



## **Annual Report and Financial Statements**

**For the year ended 31 March 2021**

## **REPORT AND FINANCIAL STATEMENTS 2021**

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**LEGAL AND ADMINISTRATIVE DETAILS****REGISTERED OFFICE**

Tŷ Silyn  
Ffordd Llanllyfni  
Penygroes  
LL54 6LY

**MANAGEMENT BOARD MEMBERS**

Carys Edwards	Chair	(appointed Chair September 2020) (resigned as Vice Chair September 2020)
Ellen Llwyd Williams	Vice Chair	(appointed Vice Chair September 2020) (resigned as Chair September 2020)
Dafydd Lewis		
Julia Hughes		
Llinos Iorwerth		
John Arthur Jones		
Clifton Robinson		
Chris Schoen		
Mike Corfield		
Jane Lewis		
John Antony Jones		
Geraint Wyn George		

**MANAGEMENT TEAM**

Shan Williams	Chief Executive	
Bryn Ellis	Group Director of Resources	
Carina Roberts	Community Services Director	(resigned March 2021)
Dylan Roberts	Regeneration Services Director	(resigned April 2021)
Claire Shiland	Group Director of Operations	(appointed August 2021)
Melville Evans	Group Director of Innovation and Growth	(appointed August 2021)

**SECRETARY**

Bryn Ellis	(appointed April 2021)
Shan Williams	(resigned April 2021)

**BANKERS**

Barclays  
PO Box 3333  
One Snowhill  
Snowhill Queensway  
Birmingham  
B3 2WN

**AUDITOR**

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

**LEGAL STATUS**

Registered under the Co-operative and Community Benefit Societies Act 2014  
Registered with the Welsh Government, Number L029  
The Association has adopted charitable rules

## MANAGEMENT BOARD REPORT

Grŵp Cynefin's 2019-2024 Corporate Plan, which had a mid-term review approved by Board in March 2021, sets the strategic direction, as follows:

### VISION:

*Making a positive difference to lives and communities*

### MISSION STATEMENT

#### Grŵp Cynefin will:

- **Provide excellent homes and services**
- **Contribute to the development of sustainable communities**
- **Protect and promote the Welsh Language with pride**

### VALUES

Grŵp Cynefin is aware that its values have a great influence over the behaviour and attitude of staff. Grŵp Cynefin has invested time with staff to ensure that its values lay a strong foundation in helping it make the best decisions in any situation, with all stakeholders. Grŵp Cynefin's values are aligned with its vision and aims, and this is one of the key drivers in establishing its culture.

- **Openness** - Transparent and decisive. Willing to work together to achieve the best results.
- **Innovation** - Innovative and willing to challenge ourselves to find new ways of delivering and providing services of the highest standard to its customers.
- **Support** - Work with passion to support customers, colleagues and partners in addition to helping communities thrive.
- **Achieve** - Act professionally and use expertise to ensure the success of the group and its people. Always strive for continuous improvement and ensure value for money.
- **Respect** - Respect each other and others, promote equality and reject any prejudice.

### CULTURE

The kind of culture that is encouraged throughout Grŵp Cynefin is one where the **customer is at the heart of everything** that is done, where people can **confide** in each other, where being **open and transparent** is important when making decisions, where lessons are **learnt** from mistakes in a way that doesn't seek to find fault, where being **kind** to each other is important, where **equality and diversity** is important, and all this founded on firm health and safety arrangements. Moving forward and planning for the future, Grŵp Cynefin will build on the values and culture which makes it, alongside its Management Board members, a special employer.

### STRATEGIC AIMS 2019-2024

There are five strategic aims, which will help Grŵp Cynefin make a positive difference to lives and communities. Each objective is supported by a series of agreed action plans and indicators, which will demonstrate and measure the difference the plan has made, and is making, over the five years:

1. **Quality Homes**
2. **Excellent Services**
3. **Improve Lives**
4. **Sustain Communities**
5. **Strong and Sustainable Growth**

#### The Covid context during 2020-21

Grŵp Cynefin is still operating under the effects of the pandemic, over 12 months on since the office doors closed, and the majority of its staff started working from home. There was no concept for how long the new way of working would be required, however, the implementation of Grŵp Cynefin's new Major Incident Plan enabled management and leadership to put adequate arrangements in place to mitigate the impact of the pandemic on the Group's activities.

