



# **Annual Report & Financial Statements**

2021/22

# Contents

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<b>3</b>	Members, Executives & Advisors
<b>4</b>	Chairperson's Statement
<b>5</b>	Strategic Report
<b>13</b>	Board Report
<b>28</b>	Statement of Board Members' Responsibilities
<b>29</b>	Statement of Internal Control
<b>32</b>	Independent Auditor's Report
<b>36</b>	Statement of Comprehensive Income
<b>38</b>	Statement of Financial Position
<b>40</b>	Statement of Changes in Equity and Reserves
<b>41</b>	Statement of Cash Flows
<b>43</b>	Notes to the Financial Statements

## Registered Office

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

## External 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

# Members, Executives & Advisors

## Group Board Membership



Andy **Jones**  
MHA Group  
Chair



Tony **Deakin**  
MHA Group  
Vice Chair,  
Chair of  
Finance,  
Governance  
& Audit  
Committee &  
Group Board  
Member



Emma **Brute**  
Chair of  
Community  
Voice  
Committee &  
Group Board  
Member



Colin **Lewis**  
Chair of  
Operations  
Committee,  
Group Board  
Member  
& Capsel  
Member



Alan **Soper**  
Chair of Audit  
and Risk  
Committee,  
Group Board  
Member &  
Capsel Board  
Member



Hannah  
**Vickers**  
Chair of  
Development  
Committee &  
Group Board  
Member



John **Miller**  
Group Board  
Member &  
Capsel Board  
Member



Cael **Sendell-  
Price**  
Group Board  
Member



Dimitri  
**Batrouni**  
Group Board  
Member



Reg  
**Kilpatrick**  
Group Board  
Member



Mat **Cooling**  
Independent  
Audit  
Committee  
Member

## Executive Officers



John **Keegan**  
Chief Executive



Gwyndaf **Tobias**  
Director of Resources &  
Deputy Chief Executive



Karen **Tarbox**  
Director of Property  
Services



Michele **Morgan**  
Director of Housing &  
Communities

# Our Chairperson's statement

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It has been another challenging year managing the business during an on-going pandemic, but on a hugely positive note, there has still been a lot to celebrate at MHA.

We have continued to work hard delivering much needed services and support in our communities, actively challenging societal issues, such as debt and poverty, loneliness, access to work and training, domestic abuse, and homelessness. In fact, we have recently created a 'Making Poverty a Priority' group, to further the support we provide communities in tackling these areas.

Despite delays owing to a combination of availability of materials and labour challenges, throughout the last twelve months we have continued our commitment to building affordable homes. MHA have built 45 new homes and aim to create a pipeline of more than 200 more in the next 4 years.

Over the last 12 months, our new board has settled extremely well, and we are looking forward to the interaction with the newly formed Community Voice Committee (CVC). CVC comprises 8 passionate individuals (5 are tenants), eager to work with MHA to help us navigate our journey to even higher quality service delivery.

We never underestimate the importance of our relationships in delivering our growth ambitions and are currently finalising our Stakeholder Strategy; identifying our key relationships and how we can work together to deliver even more homes across a broader region.

Despite the extraordinary challenges of the last two years, we have ambitious plans for our future, as set out in our Corporate Plan, which we launched in early 2022, reinforcing our commitment to investing in our people, our homes, and our communities.

Throughout lockdown and beyond, our customers, colleagues and valued partners responded magnificently, demonstrating a huge community spirit and enormous compassion, so a big thank you.

We hope you enjoy reading this year's annual review and would welcome any comments that you may have.

**Andy Jones**

# Our Values

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Our Values Underpin our purpose and mission. They reflect who we are and the way we go about our business. **We are proud to be:**



## Open

We will act honestly and with integrity and our decisions will be made inclusively and transparently.



## Fair

We are committed to delivering services with an even-hand and ensuring equality of opportunity for everyone.



## Flexible

We will be innovative and proactive and view change as opportunity.



## Achieving

We will set and reach ambitious goals and targets.

# Our key objectives

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Making our money go further enables us to devote more resources to achieving and exceeding our LEEP business objectives:

Our key objectives for the year are:

## Landlord

To increase the provision of homes, improve service quality and support a wide range of activities to help tenants flourish and realise their ambitions.

### Our targets for this year are:

- Increase the supply of homes available by 75 through new development, regeneration and acquisitions
- Bring forward Local Development Plan allocated land opportunities
- Develop a pipeline of 200 properties in total for the next 4 years
- Secure a supply of land to enable the development programme to proceed
- Support the Local Authority's supplementary planning guidance requirements for green infrastructure and biodiversity in new developments, seeking to expand on these requirements where the viability assessments support this.
- Work with the local authorities to identify and develop town centre regeneration & development opportunities
- In light of new grant regime develop wider strategic relationships and identify common aspirations
- Embed the Community Voice Committee into MHA's decision making and consultative process
- Maintain overall tenant satisfaction at 90%+
- Identify potential rebranding opportunities for MHA
- Develop a digital offer for tenants, giving 24 hour access to services through the introduction of a new Tenant Portal
- Complete phase 2 of MHA's local rent setting policy
- Explore avenues to alleviate fuel poverty for tenants
- Enhance our digital offer to our tenants and introduce training, access to Wi-Fi, resources and support to assist them with a new way of living following the pandemic
- Play an active role by being a key partner and assisting Monmouthshire County Council deliver its Homelessness & Housing Support Strategy
- Implement the Renting Homes Act legislation
- Use neighbourhood plans as a tool to regenerate communities

## Environment

MHA will provide environmentally friendly, sustainable homes and services, reducing our CO2 emissions and play our part in helping Wales to meet Welsh Government ambitions within the Zero Carbon programme.

### Our targets for this year are:

- Develop a funding strategy to deliver Welsh Government decarbonisation targets
- Develop a decarbonisation policy and follow later with an options analysis in response to zero carbon strategy
- Implement new ways of working policy – taking advantage of digital solutions to facilitate home working
- Moving pool cars towards fully electric solutions and investigate solutions for a hybrid trades fleet
- Promote MHA's salary sacrifice scheme for hybrid & electric vehicles



- Secure initial agreements with relevant partners for wind farm project
- Undertake due diligence, options analysis and business cases for projects that will contribute towards reducing our carbon footprint
- Undertake due diligence and options analysis for Modern Methods of Construction project
- Respond to the climate change agenda through researching new innovations linked to carbon reduction in construction

## Economic

We will remain financially viable, build on our resilience, and invest in our growth and diversification strategies to achieve additional income for reinvestment in core activities.

### Our targets for this year are:

- Identify development partnership opportunities, including outside Monmouthshire
- Deliver MHA's Stakeholder Engagement Strategy identifying strategic partnerships built upon trust and shared values
- Identify market sales options outside Monmouthshire
- Develop Capsel 5-year business plan and secure sustainable surpluses for future investment
- Implement new procurement strategy
- Create further efficiency savings in line with MHA's Procurement Strategy
- Maintain overall rent arrears at 3% or less
- Maintain Universal Credit arrears at 6% or less
- Deliver operating surpluses in line with Board strategy
- Comply with MHA's funding covenants and Golden Rules
- Review MHA's pension offer
- Obtain a contractual commitment for Social Value contributions from construction and development contracts
- Have robust governance structures in place to ensure we are meeting Welsh Government's Regulatory Standards
- Proactively promote & support MHA's local supply chain through the procurement policy where appropriate

## People

People are our business, and we want to be an employer and landlord of choice, where people are able to realise their ambitions in inclusive and accessible environments.

### Our targets for this year are:

- Undertake a full review of our Equality, Diversity & Inclusion policy and practices
- Deliver against Tai Pawb's Deeds Not Words 18 commitments
- Review our offer to meet the requirements of the Welsh Language Scheme
- Move 30 tenants into work through our Work & Skills Wise programmes
- Implement resources to encourage and support employees to look after their health & wellbeing, and resilience
- Equip colleagues with the information, skills, and capacity to embed change in line with MHA's digital strategy
- Maximise apprenticeship opportunities (minimum 5% of workforce)
- Appoint 3 future leaders
- Implement year 1 of MHA's digital strategy
- Review hybrid working arrangements
- Complete actions arising from MHA's Staff Survey

## Finances & the Business Model

Following on from our highly successful refinancing in the previous financial year, MHA continues to hold private placement loan funding from the Pension Protection Fund with **£50m** drawn at the end of the financial year and a further **£15m** to be drawn down in two years' time. We also continue to have access to a competitive 5-year revolving credit facility with Barclays of **£20m**, which is currently undrawn with 4 years remaining. The refinancing has laid a truly solid foundation for MHA's future ambitions and has already helped to fund major repairs expenditure and contribute to the funding of our development programme and corporate plan objectives. Alongside this external funding, we expect 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.

The Association will continue to invest heavily in its development programme and a budget of **£9.8m** has been earmarked in the financial year to March 2023. The current business plan shows the Association's ability to work within its current debt limits and comfortably meet all covenants. The Association's cash flow continues to be strong with a balance of **£17.3m** at the end of the year whilst the cash balance for the Group is slightly higher at **£18.4m**. These cash balances are fully committed to implement the Group's capital maintenance programme in line with its Asset Management Strategy.

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.

## Performance in the Year

The Association's core turnover increased by **3.6%** during the year and its underlying profitability remained strong, with an operating margin of **16.3%** (2021: 18.4%). The average rent increase was **1.5%** in accordance with the guidelines of Welsh Government and bad debts were less than **0.1%**.

The Association's core profitability remains strong with a Group operating surplus for the year of **£4.5m** (2021: £5.1m) and net cash generated from operating activities being **£12.1m** (2021: £7.4m). There is an actuarial pension gain of **£6.1m** in the year, compared to an actuarial loss of £5.3m in the previous year, and no refinancing costs (2021: £7.9m) leading to Group Comprehensive income of **£9.2m** for the year (2021: £9.4m deficit).

The budget for 2022/23 sees the Association continuing to show a strong surplus and fund its planned maintenance programme from operating cash generated in the year, despite the operating environment becoming increasingly more challenging due to increased cost pressures.

The Association's pension costs recognised in the Statement of Comprehensive Income have increased significantly in the year due to a movement in key actuarial assumptions highlighted in note 19.

