,475
Present value of funded liabilities	(34,239)	(1,671)	(35,910)
Present value of unfunded liabilities	-	-	-
Opening position as at 31 March 2018	(8,026)	(409)	(8,435)
Service cost			
Current service cost	(1,904)	(112)	(2,016)
Past service cost (including curtailments)	-	(3)	(3)
Effect of settlements	-	-	-
Total service cost	(1,904)	(115)	(2,019)
Net interest			
Interest income on plan assets	717	33	750
Interest cost on defined benefit obligation	(947)	(44)	(991)
Total net interest	(230)	(11)	(241)
Total defined benefit cost recognised in Profit	(2,134)	(126)	(2,260)
Cashflows			
Participants' contributions:	323	22	345
	(323)	(22)	(345)
Employer contributions	912	80	992
Estimated benefits paid:	(507)	(92)	(599)
	507	92	599
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
Expected closing position	(9,248)	(455)	(9,703)
Remeasurements			
Changes in financial assumptions	(3,512)	(142)	(3,654)
Changes in demographic assumptions	-	(5)	(5)
Other experience	-	18	18
Return on assets excluding amounts included in net interest	640	75	715
Total remeasurements recognised in Other Comprehensive Income (OCI)	(2,872)	(54)	(2,926)
Fair value of plan assets	28,298	1,380	29,678
Present value of funded liabilities	(40,418)	(1,889)	(42,307)
Closing position as at 31 March 2019	(12,120)	(509)	(12,629)

20. Share Capital – Group and Association

	2020 £	2019 £
As at start of year	72	66
Issued during the year	-	10
Shares cancelled during the year	(4)	(4)
As at end of year	68	72

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash flow from operating activities:				
Profit for the financial year	2,654	2,443	2,641	2,430
<i>Adjustment for non-cash items:</i>				
Depreciation of tangible fixed assets	4,524	4,535	4,327	4,346
Amortisation of intangible assets	83	78	80	74
Movement in fair value of investment properties	(52)	-	(52)	-
Decrease/(increase) in stock	(3,243)	(2,357)	1	(10)
Decrease/(increase) in trade and other debtors	172	678	(2,936)	(1,510)
Increase/(decrease) in trade and other creditors	945	(677)	964	(638)
Profit on disposal of tangible fixed assets	(1,637)	(2,087)	(1,637)	(2,088)
Amortisation of government grants	(1,753)	(1,562)	(1,753)	(1,562)
Pension costs less contributions payable	1,881	1,334	1,881	1,334
<i>Adjustments for investing or finance activities:</i>				
Interest paid	1,408	1,244	1,408	1,244
Interest received	(4)	(8)	(222)	(140)
Net cash generated from operating activities	4,978	3,621	4,702	3,480

21. Statement of Cash Flows (continued)

Net debt reconciliation - Association

	At 1 April 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2020 £'000
Cash and cash equivalents				
Cash	1,163	283	-	1,446
Cash equivalents	5	260	-	265
	1,168	543	-	1,711
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(32,400)	(6,500)	-	(38,900)
	(32,400)	(6,500)	-	(38,900)
Total	(31,232)	(5,957)	-	(37,189)

22. Financial Commitments

Capital commitments are as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Contracted but not provided for	5,684	8,229	5,684	8,229
Approved by the Board but not contracted for	3,937	15,328	3,937	15,328

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 £38.9 million as at 31st March 2020.

The Association is in the process of renegotiating the current loan facility which should be completed during the later stages of 2020. This will also provide sufficient funding to cover the above commitments.

22. Financial Commitments (continued)

Operating Leases

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

	Group		Association	
	2020	2019	2020	2019
Payments due:-	£'000	£'000	£'000	£'000
Not later than one year	37	36	37	36
Later than one year and not later than five years	6	43	6	43
Later than five years	-	-	-	-
	43	79	43	79

23. Housing Stock

	2020	2019
Number of units:		
Housing accommodation at an affordable rent	3,727	3,681
Housing accommodation at intermediate rent	39	35
Supported housing accommodation	11	6
Housing accommodation let at market rent	10	13
LCHO - held for sale	6	3
Total	3,793	3,738

At 31st March 2020, the Association was developing an additional 57 units (2019-101 units) for social housing.

24. Related party transactions

Monmouthshire Housing Association's board consists of two councillors, three 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. These travel expenses totalled £2,285 in the year (2019: £7,127). At the year end, tenant board members had an aggregate rent balance of £259 in credit (2019: £80 in arrears) after a rental charge of £14,431 in the year (2019: £14,789).

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 2020 the total recharge was £41k (2019: £66k).

During the year, Capsel Limited undertook £1,084k (2019: £887k) of work for Monmouthshire Housing Association Limited and the yearend inter group balances were:

- Owed by Monmouthshire Housing Association to Capsel – £115k (2019: £28k)
- Owed by Capsel to Monmouthshire Housing Association - £9.76 million (2019: £6.71 million)

25. Ultimate controlling party

The ultimate controlling party of Monmouthshire Housing Association 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.

Capsel has made an £13k profit with their net liabilities totalling £194k at 31st March 2020.



Monmouthshire Housing Association

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