## MANAGEMENT BOARD REPORT

The work, resilience and loyalty of Grŵp Cynefin staff have been, and continues to be, outstanding; and especially so over the last financial year. Various staff members readily moved across services to assist in ensuring that the best possible support was provided to the most vulnerable tenants and customers.

Grŵp Cynefin's digital infrastructure enabled the business to continue with very minimal disruption. All staff, Board and Committee Members adapted to a new way of working; and tenant activities, including a Tenants Working Group meet virtually on a weekly basis, rather than monthly, to give their views on changes to Grŵp Cynefin's services and its priorities.

There were changes in governance arrangements, with meetings being virtual and more frequent. Business continuity information was regularly communicated and discussed with the Board and the Regulators.

Everyone, globally were experiencing very unprecedented times, and the experience has made Grŵp Cynefin more knowledgeable, stronger and more resilient to change.

Significant focus has been given to staff welfare, as Grŵp Cynefin continues to invest considerably in mental health and well-being support, launching the "Byd o Les" staff welfare programme in January 2021, which aims to strengthen and build personal and business resilience.

As Grŵp Cynefin plans for post pandemic, it is anticipated that staff will work more flexibly in terms of location, hours and methods of working. Discussions will continue during 2021-22 on the development of a post Covid, People and Service Delivery Plan. Grŵp Cynefin has learnt from the pandemic experience, that implementing change at a pace has encouraged Grŵp Cynefin to identify and embrace new ways of working, which was not seen before.

Early on in 2020-21, the Board reviewed the strategic aims in view of what was practically possible to achieve, and to allow capacity for executives to respond to the pandemic. A mid-term review of the 2019-21 Corporate Plan was also undertaken, and approved by the Board in March 2021.

## DELIVERING THE GRŴP CYNEFIN STRATEGY

During 2020-21, Grŵp Cynefin delivered on its key strategic aims, and some of the highlights are demonstrated below:

### **Aim 1: Quality Homes:**

**Grŵp Cynefin shall provide high-quality affordable homes that meet local needs.**

This year, Grŵp Cynefin added 37 new units to its stock, disposed of 7 units, has reduced 2 bedspaces within a supported housing scheme and has ended the engagements with the 7 properties managed on behalf of others, bringing the total number of units under management to 4,046 (as per note 5 of the accounts). However, 24 Homebuy Loans were repaid and an additional Shared Equity unit was acquired bringing the total number of units that Grŵp Cynefin manage and has an interest in to 4,824 at the year end.

The 4,824 units are made up of the 4,029 rented units which are either owned by Grŵp Cynefin or leased from the Welsh Housing Partnership, but are also managed by Grŵp Cynefin; 778 intermediate market units ('Homebuy' and 'Shared Equity' units) in which Grŵp Cynefin has an interest, as well as 17 units which are owned by Almshouse Charities, but are managed by Grŵp Cynefin. The construction of the fifth Extra Care housing scheme in Denbigh continued during 2020-21 with practical completion anticipated in September 2021. Planning work also continued on the sixth Extra Care Scheme in Llys Awelon, Ruthin during 2020-21 with commencement of construction planned for January 2022.

### **Aim 2: Excellent Services**

**Grŵp Cynefin shall provide excellent customer service consistently across the group**

Throughout 2020-21, the delivery of the Community and Tenant Participation Strategy continued by regular reporting to the Customer and Community Committee, and TPAS Cymru were commissioned to undertake a review against the requirements within the Welsh Government's 'The Right Stuff' report around the governance framework, and whether tenants are at the heart of all that the association does. The findings and Action Plan were presented to the Customer and Community Committee, and to the Board in July 2020. The Right Stuff Action Plan will be monitored by the Tenant Participation Working Group.

## MANAGEMENT BOARD REPORT

A comprehensive review of the Maintenance Department commenced during 2020-21, with the aim of providing a more effective, consistent service, which will improve customer satisfaction and provide a better experience for tenants. The review has seen the re-structure of the department, and a Head of Asset Management was successfully appointed in January 2020. The COVID-19 situation has impacted on the timescale of the review, but Grŵp Cynefin will have completed the transformation of the Maintenance service, with the new structure in operation by the end of April 2022, being in line with the strategic aim that was set.

The new 'Cyswllt Cynefin' customer care team is now well established and feedback is positive and shows that the service provided is valued. In July 2021, Grŵp Cynefin attained an accreditation for 'Excellent Customer Service', which reflects the professional, high-level customer service provided by its staff, where customers are at the core of what Grŵp Cynefin do. The continued development of information technology will release more time for *Cyswllt Cynefin* staff to spend more time with the customers who require more support.