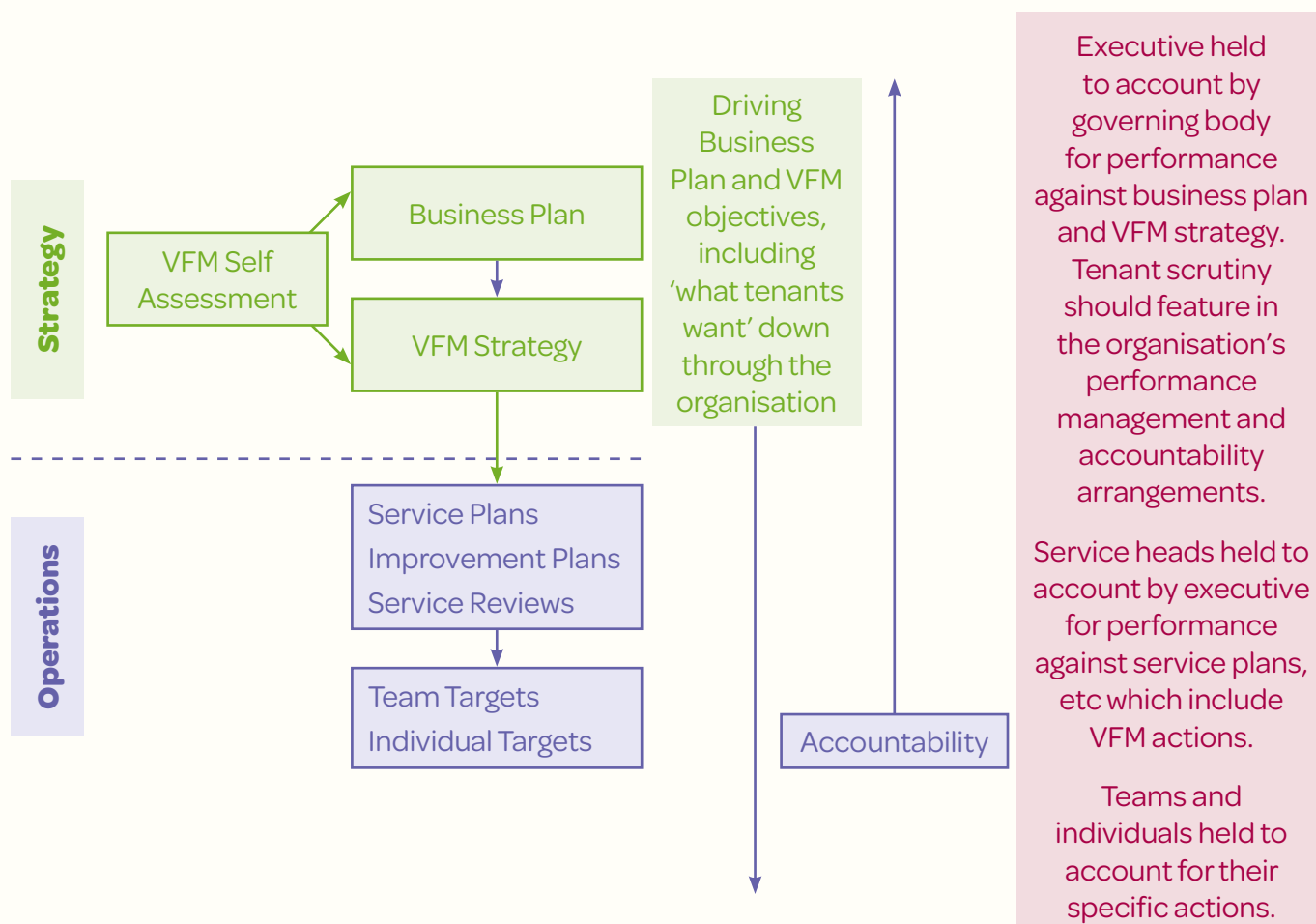
## Value for Money (VFM)

Operationally MHA strives for high performance and high satisfaction, whilst considering its costs. Our key drivers and values are culturally embedded throughout the organisation, so all are making the right choices in how the Group uses its money and resources. Staff are encouraged to think not just about saving money but also about VFM in its wider sense, such as the cost to the customer, service quality, performance and social value.

According to our representative body Community Housing Cymru and Housemark, "VFM is about ensuring that every pound spent delivers the maximum impact possible in terms of quality and/or quantity. Without VFM as an overarching principle: you will inevitably spend more than you need to achieve your objectives. Nobody likes throwing money away and our tenants certainly can't afford for us to do so".



This statement parallels with our VFM Policy, which sets out MHA Group's approach to VFM. It illustrates key aspects of the VFM process and identifies the main reporting procedures. The policy is reviewed annually by the Board of Management and complies with Welsh Government's regulatory requirements, to ensure our costs and performance are transparent and accessible to our stakeholders. This is the model adopted by MHA Group:



We will continue to work with a wide range of partners from the local community so that the best possible outcomes are achieved for our tenants, making sure we are delivering services equitably and addressing those in greatest need. Service users are at the heart of the decision-making process, from the Community Voice Committee and mystery shoppers to dedicated service improvement focus groups.

### **Our Commitment to VFM, is to:**

- Continue to improve our understanding of our current value for money position
- Promote and embed a value for money culture
- Optimise the future returns on assets deployed
- Direct resources to achieve the right balance between frontline services, maintaining existing assets and providing new homes
- Maintain a high level of tenant satisfaction with value for money, for example, in relation to rent & service charges

### **Some of the Association's key VFM deliverables during the year can be attested by outputs from the Welsh Government's Social Landlords Tenant Satisfaction survey 2022:**

- 89% of tenants are satisfied that their rent provides Value for Money
- 91% of tenants are satisfied with the service provided by MHA
- 89% of tenants are satisfied with their neighbourhood as a place to live
- 86% of tenants satisfied with the way MHA deals with repairs and maintenance

## **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.

The risk environment has changed considerably during the past financial year with the pandemic risks receding but being replaced by the equally problematic cost of living crisis. At present, the main items of risk have been identified as decarbonisation of properties, increased inflationary pressures from multiple sources, cyber and data threats and current difficulties in delivering new developments in Monmouthshire due to planning constraints.

## **Governance**

The last full regulatory opinion in December 2019 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". This opinion was reaffirmed with our latest interim regulatory judgement received in 2021.

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

## The Future

Our economic vision for 2022/23 will be to remain financially viable, build on our resilience and invest in our growth and diversification strategies to achieve additional income for reinvestment in core activities. We will focus on the external policy context:

- Financial viability
- Efficiency and value for money
- Welsh Government Grant Reform
- Collaboration & partnership working
- Diversification
- Supply chain management

MHA's significant refinancing in 2021 has provided the strongest platform for growth in its history and will allow it to continue to strive for excellence in all that it does. 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 activities for the benefit of the Association. All of which will strengthen the organisation and feed back into our corporate vision to create good quality homes and an environment where people can have a brilliant quality of life, in areas where they aspire to live and work.

This will help MHA to combat the impact of increasing inflationary costs within its operations and for its tenants. We also 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.

MHA's local rent policy has been successfully implemented during the year, enabling us to set a fair, transparent and affordable rent for all, with 89% of tenants satisfied that rents charged provide value for money. We have also begun to include service charge affordability into the model ensuring that tenant affordability and value for money are at the heart of every service we provide. This policy will be monitored and adapted throughout 2022/23 to ensure that our rents remain affordable and continue to provide excellent value for money.

Capsel'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 has ambitious plans to extend the provision of affordable homes in Monmouthshire and will continue to seek development opportunities, creating 75 new homes in the next year alone. 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.

In order to support our plans we continue to invest in our digital strategy, improving our customer experience and continually improving and streamlining our services to benefit our customers.

We have also produced a Corporate Plan which outlines our key objectives for the next five years. We believe this is an important tool in ensuring we can continue to serve our customers, maintain our financial strength, and tackle the economic challenges facing our communities and our sector.

The Strategic Report was approved by the Board on 20th July 2022 and signed on its behalf by:

**Gwyndaf Tobias** – Company Secretary



# Award Winning Finance





# Board Report

## MHA Highlights



### Financial & Governance

Increased our Annual Turnover to **£23.38m.**

Group revenue **£29.22m.**

Awarded '**substantial governance assurance**' for the way MHA conducts its business by its internal Auditors.



### People

Our Director of Resources won the Chief Finance Director accolade (in the category for companies with a turnover up to **£25m**) at the Welsh Finance Awards.

Won the **Finance Team of the Year** accolade at CIPFA's UK Public Finance Awards.

Launched our new 'tenant voice' **Community Voice Committee.**



### Operational

Evicted no tenants in line with our pledge to minimise evictions wherever possible.

Maintained overall rent arrears at **1.97%.**

Saved tenants **£582,280** with advice provided by our money saver experts.

Awarded **£120,000** from the UK Government's Community Renewal Fund to create iConnect digital inclusion project.

**89.8%** of tenants satisfied with repairs and maintenance service.

MHA allocated a **£25,000** hardship pot of money, helping tackle hardship and poverty.



### Homes

Completed **45** mixed tenure homes for rent and through our Homebuy assisted purchase scheme and started the construction of **79** affordable homes and **4** homes for open market sale.



# Great People

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Remote working throughout the pandemic has helped facilitate our new hybrid way of working by equipping staff with the skills and experience to deliver the best services to our customers.

In 2021, we launched our digital transformation project 'Innovate', which focuses on supporting the upskilling of staff to enable the seamless transition across to Microsoft 365. Weekly 'Tech and Talk' sessions ensure staff have the support needed in a sociable non-judgemental forum.

## Supporting staff health and wellbeing

Creating a supportive, nurturing environment where staff can enjoy a work-life balance is at the core of our newly launched Employee Health and Wellbeing Strategy.

MHA's staff health and wellbeing group Life and Soul was relaunched to reflect its broadening remit. A range of remote activities including nutritional workshops to desk yoga proved popular, helping staff feel connected whilst promoting the importance of health and wellbeing.

Ensuring our mental health champions are visible and equipped to support staff as we transition back to the office is important, so refresher training is programmed for the forthcoming year.





## Engaging with staff

Measuring staff engagement and creating opportunities for staff to voice their opinion is key to our culture and ensures MHA continue to embrace its values and involve staff in all aspects of our business. A response rate of 71% was achieved in MHA's annual staff survey and subsequent action plan formulated.