During 2020-21, Grŵp Cynefin's Digital Transformation Strategy for 2019-2023 was approved by the Board. The objectives of the Strategy include achieving data and system security improvements; allowing staff to work more efficiently and effectively and to provide Grŵp Cynefin with a modern image and increased tenant and staff satisfaction

### *Repairing and improving homes Key Performance Indicators:*

	2021	2020
Repairs completed within target time	84%	92%
Tenant satisfaction with repair work	98%	98%
Emergency work completed within 24 hours	98%	99%

The pandemic has had an effect on the ability to carry out some repair work over the last year. This is reflected in the statistics above, however satisfaction with the repair work remains at a constant 98%.

### *Letting and managing property:*

The effects of the Covid restrictions naturally had a negative effect on the performance for the number of days taken to let a property, as no, or minimal access to properties was allowed for a significant part of the year. This was in stark comparison to the significantly improved performance in the previous year, as a direct consequence to the work of the Strategic Re-let Group. The 2020-21 year-end performance for the number of days to re-let a property was 55 days compared to the target of 25 days. This figure seems comparable to other Registered Social Landlords in the performance comparison information received from Housemark.

The loss of income due to empty properties in the year ending 31 March 2021 was £346,340, an increase of £147,360 compared to the previous year

	2021	2020
<b>Rent loss – arrears</b> as a % of rent collectable (as at year end)	2.99%	3.01%
<b>Rent loss – empty properties</b> as a % of rent collectable (in the year)	1.76%	1.02%
<b>Days taken to let</b> (including relets and new properties) (average in the year)	55	26
<b>Number of ASB cases during the year:</b> These cases range from category one cases which includes threatening behaviour and assaults, to category three which would include noise nuisance, untidy gardens etc.	506	562

A customer service framework, and team was established in August 2018, branded 'Cyswllt Cynefin', which includes communication methods such as email, text messages, phone calls, on-line chat and focus groups as a means for tenants to make their views heard. Adoption of the framework also ensures that a high level of customer service will be maintained.

During March 2021, a new Tenant Portal was launched, and is available via an iOS or Android App called 'ApCynefin'. The portal allows tenants to view their rent accounts, make rent payments, record and monitor their repairs and record and monitor their complaints. By allowing tenants to self-serve through the portal, it is hoped that the number of inquiries dealt with by staff will be reduced, and more time could be allocated to help in their areas of work. More importantly, it provides an alternative service to tenants that is available 24/7.

## MANAGEMENT BOARD REPORT

### *Customer Services Key Performance Indicators:*

	2021	2020
Number of phone calls received	36,549	56,195
Answered within 30 seconds	-	93.8%
Number of emails received	-	7,344
Number of Facebook messages received	-	892

The number of phone calls received reduced significantly during 2020-21, this could have been as a result of the pandemic, but we also launched the live chat service on our website which was a great success.

Due to home working, and different software provisions, some of the data that were reported on last year in the table above is not available for 2020-21.

### **Aim 3: Improve Lives**

#### **Grŵp Cynefin shall provide help and opportunities for people**

Grŵp Cynefin provides more than housing and manages a number of initiatives that enable people with a variety of needs to live independently and safely.

- The Grŵp Cynefin Welfare Team supported 606 tenants during 2020-21, with 382 (63%) of these being tenants receiving support for the first time. 2,352 cases were also resolved. Since April 2020, 80 tenants have been provided with advice on dealing with change due to the effects of the pandemic alone, such as how to claim Universal Credit or furlough. The Welfare Team have assisted tenants to maximise their income by over a £1m in the year.
- The team also worked with in-house teams such as Energy Wardens – who themselves successfully uploaded 886 applications for Warm Homes Discount on behalf of the tenants and other residents with a variety of energy providers. This achieved savings of c£125k, an increase compared to the c£110k savings achieved in 2019-20. The Energy Wardens realised total savings of c£150k for customers during 2020-21.
- The organisation supported 22 tenants in gaining employment and development skills, and a total of £2k ‘Steps to Employment Grants’ was awarded during the year. Further to this, 6 members of Grŵp Cynefin staff have gained NVQ/QCF qualifications (including Management Business and Administration, Advice and Guidance), and 17 others are in the process of gaining such qualifications, with 3 members of staff on the Welsh Government Apprentice Levy Scheme.
- 352 applications were assessed and nominated to properties, via the Tai Teg affordable housing register, being an increase of 17% compared to 2019-20.
- The Dyffryn Nantlle Health and Wellbeing Project commenced in 2020-21, which is a partnership between Gwynedd Council, The Betsi Cadwaladr University Health Board, Theatr Bara Caws, Dwylo Da Nursery and Grŵp Cynefin. An innovative scheme that will improve and promote health and wellbeing by attracting new services and sustainable solutions to the Nantlle Valley area. The campus in Penygroes will include health services, a dental surgery, a pharmacy, social services, housing and care for older people, a day nursery and an arts venue. Intermediate Care Fund (ICF) grants of £504k and a Land Release Fund of £230k have been received for the project during the year. Two Bangor University Master students have also been supporting the project. Both commenced in June 2020.
- Gorwel a business unit within Grŵp Cynefin, provides support for up to 650 (2020 – 500) service users per week. This includes support for families suffering domestic abuse; support for children and young people and providing homelessness prevention services and support within the communities. During 2020-21, 1,653 service users have received support from Gorwel. 395 (24%) of Gorwel service users are Grŵp Cynefin tenants.