## Developing and supporting our staff

Feeling valued and having a sense of pride is something we feel passionate about at MHA. With a training budget of £124k we invested in the skills and development of our people, ensuring they are equipped to drive excellence and realise their own ambitions.

This year we appointed a further 3 'Future Leaders' to our staff development programme. Previous participants have achieved a success rate of 82% in realising progression in their careers.

MHA's apprenticeship programme offers young people the chance to study whilst contributing to the success of MHA. We support our apprentices

to explore their talents and ambitions, so they achieve their full potential. We currently have 9 trainees/apprentices in post and are looking to create more opportunities in the coming year.

## A diverse and inclusive business

This year we formed our Equality, Diversity and Inclusion Steering Group to ensure we are best serving our communities, whilst meeting the requirements of regulation and legislation. To support this, we have pledged to work towards Tai Pawb's Deeds Not Words commitments and are undergoing an equality health check by Tai Pawb.

### We achieved...



A **1 star Best Companies** accreditation which is an indicator of a Very Good company.



An average total sickness level of **2.8%**, which is below MHA's target of 3%.

# Great Services

Investing in our communities is vital to ensuring our homes and communities are great places to live where tenants feel happy and proud, and empowered to bring positive change to their lives.

As we come out of the pandemic and move towards a cost-of-living crisis, the central role MHA plays in the lives of its tenants and the importance of real engagement has never been so crucial.

## Tenant Involvement



Engaged with **444** local people, **309** of whom were new to engagement.



**8** tenant volunteers trained by RNIB to support tenants with visual impairment and become Tenant Auditors for their Sheltered Schemes.



**34** tenants have actively taken part in completing Training Courses.



**81** customer referrals made to internal and external partners for additional support.



Supported **55** fathers/male role models through our **Dads Can Cymru** team.

## Funding secured and awarded



Were awarded over **£12,000** in small grants or ad hoc financial support to spend in MHA communities.



Awarded **£25,000** to community groups through Pitch for Your Project.



Received **£19,000** in community benefits from development, asset management procurement, and grounds maintenance contracts including the hiring of 1 apprentice and money to support local community development projects.







Awarded **£7,000** in community sponsorships supporting a range of groups and providing items such as a defibrillator, school uniform for families, and food to help alleviate food poverty.



Awarded **£120,000** from the UK Government's Community Renewal

Fund to support a 5-strand project, called iConnect, exploring how best to bridge the digital divide in our communities and provide effective affordable pathways to digital inclusion for individuals.



## Going further in our communities

MHA created a range of community activities to help enhance health and wellbeing, keeping our communities engaged, happy and healthy...

- Cooking sessions broadcast live on Facebook
- Virtual and in the community Health and Wellbeing sessions
- Gardening competition
- Community events including family picnics
- School uniform swap
- Family events such as Halloween, Santa and Storytelling
- Exercise sessions including Adult, Teenage and Toddler Bootcamp

As restrictions eased in the summer of 2021, we worked to safely reopen the communal lounges and support tenants who had been sheltering within their apartments to re-integrate socially with each other through a range of amenities ...

- Golden hour music sessions
- Digital sessions
- Armchair aerobics
- Creative Conversations
- Water colour painting
- Love to Move

Our new Giant Table Top tablets encourage tenants to become more digitally included, helping tackle loneliness and isolation and enhance well-being through shared learning experiences and contributing to focus groups to help shape future services.

# Pitch for your Project supports Caldicot School



MHA offer local community groups the opportunity to take part in a Dragon's Den style project to bid for funding to be spent for the benefit of Monmouthshire communities.

Caldicot School's Nurcombe Centre Bike Club is one such club who found the bidding process a thoroughly enjoyable, supportive and inclusive experience. The Nurcombe Centre supports students aged 11-19 at the school, with a variety of complex needs.

"From start to finish the process of applying for Pitch Your Project went smoothly. The application form was accessible for all, clear and concise. It was also well advertised on various social media sites, meaning that we knew about it instantly, and I would imagine other community groups would too!

Staff were friendly and easily contactable, and communications were instant. Staff were really supportive and knowledgeable throughout every step of the application process, offering feedback and suggestions on our pitch, and even popping into school to meet us".

Caldicot School felt MHA understood their needs and constraints with working in a school setting, "MHA adapted the pitch to use TEAMS as opposed to Zoom and ensured that we were

placed in first slot to enable me to get back to (a very short staffed!) school!"

We realise that pitching an idea can be a daunting prospect, so ensuring pupils and staff feel at ease is important "The whole panel were really welcoming on the day and helped us to feel at ease. Our pupils can have difficulty with communication, especially over the screen, and with people they aren't familiar with. Your CEO instantly knew this without prompting, he made our learners feel completely at ease and communicated well with them. "Steven couldn't wait to tell me how he had cracked a joke and how it really made them laugh! MHA's community spirit and genuine interest in our group really shone through, we were all on a high for the rest of the week!"

As well as fantastic experience and of financial benefit "The opportunity to network with other community groups on the day really benefitted us".

Caldicot School were delighted to be awarded £2,500 to spend on items including tools, parts, benches and a shed, ensuring their bikes are kept safe and remain in tip top condition.

**"Thank you for all your support and generosity throughout. We really are over the moon!"**

**Caldicot School**





## Community Planning

Our Housing & Communities team offer support to co-create and deliver sustainable tenant-led solutions in our communities. Following analysis of neighbourhood data, two community planning areas were identified...

- Westend, Caldicot
- Overmonnow, Monmouth

Staff are working co-productively with 20 tenants helping to achieve stronger more resilient communities. With support, the tenants are gaining the skills and confidence to independently enable them to sustain long-term change in the way they live and work.

## Customer Service Excellence

In 2021 our Housing & Communities administration team underwent a transformation to become the Business Support Team. The team now offer a more dynamic approach to administration across Housing and Communities.

Our customer journey continues to improve, with exemplar tenant satisfaction levels received for our customer service provision. Driven by a strong commitment to our customers, the Customer Service and Business Support Teams work collectively to deliver a first-class service responding to calls, emails, and Live Chats.

In 2022, we implemented a Hybrid Mail pilot; a more cost effective and efficient way to send mail, which will now be rolled out across our business.

### In 2021/22 our Customer Services Team ...



Answered **30,361** calls.



Answered in an average of **25** Seconds.



Achieved a satisfaction level of **99.36%** for their service.



Resolved **85%** calls at first point of contact.



Responded to **1,401** live Chats.



Dealt with **10,372** customer emails.

## Creating thriving & sustainable tenancies

Our dedicated Income and Inclusion teams supported hundreds of people throughout the challenging year, providing regular support for those with unexpected financial or personal worries, enabling them to sustain their tenancies.

This year we piloted new technology called Rentsense which is helping MHA identify tenants struggling to pay their rent as early as possible, enabling MHA to reach out; preventing escalating debt, and reassuring tenants we are here to help.

# Connecting tenants through iConnect



The digital world at your fingertips

iConnect is our Lottery-funded project, tackling digital exclusion, by connecting MHA tenants.

Digital inclusion is often more than just being able to get online, this case study outlines how digital technology helped maximise security whilst connecting a tenant bed bound from a back injury.

'Mrs T' resides at The Lawns, Caldicot and sought advice from iConnect on an appropriate doorbell.

MHA's Engagement Team assisted Mrs T to attend a coffee morning, where staff accessed the communal tablet to run through her options and assist the tenant in making her decision.

After first navigating complex privacy and GDPR implications with MHA's Risk Assurance Manager; to ensure no other tenant's rights were being impacted, the chosen door entry system was ordered. Assistance was sought from MHA's Electrical Services and an electrician booked to undertake the installation.

The doorbell installation went smoothly, although there was an issue with the Ring App not being compatible with the tenant's tablet. After setting up the doorbell, it was evident the Wi-Fi signal was not strong enough, resulting in a delay.

iConnect also discovered the Wi-Fi router looked quite old and suggested a conversation with Plusnet to request a new one. The tenant was more than confident to do this herself.

Once the new router arrived, iConnect returned to set it up, move her devices onto the new Wi-Fi network and set up the doorbell. iConnect ran through the operation of the doorbell until she was confident using it.

**"Thank you for dealing with my problem yesterday – the service was brilliant as it always is with MHA, whenever I phone up they are always very polite and very nice."**

## In 2021/22 we...



Saved tenants **£557,971** with advice provided by our money saver experts.



Allocated and spent a hardship fund of **£25,000**; helping support tenants living with the stress and trauma caused by financial hardship.



Provided money, benefit and debt advice to **289** tenants.



Assisted **443** tenants to maximise income.



Supplied **16** tenants with digital devices and support to get online.



Ran a **Pension Credit campaign** in our homes for older people.



Made **£800** donations to foodbanks and similar organisations.



Helped tenants with **£19,801** in energy switching, grants and discount schemes.



Supported tenants to claim **£23,686** in one off Discretionary Housing Payments.



Worked with over **100** tenants, as they transfer across to Universal Credit, helping maintain their claim, as they learn how the new system works.

## Education, employment and training

### In 2021/22 we...



Supported **56** tenants into work.



Supported **35** volunteering and work placements.

## Managing Monmouthshire's housing register

MHA continue to manage Monmouthshire's Common Housing Register 'Homesearch' and co-ordinated the marketing and launch of its new interactive web portal. Work continues on the creation of a new application form and policy change to be implemented Summer 2022.

### In 2021/22 we...



Processed a total of **1,587** new housing applications.



Registered over **300** homelessness applications.



Let **244** homes comprising **76** older persons and **168** general needs.



Supported **42** moves to a new home via the Mutual Exchange programme.



## Keeping our Communities Safe

All tenants have the right to feel safe and sound in their homes, and proud of their communities.

Our dedicated Community Safety Team work closely with Monmouthshire Council, Gwent Police, Safer Monmouthshire and other support agencies, to ensure this happens.

This year, MHA introduced a new way of assessing incidents reported against the level of seriousness at the point of reporting, with an appropriate officer assigned, this resulted in improved turnaround times, bringing issues to a more effective resolution.

Our focus is around proactive support, intervening and referring those in need to dedicated support agencies. Over 69 clients were referred this year.

**We worked with on average 94 households each month. The most reported incidents are...**



Noise Nuisance - **80**



Domestic Abuse - **51**



Drugs and substance misuse - **39**

## In 2021/22 we...



Evicted **no** tenants.