### **Aim 4: Sustain Communities**

#### **Grŵp Cynefin shall engage with local communities and shall be a catalyst for positive change**

Highlights from Grŵp Cynefin’s pioneering community work:

- Grŵp Cynefin funds an annual Community Grant Fund, supported by the Community Initiatives Team for various projects within the communities, and during 2020-21, a total number of 21 individual grants (c£6k in total) were funded from this annual fund. In order to respond to the pandemic, Grŵp Cynefin funded an additional temporary grant in 2020-21, being the Covid Response Grant. A total of £12k was awarded to 26 groups, and the applications included the provision of PPE, activity packs, food packages and essential items.



## MANAGEMENT BOARD REPORT

- Last year was a very busy year for Siop Griffiths, a social enterprise based in Penygroes. The project has attracted £900k worth of grant funding since 2017 to renovate buildings, employ staff and develop new projects. The number of staff has increased from 1 to 8 during 2020-21, and the turnover increased to £200k in 2020-2021, compared to £25k three years ago.
- The regeneration project, 'Y Shed' secured additional funding of £45k during 2020-21, but was closed temporarily due to Covid- 19 Government restrictions. The focus during that time was to protect the new business within 'Y Shed'. This not only involved adapting the premises to be covid-safe, but also helped the businesses secure grants and other funding of c£85k in total. This included a £4k 'Gwynt y Mor Community Fund' to renovate a shipping container into an ice cream parlour, a £18k National Lottery 'Covid-19 Top-up Grant', and £23k 'Non-Domestic Rates Linked Grant'.
- During the year, the Community Initiatives Team successfully secured a total of £188k for various projects within the communities (some of which have been specified above).

### Aim 5: Strong and Sustainable Growth

#### Grŵp Cynefin will demonstrate the best leadership, governance and management practices as a group

The Management Board directs the activities and strategic direction of the group. The management of the organisation is delegated to the Chief Executive and the Leadership Team.

To demonstrate the best leadership, governance and management practice as a group:

- Governance arrangements are continually developed, and during the end of 2020-21, Grwp Cynefin commissioned Central Consultancy and Training to undertake a comprehensive Governance Assessment, which is based on 'The Governance Forum's' organisational diagnostic review requirements, and which provides a comparison against governing arrangements of other sectors, including Registered Social Landlords. Grwp Cynefin attained a Level 3 (the highest possible level) against all three categories, being 'resource', 'competency', and 'execution'. The findings of the process were discussed with the Management Board in July 2021.
- An annual exercise is undertaken to assess to what extent Grwp Cynefin implements the Code of Governance that it has adopted. This exercise was undertaken through gathering feedback from Board, and providing evidence to support implementation, with the findings presented to the Governance Committee in January 2021. The exercise found that Grwp Cynefin fully met the vast majority of the requirements of the code, and had included actions to strengthen some requirements further, or to demonstrate full compliance within the Governance Improvement Plan.
- During the latter end of 2020-21, a restructure of the Leadership Team took place to deliver the Chief Executive's new Vision for Grŵp Cynefin. The new structure was operational as of 1 April 2021, with 2 new Directors joining Grŵp Cynefin in August 2021 and a new Head of Development to join in October 2021. The new Management Team now includes a new Head of Neighbourhoods, the Head of Asset Management, the Head of Finance and a new Head of Community Regeneration
- A staff 'Health and Wellbeing Plan' was launched during 2020-21, that not only promotes and supports staff's health and wellbeing during the lock-down period, but also supports the 'Silver' level of the Investors in People Accreditation attained during 2019-20.
- A Marketing and Communication Plan was also launched in 2020-21, and Grŵp Cynefin were successful in recruiting a new Communications Manager.
- Grŵp Cynefin published its Value for Money statement for 2020, the highlights included:
  - 7,643 people helped by Conwy & Denbighshire Care & Repair and Canllaw (Eryri) Cyf with adaptation work
  - 99% of emergency repairs completed within 24 hours
  - £1.3m of grants attracted and supported by Grŵp Cynefin's Community Initiatives Team on various projects
  - Around 90% of the £12m investment in the Awel y Dyffryn extra care scheme paid to Welsh sub-contractors and suppliers.
  - 83% of tenants stated that they were satisfied or very satisfied that the level of rent paid offered Value for Money
- Following the recruitment of a Data Protection Officer jointly with North Wales Housing Association, 2020-21 saw great improvements in the general culture of sound data protection practices, and an internal audit has confirmed that Grŵp Cynefin is mainly compliant with the requirements of the GDPR Act, with a clear focus and action plan in place to achieve full compliance.



## MANAGEMENT BOARD REPORT

### GRŴP CYNEFIN PRINCIPAL ACTIVITIES

As a registered social landlord, Grŵp Cynefin:

- Manages more than 4,000 homes across North Wales and North Powys
- Provides landlord services through a network of local offices in Bala, Denbigh, Llangefni and Penygroes. Although, due to the Covid-19 pandemic, the offices were, and continue to be closed, with office-based staff working remotely, from home.
- Encourages tenants to influence performance and improve the services they and their communities are receiving
- Develops homes of all types in response to local needs: for families, single people, older people and vulnerable persons with support needs
- Has an interest in, part-owned properties or has facilitated over 1000 intermediate market homes for people who cannot buy a suitable home on the open market
- Administers Affordable Housing Registers on behalf of the six local authorities in North Wales
- Supports Rural Housing Enablers that support community efforts to increase the supply of housing for local people
- Has invested in the Welsh Housing Partnership, (a joint venture with three other housing groups), that has provided almost 1,800 additional intermediate rent homes since its formation in 2011.
- Grŵp Cynefin aims to add 99 units (all types) to its housing stock during 2021-22, which will contribute to adding c340 units over a period of three years to the end of March 2024.
- During 2020-21 Grŵp Cynefin invested over £6.5m in its housing stock. This included substantial Fire Safety Works on some of its properties which was given priority due to recent Fire Risk Assessments.

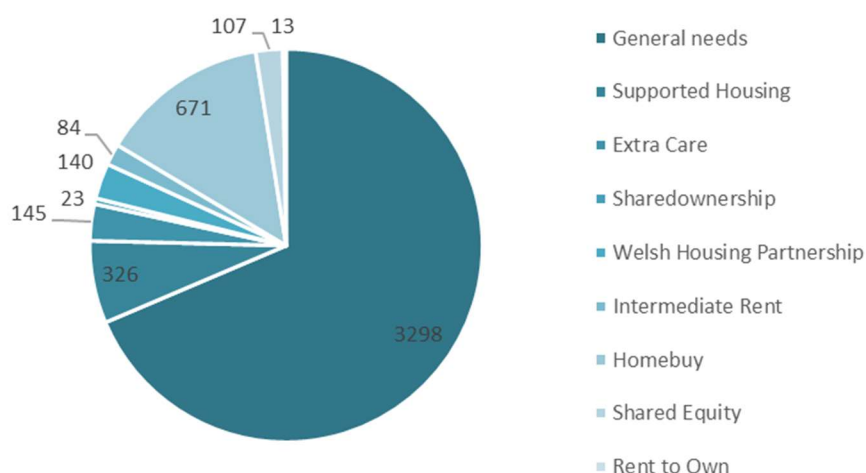
As a group of social businesses Grŵp Cynefin also ‘**Makes a Difference**’ by:

- Managing two Care and Repair agencies through two subsidiaries (Canllaw (Eryri) Cyf and Gofal a Thrwsio Conwy a Sir Ddinbych) which carry out essential adaptations to the homes of older people and people with disabilities
- Providing housing-based support services through Gorwel, Grŵp Cynefin’s internal business unit, that enable individuals and families to live independently; including victims of domestic abuse, homeless people, older people and people with mental health support needs
- Managing a homelessness prevention project for young people in Conwy
- Managing the Community Energy Wardens employment and vocational training project in Gwynedd, Ynys Môn and Conwy
- Managing the Congl Meinciau Enterprise Centre on the Llŷn Peninsula, Gwynedd
- Managing HWB Dinbych, a youth enterprise centre in Denbigh
- Managing ‘Y Shed’ enterprise centre in Meliden, which entailed transforming an old empty railway building into a hub containing a shop, café, local heritage information, and business units. ‘Y Shed’ officially opened in 2019-20
- Acting as the Corporate Trustee for two Alms-house Charities, The Charity of Elizabeth Owen, Llanfair Dyffryn Clwyd and Ellen Glynne Homes, Llandwrog.
- Providing business units for community groups in Llangefni.

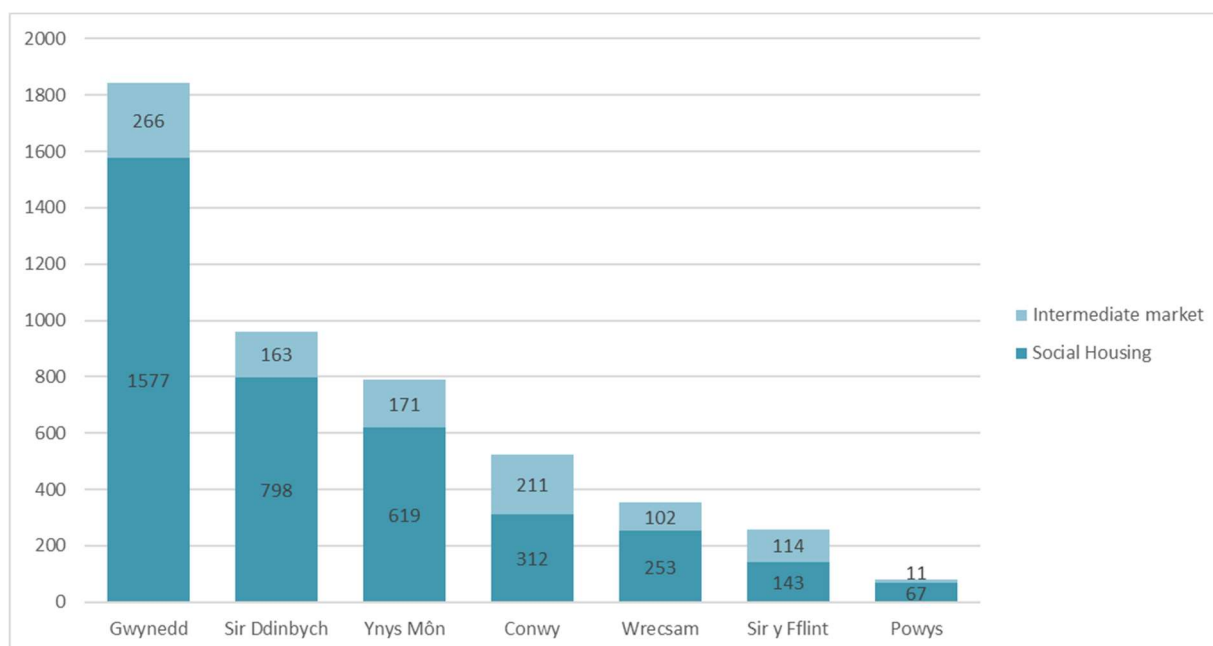
The following graphs give a summary of the housing stock which are owned and managed by Grŵp Cynefin, and the intermediate housing stock that Grŵp Cynefin has an interest in. The analysis gives numbers by type of property and by the local authority in which they are located. The numbers include ‘Homebuy’ properties (where Grŵp Cynefin has provided a loan to support home ownership) and Shared Equity properties. These properties total 778 units but are not managed by Grŵp Cynefin, and therefore not included in the total in Note 5 of these accounts. However, Note 5 includes an additional 17 units, which are managed by Grŵp Cynefin on behalf of others.

## MANAGEMENT BOARD REPORT

**Graph 1: Housing Stock @ 31/03/21 – By Type of property**



**Graph 2: Housing Stock @ 31/03/21 – By Local Authority**



### Financial and Treasury matters

Grŵp Cynefin has adopted a robust Treasury Management Policy and the Board approves a Treasury Strategy on an annual basis. Quarterly treasury reports are presented to the Finance and Growth Committee which demonstrates that Grŵp Cynefin continually complies with its Treasury Management Policy. A review of the Treasury Management Policy was approved by the Management Board in February 2021 and the 2021-22 Treasury Strategy was approved by the Board in March 2021.