Served only **8** Notices of Seeking Possession.



Enforced **4** injunctions.



Generated **1** Suspended Possession order.



Received **23** counselling referrals.



Received **4** mediation referrals.



Managed **484** cases of Anti-Social Behaviour (ASB).



Provided added security to **80** homes.



Supported **51** victims of domestic abuse.



Resolved **220** Fly tipping cases.



Resolved **172** Fire risks cases.



## Getting down and dirty in our communities

MHA staff are awarded 3 volunteer days per year, to use supporting the communities in which we serve.

This is particularly important for our frontline neighbourhood teams, who are out and about in our communities daily, and witness first-hand the impact these volunteering days can have.

Our Income and Anti-Social Behaviour Managers worked alongside our Building Services Team to lay patio slabs and revamp the Caldicot Community Garden seating area, transforming the area into a lovely, safe area for the green fingered gardeners to relax and have a cuppa and chat after a hard day at the allotment.

It's also a great opportunity to help our office-based teams to feel better connected with our communities.

Six members of MHA's Corporate Services Team relished the opportunity to spend time together 'giving back' to MHA's communities by donning their painting scruffs, to refresh the communal areas of Caldicot Rugby Club in true DIY sos style.



# Great Homes

We currently operate across Monmouthshire. We have **3,826** homes for rent and a further **237** leaseholders.

## New Homes

We are passionate about providing high quality, well designed affordable homes to help address the housing and cost of living crisis in Wales.

We are working with local authorities to identify areas of housing need and with Welsh Government to assist with delivering 20,000 new social rented homes in Wales.

Whilst phosphorous pollution in water courses continues to be a barrier to some of our developments, we are working with partners and stakeholders to find solutions to continue delivery of new homes in affected areas.

Developing and nurturing existing partnerships is important to MHA's growth as we continue to investigate opportunities to extend our areas of operation across a wider geographical area.



### In 2021/2022 we...



Completed **45** mixed tenure homes for rent, Homebuy assisted purchase and for sale.



Constructed **79** affordable homes and **4** open market homes through our own developments and Section 106 purchases.



Promoted land for up to **859** mixed tenure, fossil fuel free heated homes.



Initiated a project to **meet the specific needs** of an MHA family.



## Maintaining existing homes

For over 10 years MHA have committed to building sustainable communities where residents feel safe, secure and are great places to live.

### In 2021/22 ...



**99** properties benefitted from our External Works Programme.



**175** properties had new roofs.



**481** homes benefitted from external decoration.

### We installed...



**27** new bathrooms.



**88** new kitchens.



**160** new windows and doors.



**98** new boilers.



**94** new or refurbished garages.

## Undertaking repairs

MHA has worked hard over the past twelve months to catch up, schedule and complete all the non-urgent repairs that were postponed due to periods of lockdown in 2020 / 2021.

Throughout the pandemic MHA continued to deliver a gas servicing programme and have achieved excellent performance throughout.

MHA continues to deliver high quality homes and as a result has reviewed the void standard and we are now also offering temporary window coverings in properties should tenants need them.

### In 2021/22 we...



Actioned **4,558** emergency repairs.



Achieved a tenant satisfaction level of **94.04%** for our repairs service.



Completed **93.14%** of stair lift services.



Maintained the void property **gold standard.**

# Great Business

Innovate is our digital strategy and programme of work, and is continuing to gain momentum, with good progress being made across all its workstreams.

We have invested time in conducting discovery phases for each of our core projects, ensuring our programme is well-grounded and focused in the right places. This investigative approach has also enabled us to fully understand the problems we're trying to resolve, and we are now in a strong position to build on our digital work.

## In 2021/22 we have...



Completed an internal research project in relation to data to ensure

improvements are well-informed and evidence based. The outcome of this research will help shape the delivery of our year one data plans, which will include refreshing our approach to data governance and management.



Successfully implemented the first phase of our Microsoft **365** Programme, making it easier for colleagues to collaborate and communicate within their roles. We're building on this work by continuing to roll-out new functionality within the next 12 months.



Launched our Customer First programme, which is focused on ensuring our services are designed in a tenant-led manner and led by their needs and requirements. Our first round of projects are nearing completion and will involve changes to our responsive repairs service, as well as a refresh of our customer care and accessibility standards.



Supported colleagues with their digital skills and confidence via our Digital Workplace programme, ensuring formal and informal training and learning opportunities are varied and tailored around the individual.



Completed a review of our internal systems to inform our approach to system rationalisation to provide a more streamlined experience for colleagues.



Undertaken a health check of our core housing management system.

## Sustainability and Zero Carbon

Climate change is one of the key issues facing us all and, as a developer of new homes and landlord with more than 4,000 properties including leasehold properties, we have a significant part to play.

MHA has a responsibility to deliver environmental good practice, energy and waste reduction and is committed to assisting the Welsh Government to meet its target of net zero carbon emissions in Wales by 2050, which is why this is one of our key strategic plan targets.

We set ambitious targets to drive energy performance and use innovative technologies in our new homes. By reducing the energy consumption, we are helping tackle the cost-of-living crisis, whilst the use of local supply chains, where possible, brings down our construction carbon footprint.

## Environmental & Compliance

**In 2021/22 we have...**



Reduced our CO2 emissions by **46.21%**.



Reduced car mile claims by a further **342,264** miles.



Achieved **Passengers lift servicing compliance** and LOLER inspections.



Completed **Fire Risk Assessments** programme on time.



Completed **100%** of Legionella Water Risk Assessments.

Maintained our health & safety **ISO 14001, ISO 45001** and Green Dragon Accreditations.



# Statement of Board Members' Responsibilities

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## **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's 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

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## 1. Introduction

In accordance with the terms of reference and the best practice referred to in the Welsh Government's Housing Association Circular RSL 02/10 Internal Controls and Reporting, the Deputy Chief Executive on behalf of the Audit & Risk Committee presents an annual report to the Board covering the period from 1 April 2021 to 31 March 2022. 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 Board acknowledges its responsibilities for the Association's system of internal control and for reviewing its 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.

## 3. Strategic leadership & governance

- MHA's Strategic vision and values are reviewed annually to inform the latest Corporate Plan which was approved by Board in March 2022
- Ongoing review of new and upcoming legislation takes place to inform policies, processes and decision making
- Standing orders and financial regulations setting out clearly the system of delegation have been reviewed during 2021/22.
- There are clearly defined corporate and management responsibilities and reporting structures ensuring that experienced and suitably qualified staff take responsibility for important business decisions
- Board Risk Appetite is clearly communicated to the business
- MHA has a skills based Board
- The MHA Board has set strategic KPI's which continue to be monitored on a regular basis by officers to provide assurance to members in relation to key risk areas
- During the year a new Community Voice Committee was formed to represent all tenants and leaseholders within the MHA governance structure
- Three members of MHA Board sit on Capsel Board
- All Intragroup agreements have been reviewed and updated during 2021/22

## 4. Internal & External Audit & Assurance

- An established programme of internal audit activities exists which are derived from an assessment of key business risks;
- The Audit & Risk Committee reviews and monitors reports from management, from the Internal Auditors and from External Audit to provide reasonable assurance that control procedures are in place and are being followed
- Internal reports on the effectiveness of Internal & External Audit have been undertaken during the year and presented to the Audit & Risk Committee. Throughout the period 2021/2022 a total of 32 recommendations have been raised by internal auditors and have been accepted by MHA
- All Internal Audit recommendations are reported to Audit & Risk Committee and progress reports provided at each meeting.
- A Health and Safety Management system is in place with updates on Health & Safety at each Audit & Risk Committee meeting provided by the Head of Facilities
- MHA have the following external accreditations  
- ISO 45001 (H&S & Environmental), Green Dragon Level 5 – Environmental
- There is ongoing compliance with data protection legislation which is also monitored by external consultants
- A comprehensive Compliance Monitoring Framework is in place which is regularly reviewed by Board & Committees to provide assurance and evidence of ongoing compliance with Welsh Government Regulatory Standards
- Business Continuity Plans are in place which are currently being updated by external consultants
- There is a high level of participation in MHA's overall tenant satisfaction survey with an overall rating of 90.7 % satisfaction level achieved for 2021/22
- The regulatory opinion published in May 2021 confirmed a standard assessment for both governance & financial viability

## 5. Risk Management Policy & Framework

- MHA has a Risk Management Policy in place which clearly outlines MHA's approach to risk management and defines roles and responsibilities throughout the organisation
- The Corporate Assurance Map is regularly reviewed by managers and SMT and presented at each Audit & Risk Committee. A Corporate Risk Dashboard summarising the main risks and movements in trends is presented and discussed at every Board and Committee meeting. The full Corporate Assurance Map is presented annually, with a copy available in the Reading Room of every Board or Committee meeting
- The Association continues to maintain or put in place a number of procedures designed to mitigate risks facing the Association. These include specific delegated authorities to managers and staff, insurances, performance management reporting, contract procurement processes and an annual self-certification of risks and how they are controlled by the Senior Management Team
- A full review of the current Risk Management Policy & Process was undertaken in 2021 and improvements and amendments have been implemented in line with the recommendations made. Training has taken place for both Board and internal staff

## 6. Financial Planning & Management including Value for Money

- There is a defined business and strategic planning process in place 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. Appraisal modelling of new developments is undertaken
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation through relevant committees or the Board
- Board approved treasury policy and annual treasury strategy is in place, which is reported against on a quarterly basis
- The business plan is stress tested on an annual basis with results presented to Board.
- There is a VFM Policy in place that sits alongside an annual statement & self-assessment publication
- Updated Procurement Policy & Strategy is in place
- Internal audit assessment of VFM controls are in place for each area of review
- An Assets and Liability Register is maintained

## 7. Fraud Reporting Systems

**7.1** The Association aims to prevent fraud and corruption and has in place policies in respect of preventing, detecting and investigating fraud. These include Standing Orders and Financial Regulations; Anti-Fraud, Theft & Corruption Policy; Whistleblowing Policy; Code of Conduct Policy & Internal Audit programme.

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

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

**8.1** The Deputy Chief Executive reviewed the adequacy and effectiveness of the Association's internal control and risk management systems for the period 1 April 2021 to the date the annual accounts for 2021/22 are approved and confirms that they are operating effectively.

**8.2** The Board Report, Statement of Board Members Responsibilities and the Statement of Internal Control were approved by the Board on 20th July 2022 and signed on its behalf by:

**Gwyndaf Tobias** - Director of Resources & Deputy Chief Executive

# Independent Auditor's Report

## 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 2022 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 Equity and Reserves, the Consolidated and Association Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 2022 and of the Group's and 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.



## Other information

The other information comprises the information included in the Strategic Report and Board 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:

- The Association has not maintained a satisfactory system of control over transactions; or
- The Association has not kept proper accounting records; or
- The Association's financial statements are not in agreement with 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 of internal controls on pages 29-31, 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 28, 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 has 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

## 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 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31<sup>st</sup> March 2022**

		Group		Association	
		£'000	£'000	£'000	£'000
	Notes	2022	2021	2022	2021
Turnover	3	29,215	28,115	23,383	22,911
Operating expenditure	3	(26,832)	(24,802)	(21,655)	(20,484)
Gain on disposal of PPE	4	2,114	1,790	2,092	1,790
<b>Operating surplus</b>		<b>4,497</b>	<b>5,103</b>	<b>3,820</b>	<b>4,217</b>
Interest receivable	5	16	70	166	249
Interest and financing costs	6	(1,459)	(9,223)	(1,459)	(9,223)
Fair value movement - investment properties	12	80	25	80	25
Dividends received		-	-	490	-
<b>Surplus/(Deficit) before tax</b>	7	<b>3,134</b>	<b>(4,025)</b>	<b>3,097</b>	<b>(4,732)</b>
Taxation	10	(98)	(72)	(8)	(62)
<b>Surplus/(Deficit) for the year</b>		<b>3,036</b>	<b>(4,097)</b>	<b>3,089</b>	<b>(4,794)</b>
<b>Other comprehensive income:</b>					
Actuarial gain/(loss) in respect of pension schemes	19	6,145	(5,315)	6,145	(5,315)
<b>Total comprehensive income for the year</b>		<b>9,181</b>	<b>(9,412)</b>	<b>9,234</b>	<b>(10,109)</b>

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

The notes on pages 43 - 81 form part of these financial statements.

The financial statements on pages 36 - 81 were approved and authorised for issue by the Board on 20<sup>th</sup> July 2022 and were signed on its behalf by:

Signed

**Andy Jones**  
Chair

**Tony Deakin**  
Vice Chair

**Gwyndaf Tobias**  
Company Secretary

# Statement of Financial Position

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# STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

Registered number: 30087R

		Group		Association	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Intangible fixed assets	11	158	157	155	154
Housing properties	12	111,702	104,931	109,445	102,450
LCHO Properties	12	-	-	-	-
Homebuy loans receivable	12	3,782	3,241	3,782	3,241
Investment properties	12	1,490	1,410	1,490	1,410
Other property, plant and equipment	13	3,853	3,917	3,846	3,903
<b>Total Fixed Assets</b>		<b>120,985</b>	<b>113,656</b>	<b>118,718</b>	<b>111,158</b>
<b>Current assets</b>					
Inventories	14	1,428	6,310	69	83
Debtors	15	1,870	1,581	5,509	10,306
Cash and cash equivalents		18,420	11,411	17,339	10,394
		<b>21,718</b>	<b>19,302</b>	<b>22,917</b>	<b>20,783</b>
<b>Current Liabilities</b>					
Creditors: amounts falling due within 1 year	16	(6,091)	(5,980)	(5,474)	(5,467)
Net current assets		<b>15,627</b>	<b>13,322</b>	<b>17,443</b>	<b>15,316</b>
<b>Total assets less net current assets</b>		<b>136,612</b>	<b>126,978</b>	<b>136,161</b>	<b>126,474</b>
<b>Non-current liabilities</b>					
Creditors: amount falling due after 1 year	17	(96,619)	(92,306)	(96,619)	(92,306)
Pension Fund	19	(12,091)	(15,951)	(12,091)	(15,951)
<b>Net assets</b>		<b>27,902</b>	<b>18,721</b>	<b>27,451</b>	<b>18,217</b>
<b>Capital and Reserves</b>					
Share capital	20	-	-	-	-
Pension Reserve		(12,091)	(15,951)	(12,091)	(15,951)
Revenue Reserve		39,993	34,672	39,542	34,168
<b>Total Reserves</b>		<b>27,902</b>	<b>18,721</b>	<b>27,451</b>	<b>18,217</b>

The notes on pages 43 - 81 form part of these financial statements. The financial statements of Monmouthshire Housing Association Limited on pages 36 - 81 were approved and authorised for issue by the Board on 20<sup>th</sup> July 2022 and signed on its behalf by:

**Andy Jones**  
Chair

**Tony Deakin**  
Vice Chair

**Gwyndaf Tobias**  
Company Secretary

# Statement of Changes in Equity & Reserves

	Group			Association		
	Called up share capital £'000	Revenue Reserve (including pension reserve) £'000	Total £'000	Called up share capital £'000	Revenue Reserve (including pension reserve) £'000	Total £'000
As at 1 April 2020	-	28,133	28,133	-	28,326	28,326
Deficit for the year	-	(4,097)	(4,097)	-	(4,794)	(4,794)
Actuarial loss in respect of pension schemes	-	(5,315)	(5,315)	-	(5,315)	(5,315)
<b>As at 31 March 2021</b>	<b>-</b>	<b>18,721</b>	<b>18,721</b>	<b>-</b>	<b>18,217</b>	<b>18,217</b>
Surplus for the year	-	3,036	3,036	-	3,089	3,089
Actuarial gain in respect of pension schemes	-	6,145	6,145	-	6,145	6,145
<b>As at 31 March 2022</b>	<b>-</b>	<b>27,902</b>	<b>27,902</b>	<b>-</b>	<b>27,451</b>	<b>27,451</b>

The revenue reserve represents the accumulated surplus of the Group and Association. The notes on pages 43 - 81 form part of these financial statements.



# Statement of Cash flows

	Notes	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net cash generated from operating activities	21	12,080	7,412	12,070	6,286
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(13,167)	(7,567)	(13,371)	(7,526)
Proceeds from sale of property, plant and equipment		2,816	1,536	2,816	1,536
Grants received		3,376	6,334	3,376	6,334
Interest received		16	70	166	249
<b>Net cash flows from investing activities</b>		<b>(6,959)</b>	<b>373</b>	<b>(7,013)</b>	<b>593</b>
<b>Cash flows from financing activities</b>					
New loans		3,000	49,697	3,000	49,697
Repayment of loans		-	(38,900)	-	(38,900)
Interest paid		(1,112)	(8,993)	(1,112)	(8,993)
<b>Net cash flows from investing activities</b>		<b>1,888</b>	<b>1,804</b>	<b>1,888</b>	<b>1,804</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>7,009</b>	<b>9,589</b>	<b>6,945</b>	<b>8,683</b>
Cash and cash equivalents at beginning of the year		11,411	1,822	10,394	1,711
Cash and cash equivalents at end of the year		18,420	11,411	17,339	10,394

The notes on pages 43 - 81 form part of these financial statements.

# Statement of Cash flow

Free cash flow for the reporting year ended 31 March 2022

		Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
	Note				
<b>Net cash generated from operating activities</b>	<b>21</b>	<b>12,080</b>	7,412	<b>12,070</b>	6,286
Interest paid		(1,112)	(8,993)	(1,112)	(8,993)
Interest received		16	70	166	249
<b>Adjustments for reinvestment in existing properties</b>					
Component replacements		(4,627)	(2,128)	(4,627)	(2,128)
Purchase of other replacement fixed assets		(5)	(21)	-	-
Dowry grant received		2,600	2,600	2,600	2,600
<b>Free cash generated before financing activity</b>		<b>8,952</b>	(1,060)	<b>9,097</b>	(1,986)
Loan drawdowns		3,000	49,697	3,000	49,697
Loans repaid		-	(38,900)	-	(38,900)
<b>Free cash generated after financing activity</b>		<b>11,952</b>	9,737	<b>12,097</b>	8,811

# Notes to the Financial Statement

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## 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. 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.

	<b>Houses</b>	<b>Flats</b>
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.

## Community benefit loans

Community benefit loans represent Land for Housing loans in connection with the acquisition of land for development and held by the association's legal advisers until legal conveyancing has completed. They are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the loan will be received.

Community benefit loans are initially recognised at the amount paid to the association's legal advisers and reviewed annually for impairment.

## 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. Rental income is recognised when the property is available for let, net of voids. 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 Association 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.

Cash and cash equivalents also includes amounts held by solicitors.

## 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 31 March 2022.

## 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 2022 by professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

## 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 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 31 March 2022.

## 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 by July 2022.

## 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.

### 3. Particulars of turnover, operating costs and operating surplus

#### Group

	Turnover	2022 Operating Costs	Operating Surplus	Turnover	2021 Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing lettings (Note 3a)</b>	<b>22,891</b>	<b>(20,889)</b>	<b>2,002</b>	22,470	(20,384)	2,086
<b>Other Social Housing Activities</b>						
Building services external income	101	(115)	(14)	92	(100)	(8)
<b>Non Social Housing activities:</b>						
Property development and sales	5,570	(4,672)	898	4,915	(3,242)	1,673
Property maintenance and refurbishment	167	(753)	(586)	126	(630)	(504)
Estate agency services	64	(292)	(228)	60	(221)	(161)
Photovoltaic panels	422	(111)	311	452	(225)	227
<b>Total</b>	<b>29,215</b>	<b>(26,832)</b>	<b>2,383</b>	28,115	(24,802)	3,313

## Association

	Turnover	2022 Operating Costs	Operating Surplus	Turnover	2021 Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing lettings (Note 3b)</b>	<b>23,283</b>	<b>(21,540)</b>	<b>1,743</b>	22,470	(20,384)	2,086
<b>Other Social Housing Activities</b>						
Building services external income	101	(115)	(14)	92	(100)	(8)
<b>Non Social Housing activities:</b>						
Property development and sales	(1)	-	(1)	349	-	349
<b>Total</b>	<b>23,383</b>	<b>(21,655)</b>	<b>1,728</b>	22,911	(20,484)	2,427