The 2021-22 Treasury Strategy includes a re-financing and new funding strategy and as a result a new £40m long term Note Purchase Agreement was signed in August 2021, with the initial tranche of £30m being used (with c£4m cash) to re-finance c£34m of existing short-term facilities. Also, a new £30m Revolving Credit Facility was agreed in August 2021 which is a 'Sustainability Linked Loan' with the three Environmental, Social and Governance (ESG) targets agreed with the lender. These three ESG targets have also been agreed with another current lender as part of a

## MANAGEMENT BOARD REPORT

variation in terms agreement. With this new funding in place, Grŵp Cynefin has sufficient liquidity to fund the business plan until approximately July 2024. Grŵp Cynefin will continue to comply with all of its lenders' loan covenants at all times.

In accordance with the Welsh Government requirements, comprehensive 'stress-testing' of the 30 -year financial forecasts are carried out on an annual basis with the Management Board, and potential mitigation strategies are discussed.

In December 2020 the Welsh Government published its Interim Regulatory Judgement on Grŵp Cynefin, and Grŵp Cynefin received a 'Standard' judgement for both Governance and Services and Financial Viability. As a result, the Regulator is of the opinion that Grŵp Cynefin identified and manages new emerging risks appropriately and meets its viability requirements, and has the financial capacity to deal with scenarios appropriately.

Staff continue to work unrelentingly to improve the efficiency of the business and deliver better services to its customers and communities. Good progress has been made with the procurement processes in 2020-21, with the approval of a new Procurement Policy, in establishing a new Procurement Framework and by gaining access to many Procurement Frameworks. A new Strategic Value for Money Action Plan was also approved in 2020-21, many of the work streams within the plan manifested themselves naturally as working practices changed overnight to deal with the pandemic. Further focus will be made on hybrid working practices for the future, and the Value for Money Action Plan will form part of the overarching decisions that Grŵp Cynefin will undertake with a view towards the future.

A new way of working over the past year has enabled Grŵp Cynefin to digitalise many processes, and work remotely with ease. These new processes will undoubtedly form foundations to a more efficient and effective way of working, and savings of this nature will assist us in achieving more in terms of social value for Grŵp Cynefin tenants and the communities it serves.

Grŵp Cynefin is continually assessing its effectiveness in relation to Value for Money (VFM). As an organisation with social purpose, it is committed to maximising value for its tenants, future tenants and the wider community. An annual VFM Statement was released during the year which highlights the added value that Grŵp Cynefin provides to its tenants and customers

The financial performance of Grŵp Cynefin and the Group for the year is detailed in these financial statements. The Management Board considers that the results are satisfactory and indicate the continued growth and financial strength that will enable the group to expand the provision of high-quality housing and services to the local communities.

The Group turnover for the year was £31m (2020- £28m) of which £21.3m (2020- £20.8m) was rental and service charge income. The group's surplus for the year amounted to £2.5m (2020- £1.4m) and following the defined benefit pension adjustment that was required during the year showing additional expenditure of £5.3m (2020- income of £4.3m), the revenue reserves stood at £26.4m (2020 - £29.3m) at the year-end. The Management Board considers this a positive result for the year. Housing properties stood at a net book value of £292m at the year-end (2020- £286m).

### **Tenant Involvement**

Tenant Involvement is at the heart of Grŵp Cynefin's operations and gives tenants the opportunity to participate and engage in different ways; Grŵp Cynefin believe that everyone has something to contribute. This is documented in its Tenant Involvement and Community Strategy. By working together co-productively, focusing on strengths and opportunities Grŵp Cynefin can deliver services and empower tenants and communities to achieve outcomes that are important to them. During 2019-20, and as a direct response to Welsh Government's Regulatory Board for Wales's review of ensuring tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants, Grŵp Cynefin commissioned TPAS Cymru to facilitate a review on how effective this was within its governance framework. The review was completed in March 2020, and the Management Board has agreed an action plan to ensure and enhance tenant involvement to be at the heart of its decision-making process.