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

	General Needs £'000	Supported Housing £'000	2022 Total £'000	2021 Total £'000
<b>Income</b>				
Rents receivable	19,548	-	<b>19,548</b>	19,346
Service charge income	512	-	<b>512</b>	389
Income for support services	-	138	<b>138</b>	121
Amortised government grants	2,130	-	<b>2,130</b>	1,933
Leaseholders income	64	-	<b>64</b>	131
Other income	499	-	<b>499</b>	550
	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from social housing lettings	22,753	138	<b>22,891</b>	22,470
<b>Cost</b>				
Management costs	(4,666)	(326)	<b>(4,992)</b>	(3,995)
Service charge costs	(596)	-	<b>(596)</b>	(618)
Routine maintenance	(7,985)	-	<b>(7,985)</b>	(8,353)
Major repairs expenditure	(1,963)	-	<b>(1,963)</b>	(1,967)
Bad Debts	50	-	<b>50</b>	21
Depreciation of housing properties	(4,888)	-	<b>(4,888)</b>	(4,750)
Other costs	(515)	-	<b>(515)</b>	(722)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs on social housing lettings	(20,563)	(326)	<b>(20,889)</b>	(20,384)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus on social housing lettings	<u>2,190</u>	<u>(188)</u>	<b><u>2,002</u></b>	<u>2,086</u>
Rent loss due to voids	131	-	<b>131</b>	159



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

	General Needs £'000	Supported Housing £'000	2022 Total £'000	2021 Total £'000
<b>Income</b>				
Rents receivable	19,548	-	<b>19,548</b>	19,346
Service charge income	512	-	<b>512</b>	389
Income for support services	-	138	<b>138</b>	121
Amortised government grants	2,130	-	<b>2,130</b>	1,933
Leaseholders income	64	-	<b>64</b>	131
Other income	891	-	<b>891</b>	550
Turnover from social housing lettings	<u>23,145</u>	<u>138</u>	<u><b>23,283</b></u>	<u>22,470</u>
<b>Cost</b>				
Management costs	(4,705)	(326)	<b>(5,031)</b>	(3,995)
Service charge costs	(596)	-	<b>(596)</b>	(618)
Routine maintenance	(8,539)	-	<b>(8,539)</b>	(8,649)
Major repairs expenditure	(1,963)	-	<b>(1,963)</b>	(1,966)
Bad Debts	50	-	<b>50</b>	21
Depreciation of housing properties	(4,734)	-	<b>(4,734)</b>	(4,553)
Other costs	(727)	-	<b>(727)</b>	(624)
Operating costs on social housing lettings	<u>(21,214)</u>	<u>(326)</u>	<u><b>(21,540)</b></u>	<u>(20,384)</u>
Operating surplus on social housing lettings	<u>1,931</u>	<u>(188)</u>	<u><b>1,743</b></u>	<u>2,086</u>
Rent loss due to voids	131	-	<b>131</b>	159

#### 4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing properties – proceeds	1,738	510	1,738	510
Housing properties - cost of sales	(301)	(79)	(309)	(79)
LCHO proceeds	1,624	2,019	1,624	2,019
LCHO cost of sales	(947)	(660)	(961)	(660)
<b>Total</b>	<b>2,114</b>	<b>1,790</b>	<b>2,092</b>	<b>1,790</b>

During the year MHA disposed of 11 properties under the Association's asset management strategy, as they were uneconomical to repair and met the criteria for disposal. No properties were sold under the under the Right to Buy scheme which has now ended.

#### 5. Interest receivable

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank interest receivable	16	4	16	4
Other interest receivable	-	66	150	245
<b>Total</b>	<b>16</b>	<b>70</b>	<b>166</b>	<b>249</b>

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

## 6. Interest and financing costs

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest payable	(1,112)	(1,089)	(1,112)	(1,089)
Net interest cost on DB pensions	(347)	(230)	(347)	(230)
Refinancing breakage costs	-	(7,904)	-	(7,904)
<b>Total</b>	<b>(1,459)</b>	<b>(9,223)</b>	<b>(1,459)</b>	<b>(9,223)</b>

## 7. Surplus for the year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Surplus stated after charging / (crediting):</b>				
Depreciation - housing properties	4,888	4,750	4,734	4,553
Depreciation – other	76	93	72	69
Amortisation - intangible assets	98	77	96	77
Amortised government grant	(2,130)	(1,933)	(2,130)	(1,933)
Gain on disposal of fixed assets	(2,114)	(1,790)	(2,092)	(1,790)
Statutory audit fee (excluding VAT)	20	20	20	20
Operating lease rentals	280	274	254	250

## 8. Employee Information

	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
Average number of employees	270	256	253	241
Actual number of employees employed at 31 March 2022	<u>270</u>	<u>269</u>	<u>254</u>	<u>252</u>
<u>FTE's - 37 hours / week</u>				
Direct labour organisation including admin	81	84	70	72
Head office staff	146	141	142	138
<b>Total</b>	<u>227</u>	<u>225</u>	<u>212</u>	<u>210</u>

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	7,318	7,120	6,830	6,624
Social security costs	652	632	593	591
Pension costs	3,022	1,870	3,010	1,860
<b>Total</b>	<u>10,992</u>	<u>9,622</u>	<u>10,433</u>	<u>9,075</u>

## 9. Key Management Personnel

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	432	422	432	422
Social security costs	48	49	48	49
Other pension costs	67	68	67	68
<b>Total</b>	<u>547</u>	<u>539</u>	<u>547</u>	<u>539</u>

Key management personnel are defined as the Chief Executive and any other person who is a member of the executive management team and board.

## 9. Key Management Personnel (continued)

As a result of moving to a skills based board during the previous year, board members are now remunerated and receive a salary based on their roles and responsibilities. Total remuneration of £75.5k was paid to MHA group non-employee members of the Board during the year (2021: £29.4k). Board members were remunerated as follows:

Board Member	2022 Remuneration (£'000)	2021 Remuneration (£'000)
Andy Jones	9.0	3.3
Tony Deakin	6.5	2.7
Nicholas Battersby - Capsel	4.0	2.5
Colin Lewis	5.5	2.3
Emma Brute	5.5	2.3
Alan Soper	5.5	2.3
Hannah Vickers	5.5	2.3
Dimitri Batrouni	4.0	1.7
Cael Sendell-Price	4.0	1.7
John Miller	4.0	1.7
Geoffrey Hughes - Capsel	4.0	1.7
Elgan Jones - Capsel	6.0	1.7
Suhail Khan - Capsel	4.0	1.3
Catriona Standingford - Capsel	4.0	1.3
Mathew Cooling – Co-opted	4.0	0.6
<b>Total</b>	<b>75.5</b>	<b>29.4</b>

For a full calendar year the Chair of the Board is paid £9k, Vice Chair £6.5k, other Chairs £5.5k and Board members £4k. For Capsel the Chair is paid £6k, the Vice Chair £5k and members and co-opted members £4k. The total remuneration paid to key management personnel during this year was £547k (2021: £539k).

	2022 £'000	2021 £'000
Remuneration of the highest paid director (excluding pension contributions)	128	127

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 (2021: £21k).



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

Salary Band (£)	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
50,000 - 59,999	-	-	-	-
60,000 - 69,999	-	-	-	-
70,000 - 79,999	-	1	-	1
80,000 - 89,999	2	-	2	-
90,000 - 99,999	1	1	1	1
100,000 - 109,999	-	1	-	1
110,000 - 119,999	-	-	-	-
120,000 - 129,999	1	-	1	-
130,000 - 139,999	-	-	-	-
140,000 - 149,999	-	1	-	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

## 10. Tax on surplus on ordinary activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current tax on surplus from ordinary activities	<u>98</u>	<u>72</u>	<u>8</u>	<u>62</u>

The standard rate of tax applied to the reported surplus is 19% (2021 - 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Overall surplus/(deficit) before tax	<b>3,134</b>	(4,025)	<b>3,097</b>	(4,732)
Profit on taxable activities before tax	<u>565</u>	<u>1,038</u>	<u>14</u>	<u>331</u>
Profit multiplied by tax rate:	<b>107</b>	197	<b>3</b>	62
Expenses not tax deductible	-	-	<b>5</b>	-
Capital allowances in excess of depreciation:	<b>(9)</b>	(27)	-	-
Group relief	-	-	-	-
Utilisation of tax losses	-	(25)	-	-
Charitable donations	-	(73)	-	-
<b>Current tax charge for the year</b>	<u><b>98</b></u>	<u><b>72</b></u>	<u><b>8</b></u>	<u><b>62</b></u>

## 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.

	<b>Group 2022 £'000</b>	<b>Association 2022 £'000</b>
<b>Cost</b>		
As at 1 April 2021	392	385
Additions	<b>102</b>	<b>97</b>
Disposals	<b>(8)</b>	-
As at 31 March 2022	<b>486</b>	<b>482</b>
<b>Amortisation</b>		
As at 1 April 2021	235	231
Charged	<b>98</b>	<b>96</b>
Eliminated on disposal	<b>(5)</b>	-
As at 31 March 2022	<b>328</b>	<b>327</b>
<b>Net book value</b>		
As at 31 March 2022	<b>158</b>	<b>155</b>
As at 31 March 2021	157	154

## 12. Tangible Fixed Assets – Housing Properties (Group)

	Group		
	Completed Properties £'000	Under Construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2021	126,522	12,461	138,983
Schemes completed in the year	7,750	(7,750)	-
Additions			
New developments	656	6,690	7,346
Component additions	4,627	-	4,627
Aborted development written-off	(22)	(44)	(66)
Disposals	(375)	-	(375)
As at 31 March 2022	<b>139,158</b>	<b>11,357</b>	<b>150,515</b>
<b>Depreciation</b>			
At 1 April 2021	(34,052)	-	(34,052)
Charge for the year	(4,888)	-	(4,888)
Eliminated on disposal	127	-	127
As at 31 March 2022	<b>(38,813)</b>	<b>-</b>	<b>(38,813)</b>
<b>Net Book Value</b>			
As at 31 March 2022	<b>100,345</b>	<b>11,357</b>	<b>111,702</b>
As at 31 March 2021	<b>92,470</b>	<b>12,461</b>	<b>104,931</b>

## 12. Tangible fixed assets – Housing Properties (Association)

	Association		
	Completed Properties £'000	Under Construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2021	123,004	12,441	135,445
Schemes completed in the year	7,750	(7,750)	-
Additions			
New developments	656	6,760	7,416
Component additions	4,627	-	4,627
Aborted development written-off	(22)	(44)	(66)
Disposals	(375)	-	(375)
As at 31 March 2022	<b>135,640</b>	<b>11,407</b>	<b>147,047</b>
<b>Depreciation</b>			
At 1 April 2021	(32,995)	-	(32,995)
Charge for the year	(4,734)	-	(4,734)
Eliminated on disposal	127	-	127
As at 31 March 2022	<b>(37,602)</b>	<b>-</b>	<b>(37,602)</b>
<b>Net Book Value</b>			
As at 31 March 2022	<b>98,038</b>	<b>11,407</b>	<b>109,445</b>
As at 31 March 2021	<b>90,009</b>	<b>12,441</b>	<b>102,450</b>

Freehold land and buildings with a carrying value of £44.3m (2021: £44.3m) are pledged as security. Those measured at an Existing Use Value – Social Housing valuation currently total £23.6m (2021: £23.6m) which both include market rent properties (note 12a), have been pledged to secure undrawn revolving credit facilities for the Association. New long term loans secured in the prior year against housing assets are valued on a MV-STT basis and are currently valued at £81.2m (2021: £81.3m). Under its current lending facilities the Association is not permitted to pledge these assets as security for other borrowings or sell them to another entity. In total, 2,140 properties are uncharged whereas the remaining 1,686 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 £0.77m of replaced components undertaken by the Association's Building Services department (2021: £0.65m). 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.



## 12. Tangible fixed assets – Housing Properties (Association) (continued)

	2022 £'000	2021 £'000
<b>Analysis of work to existing properties:</b>		
Capitalised replacement of components	4,627	2,128
Charge to Statement of Comprehensive Income	1,963	1,966

### 12a. Investment Properties

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April 2021	1,410	1,385	1,410	1,385
Movement in fair value	80	25	80	25
<b>At 31 March 2022</b>	<b>1,490</b>	<b>1,410</b>	<b>1,490</b>	<b>1,410</b>

At 31 March 2022, 10 properties remain as market rent valued at £1.490m (2021: 10 properties valued at £1.410m). These properties were valued on the basis of MV-STT by an independent valuer with a recognised and professional qualification in March 2022.

### 12b. Low Cost Home Ownership

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Cost as at 1 April 2021</b>	-	293	-	293
Additions during the year	947	367	947	367
Disposals during the year	(947)	(660)	(947)	(660)
<b>As at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The LCHO balances do not form part of the figures in note 12 above.

### 12c. Home buy Loans Receivable

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>At 1 April 2021</b>	<b>3,241</b>	2,287	<b>3,241</b>	2,287
Loans issued in year	<b>541</b>	1,059	<b>541</b>	1,059
Loans redeemed during the year	-	(105)	-	(105)
<b>At 31 March 2022</b>	<b>3,782</b>	3,241	<b>3,782</b>	3,241

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**

	<b>Group</b>			<b>Association</b>		
	<b>Freehold property £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Total £'000</b>	<b>Freehold property £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 April 2021	4,492	736	5,228	4,492	690	5,182
Additions	-	12	12	-	15	15
Eliminated on disposal	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>4,492</b>	<b>748</b>	<b>5,240</b>	<b>4,492</b>	<b>705</b>	<b>5,197</b>
<b>Depreciation</b>						
At 1 April 2021	(609)	(702)	(1,311)	(609)	(670)	(1,279)
Charge for the year	(52)	(24)	(76)	(52)	(20)	(72)
Eliminated on disposal	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>(661)</b>	<b>(726)</b>	<b>(1,387)</b>	<b>(661)</b>	<b>(690)</b>	<b>(1,351)</b>
<b>Net Book Value</b>						
As at 31 March 2022	<b>3,831</b>	<b>22</b>	<b>3,853</b>	<b>3,831</b>	<b>15</b>	<b>3,846</b>
As at 31 March 2021	<b>3,883</b>	<b>34</b>	<b>3,917</b>	<b>3,883</b>	<b>20</b>	<b>3,903</b>

#### 14. Inventories

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Raw materials and consumables	84	104	69	83
Work in progress	1,344	6,206	-	-
<b>Total</b>	<b>1,428</b>	<b>6,310</b>	<b>69</b>	<b>83</b>

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

## 15. Debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Rent arrears (gross)	1,247	1,133	1,247	1,133
Provision for bad debts	(270)	(331)	(270)	(331)
Net rental debtors	977	802	977	802
Intercompany debtor	-	-	1,285	-
Finance lease (inter co debtor)	-	-	176	-
Other debtors	370	265	234	112
HMRC - VAT Refund	248	169	220	149
Prepayments and accrued income	273	338	212	275
<b>Total</b>	<b>1,868</b>	<b>1,574</b>	<b>3,104</b>	<b>1,338</b>

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Other debtors (car loans)	2	7	2	7
Finance lease - intercompany debtor	-	-	2,403	2,578
Other intercompany debtor	-	-	-	6,383
Total falling due after more than one year	2	7	2,405	8,968
<b>Total debtors</b>	<b>1,870</b>	<b>1,581</b>	<b>5,509</b>	<b>10,306</b>

The finance lease debtor is with Capsel for PV panels. See note 25 for further details.



## 16. Creditors – Amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Rents in advance	416	380	416	380
Deferred rental income	167	211	167	211
Other creditors	909	1,441	699	1,011
Accrued interest	194	188	194	188
Accruals	1,484	648	564	530
SHG in advance	98	-	98	-
Government grants	1,948	1,933	1,948	1,933
Retentions	286	78	286	78
Contractors - planned improvements	477	746	477	746
Tax and social security	112	244	3	217
Pensions	-	111	-	111
Intercompany creditor	-	-	622	62
<b>Total</b>	<b>6,091</b>	<b>5,980</b>	<b>5,474</b>	<b>5,467</b>

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

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Housing loans	49,697	49,697	49,697	49,697
Welsh Government dowry grant	21,055	20,430	21,055	20,430
Social Housing grant	22,749	22,051	22,749	22,051
Community benefit loan	3,000	-	3,000	-
Other government grants	118	128	118	128
	<b>96,619</b>	<b>92,306</b>	<b>96,619</b>	<b>92,306</b>

The housing loans are secured on the Association's freehold properties. Last year MHA refinanced its housing loan portfolio and interest is now payable at 2.25% (2021: 2.25%).

Community benefit loans are secured on the Association's freehold properties. Interest is payable at a rate of 1% above European Commission base rate in respect of the proportion of loan relating to open market housing. Otherwise no interest is payable in respect of affordable units developed. The maximum term of the loan is for 5 years.

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

Analysis of debt repayments:	Group		Association	
Housing loans	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within:				
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	<b>49,697</b>	49,697	<b>49,697</b>	49,697
	<u><b>49,697</b></u>	<u>49,697</u>	<u><b>49,697</b></u>	<u>49,697</u>

MHA refinanced its housing loans last year with a 40 year private placement. £50m was drawn in February 2021, with a further undrawn facility of £15m available for draw down in 2024. The interest rate is fixed for the duration of the loan at 2.247% on the first tranche £50m and £2.297% on the second tranche delayed drawdown. The association also has undrawn revolving credit facilities of £20m (2021: £20m). All loans are secured against the association's housing assets at either MV-STT or EUV-SH valuations. Under its current lending facilities the Association is not permitted to pledge these assets as security for other borrowings or sell them to another entity. In total 2,140 properties are uncharged whereas the remaining 1,686 properties are charged.

**17a. Creditors – Government Grants Group and Association**

	<b>Dowry Grant</b>	<b>SHG</b>	<b>Other Government Grants</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Grant Received</b>				
As at 1 April 2021	34,300	25,564	237	60,101
Received	2,600	678	-	3,278
As at 31 March 2022	<b>36,900</b>	<b>26,242</b>	<b>237</b>	<b>63,379</b>
<b>Amortisation</b>				
As at 1 April 2021	12,155	3,305	99	15,559
Amortised	1,845	95	10	1,950
As at 31 March 2022	<b>14,000</b>	<b>3,400</b>	<b>109</b>	<b>17,509</b>
As at 31 March 2022	<b>22,900</b>	<b>22,842</b>	<b>128</b>	<b>45,870</b>
As at 31 March 2021	22,145	22,259	138	44,542
<b>Due within:</b>				
Less than one year	1,845	93	10	1,948
Between two and five years	7,380	372	40	7,792
In five years or more	13,675	22,377	78	36,130
	<b>22,900</b>	<b>22,842</b>	<b>128</b>	<b>45,870</b>

**18. Provisions – Group and Association**

There are no provisions for the year end 31 March 2022.

## 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 (2021 – 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 2022 by Hymans Robertson LLP. 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:	<b>2022</b>	<b>2021</b>
	% p.a.	% p.a.
Pension increase rate	3.15%	2.8%
Salary increase rate	3.45%	3.1%
Discount rate	2.75%	2.05%

#### Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2021 model, with 0% weighting of 2021 (and 2020) data, standard smoothing (sk7), initial adjustment of 0.25% and a long term rate of improvement at 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>		<b>Females</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current pensioners	20.5 years	20.7 years	23.2 years	23.4 years
Future pensioners*	21.8 years	22.1 years	25.1 years	25.4 years

\*Figures assume members aged 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:

##### Current Pensioners

Vita Curves with improvements in line with the CMI 2020 model assuming long term rates of improvement of 1.50% p.a.

##### Future Pensioners

Vita Curves with improvements in line with the CMI 2020 model assuming long term rates of improvement of 1.50% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position. A commutation 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. All other demographic assumptions are as per the latest funding valuation of the Employer.

## 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 completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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 financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

The key assumptions used are:

	<b>2022</b> % p.a.	<b>2021</b> % p.a.
Discount Rate	2.77%	2.22%
Inflation (RPI)	3.42%	3.20%
Inflation (CPI)	3.12%	2.87%
Salary Growth	4.12%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

## 19. Defined benefit schemes (continued)

### SCHEME: Social Housing Pension (continued)

The mortality assumptions adopted imply the following life expectancies:

	2022		2021
	Life expectancy at age 65 (Years)		Life expectancy at age 65 (Years)
Male retiring in 2022	21.1	Male retiring in 2021	21.6
Female retiring in 2022	23.7	Female retiring in 2021	23.5
Male retiring in 2042	22.4	Male retiring in 2041	22.9
Female retiring in 2042	25.2	Female retiring in 2041	25.1

#### Assets

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	393	284
Absolute Return	82	99
Distressed Opportunities	73	52
Credit Relative Value	68	56
Alternative Risk Premia	68	67
Emerging Markets Debt	60	72
Risk Sharing	68	65
Insurance-Linked Securities	48	43
Property	55	37
Infrastructure	146	119
Private Debt	53	43
Opportunistic Illiquid Credit	69	45
High Yield	18	53
Opportunistic Credit	7	49
Cash	7	-
Corporate Bond Fund	137	105
Liquid Credit	-	21
Long Lease Property	53	35
Secured Income	76	74
Liability Driven Investment	572	454
Currency Hedging	-8	-
Net Current Assets	6	11
<b>Total Assets</b>	<b>2,051</b>	<b>1,784</b>

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.



## 19. Defined benefit schemes (continued)

### Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2022 for LGPS and SHPS

	LGPS Net (liability)/asset £000's	SHPS Net (liability)/asset £000's	Total Pensions (liability)/asset £000's
Fair value of plan assets	35,183	1,784	36,967
Present value of funded liabilities	(50,497)	(2,421)	(52,918)
Present value of unfunded liabilities	-	-	-
<b>Opening position as at 31 March 2021</b>	<b>(15,314)</b>	<b>(637)</b>	<b>(15,951)</b>
Service cost			
Current service cost	(2,935)	(71)	(3,006)
Expenses	-	(4)	(4)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total service cost</b>	<b>(2,935)</b>	<b>(75)</b>	<b>(3,010)</b>
Net interest			
Interest income on plan assets	727	41	768
Interest cost on defined benefit obligation	(1,061)	(54)	(1,115)
<b>Total net interest</b>	<b>(334)</b>	<b>(13)</b>	<b>(347)</b>
<b>Total defined benefit cost recognised in SOCI</b>	<b>(3,269)</b>	<b>(88)</b>	<b>(3,357)</b>
Cashflows			
Participants' contributions:			
Employer contributions	378	33	411
Estimated benefits paid:	(378)	(33)	(411)
Employer contributions	949	123	1,072
Estimated benefits paid:	(669)	(47)	(716)
Estimated unfunded benefits paid	669	47	716
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>(17,634)</b>	<b>(602)</b>	<b>(18,236)</b>
Remeasurements			
Changes in financial assumptions	4,246	253	4,499
Changes in demographic assumptions	255	32	287
Other experience	(112)	(42)	(154)
Return on assets excluding amounts included in net interest	1,396	117	1,513
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>5,785</b>	<b>360</b>	<b>6,145</b>
Fair value of plan assets	37,964	2,051	40,015
Present value of funded liabilities	(49,813)	(2,293)	(52,106)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 March 2022</b>	<b>(11,849)</b>	<b>(242)</b>	<b>(12,091)</b>

## 19. Defined benefit schemes (continued)

### Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2021 for LGPS and SHPS

	LGPS Net (liability)/asset £000's	SHPS Net (liability)/asset £000's	Total Pensions (liability)/asset 2021 £000's
Fair value of plan assets	26,460	1,457	27,917
Present value of funded liabilities	(35,783)	(1,695)	(37,478)
Present value of unfunded liabilities	-	-	-
<b>Opening position as at 31 March 2020</b>	<b>(9,323)</b>	<b>(238)</b>	<b>(9,561)</b>
Service cost			
Current service cost	(1,747)	(109)	(1,856)
Expenses	-	(4)	(4)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total service cost</b>	<b>(1,747)</b>	<b>(113)</b>	<b>(1,860)</b>
Net interest			
Interest income on plan assets	614	35	649
Interest cost on defined benefit obligation	(839)	(40)	(879)
<b>Total net interest</b>	<b>(225)</b>	<b>(5)</b>	<b>(230)</b>
<b>Total defined benefit cost recognised in SOCI</b>	<b>(1,972)</b>	<b>(118)</b>	<b>(2,090)</b>
Cashflows			
Participants' contributions:			
Employer contributions	350	37	387
Estimated benefits paid:	(350)	(37)	(387)
Employer contributions	889	126	1,015
Estimated benefits paid:	(685)	(102)	(787)
Estimated unfunded benefits paid	685	102	787
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>(10,406)</b>	<b>(230)</b>	<b>(10,636)</b>
Remeasurements			
Changes in financial assumptions	(12,169)	(572)	(12,741)
Changes in demographic assumptions	(629)	(8)	(637)
Other experience	335	(58)	277
Return on assets excluding amounts included in net interest	7,555	231	7,786
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(4,908)</b>	<b>(407)</b>	<b>(5,315)</b>
Fair value of plan assets	35,183	1,784	36,967
Present value of funded liabilities	(50,497)	(2,421)	(52,918)
<b>Closing position as at 31 March 2021</b>	<b>(15,314)</b>	<b>(637)</b>	<b>(15,951)</b>

## 20. Share Capital – Group and Association

	2022 £	2021 £
As at start of year	68	68
Issued during the year	-	-
Shares cancelled during the year	-	-
As at end of year	<u>68</u>	<u>68</u>

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>				
Surplus/(Deficit) for the financial year	3,036	(4,097)	3,089	(4,794)
<i>Adjustments for non cash items:</i>				
Depreciation of tangible fixed assets	4,763	4,843	4,805	4,622
Amortisation of intangible fixed assets	98	77	96	77
Movement in fair value of investment properties	(80)	(25)	(80)	(25)
Decrease in stock	4,883	509	14	75
(Increase)/decrease in trade and other debtors	(289)	(159)	4,797	766
Increase/(decrease) in trade and other creditors	254	(83)	152	(593)
Profit on disposal of tangible fixed assets	(2,114)	(1,790)	(2,092)	(1,790)
Amortisation of government grants	(1,950)	(1,933)	(1,950)	(1,933)
Pension costs less contributions payable	1,938	845	1,938	845
<i>Adjustments for investing or financing activities:</i>				
Interest payable	1,459	9,223	1,459	9,223
Interest receivable	(16)	(70)	(166)	(249)
Taxation	98	72	8	62
<b>Net cash generated from operating activities</b>	<u>12,080</u>	<u>7,412</u>	<u>12,070</u>	<u>6,286</u>

## Net debt reconciliation – Group

	At 1 April 2021 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2022 £'000
<b>Cash and cash equivalents</b>				
Cash	11,411	6,687	-	18,098
Cash equivalents	-	322	-	322
	<u>11,411</u>	<u>7,009</u>	<u>-</u>	<u>18,420</u>
<b>Borrowings</b>				
Debt due within one year	-	(3,000)	-	(3,000)
Debt due after one year	(49,697)	-	-	(49,697)
	<u>(49,697)</u>	<u>(3,000)</u>	<u>-</u>	<u>(52,697)</u>
<b>Total</b>	<b>(38,286)</b>	<b>4,009</b>	<b>-</b>	<b>(34,277)</b>

## Net debt reconciliation – Association

	At 1 April 2021 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2022 £'000
<b>Cash and cash equivalents</b>				
Cash	10,394	6,623	-	17,017
Cash equivalents	-	322	-	322
	<u>10,394</u>	<u>6,945</u>	<u>-</u>	<u>17,339</u>
<b>Borrowings</b>				
Debt due within one year	-	(3,000)	-	(3,000)
Debt due after one year	(49,697)	-	-	(49,697)
	<u>(49,697)</u>	<u>(3,000)</u>	<u>-</u>	<u>(52,697)</u>
<b>Total</b>	<b>(39,303)</b>	<b>3,945</b>	<b>-</b>	<b>(35,358)</b>

## 22. Financial Commitments

Capital commitments are as follows:

### Capital Commitments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Contracted but not provided for	2,216	8,497	2,216	8,497
Approved by the Board but not contracted for	34,087	6,334	34,087	6,334
	<u>36,303</u>	<u>14,831</u>	<u>36,303</u>	<u>14,831</u>

The expenditure will be funded by a combination of Social Housing Grant, an existing long –term loan facility of £65m of which £15m remains undrawn and undrawn revolving credit facility of £20m as at 31 March 2022.

## 23. Operating Leases

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

Operating leases	Group		Association	
	2022 £'000	2021 £'000 (Restated)	2022 £'000	2021 £'000
Payments due:-				
Not later than one year	35	38	12	15
Later than one year and not later than five years	19	42	13	12
Later than five years	-	-	-	-
Total	<u>54</u>	<u>80</u>	<u>25</u>	<u>27</u>

## 24. Housing Stock

	As at 1 April 2021 (Restated)	Acquisitions	Disposals	As at 31 March 2022
Housing accommodation at a social rent	3,738	38	(14)	<b>3,762</b>
Housing accommodation at an intermediate rent	44	-	(1)	<b>43</b>
Supported Housing Accommodation	11	-	-	<b>11</b>
Housing accommodation at market rent	10	-	-	<b>10</b>
LCHO - held for sale	-	7	(7)	-
	<u>3,803</u>	<u>45</u>	<u>(22)</u>	<u><b>3,826</b></u>

At 31 March 2022, the Association was developing an additional 116 units (2021: 61 units) for social housing. Of the social housing units above 15 are leased to partner organisations who lease them at social rents. Included in last year's closing figures were 11 units which were disposed of in 2015 but not removed from the asset listing master record, these have been adjusted via restating the opening figure.

## 25. Related party transactions

Monmouthshire Housing Association's board consists of ten independent members. All members are remunerated based on their responsibilities. No board member can use their position to their advantage. These travel expenses total £591 in the year (2021: £252). There have been no tenant board members since a board restructure in September 2020 therefore at the year end, tenant board members had an aggregate rent balance of nil (2021: £352 in credit) after a rental charge of nil in the year (2021: £14,757).

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 2022 the total recharge was £41k (2021: £42k).

During the year, Capsel Limited undertook £3,958k (2021: £2,516k) of work for Monmouthshire Housing Association Limited. Monmouthshire Housing Association undertook £881k (2021: £2,548k) of work for Capsel Limited.

The yearend inter-company balances were:

- Owed by Monmouthshire Housing Association to Capsel £622k (2021: £62k)
- Owed by Capsel to Monmouthshire Housing Association £3.86 million (2021: £8.96 million)



## **26. 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.

## **27. 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 £461k profit (2021: £699K) with their net assets totalling £476k at 31 March 2022 (2021: net assets totalling £505k).







## Monmouthshire Housing Association

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