When lockdown hit, Grŵp Cynefin were keen to establish a way to keep in contact with involved tenants. The decision was made to combine all tenant groups to create one larger group, and contact was made with all involved tenants. Staff ensured that the tenants who wanted to take part had the equipment, the network and the skills to be able to connect on-line. Tenants were extremely keen to continue with these sessions regularly both as an opportunity to catch up with fellow tenants whilst still being able to influence services. Weekly one-hour sessions were held, which gave cross departmental colleagues the opportunity to consult with the group with ease, breaking down some logistical

## MANAGEMENT BOARD REPORT

obstacles which previously existed. Within the financial year, 43 meetings took place; meeting topics included Rent Statements, Safer Building White Paper, Grants Panel, Value for Money review, The Right Stuff Action Plan, Employment and Skills Strategy to name a few. In March 2020, Grwp Cynefin held its first 'Virtual Tenant's Day', which included numerous workshops and information to further support tenants.

Grwp Cynefin won the 'Communication During a Crisis' award, and became runners-up in the 2020-21 TPAS Annual Awards for 'Maintaining Tenant Participation'.

### General Performance

Grŵp Cynefin staff are fully committed to deliver the best services they can. Value for money and the need to modernise some of the organisation's key front-line services has resulted in a strategic review of its Repairs and Maintenance service, with a view to delivering an even better service to tenants.

Grŵp Cynefin ended the year with 98% compliance with Gas Safety and 78% satisfaction from its repairs and maintenance service.

Meanwhile, Grŵp Cynefin's Housing Team continued to support the tenants to sustain their tenancies, and throughout lockdown made regular contact with tenants, especially vulnerable tenants to check-up on their well-being, and offer practical support and signposting when needed. A questionnaire was sent out to tenants to seek their view on the support Grwp Cynefin had given them over the pandemic, and of those responded:

- 88% felt that Grwp Cynefin had responded appropriately to the pandemic
- 84% stated that the general advice over the period had been useful
- 77% were happy with how Grŵp Cynefin dealt with rent issues
- 87% felt that methods of protecting/safeguarding tenants had been successful
- 92% stated that there was nothing more Grŵp Cynefin could have done to help tenants
- 73% said they were happy with the way Grŵp Cynefin dealt with repair and maintenance issues over the period

It was anticipated that the effects of Covid would have a negative impact on rent arrears during 2020-21, and this proved to be the case. Arrears peaked at 3.8% at the end of December 2020, against a target of 2%, but due to the support and dedicated work of the Housing Team, the arrears had reduced to 2.99% by the year end. Reducing the arrears and further supporting its tenants remains a high priority for Grŵp Cynefin for 2021-22, and a recent re-structuring of the housing team was undertaken to establish a dedicated rent collection team.

The net rent arrears had reduced by the end of March 2021 to 2.99% (£588k, compared with the total rent collected of £19.7m, which is a reduction of £160k compared to the arrears at the end of December 2020 and an increase of £7k compared to the position at the end of March 2020. The gross rent arrears had reduced to 3.28% at the end of March 2021, a reduction of £261k since the end of December 2020.

Approximately 1,100 (30%) of Grŵp Cynefin's tenants now receive Universal Credit. This is an increase of 316 since March 2020. The pandemic also had a detrimental effect on the number of days in took to let a property, since in the first half of 2020-21 Grŵp Cynefin was not able to let properties due to Welsh Government Covid -19 restrictions. In the 3-month period to the end of June 2020, it took on average 99 days to let a property against a target of 25 days, but as the year progressed, and restrictions eased a little, performance improved so that it took 55 days on average to let a property in 2020-21 (compared to an average of 26 days in 2019-20).

During 2020-21, 285 units were let, 29 new lets and 256 re lets. This is compared to 384 units in 2019-20 (96 new lets and 288 re lets). The loss of income due to voids in 2020-21 was £346k.

Grŵp Cynefin carries out an annual rent review which is approved by the Board in February every year. In January 2021 Grŵp Cynefin held a workshop with the Management Board and members of the Customers and Communities Committee to consult on the 2021-22 rent review and to consult on a new proposed Social Rent Setting Policy, based on the Joseph Rowntree Foundation 'Living Rents' Model. Consultation on the new policy will continue during 2021-22 with the aim of adopting the new policy from April 2022 onwards. Due to the affordability modelling undertaken in 2020-21, all social rents for 1-bedroom properties and bedsits were frozen for 2021-22.

## **MANAGEMENT BOARD REPORT**

### **The Operating Environment**

2020-21 saw the continued global pandemic COVID-19 with various national and local lockdowns within the United Kingdom, and the unprecedented months have been challenging to Grŵp Cynefin. The outbreak became a headline risk for Grŵp Cynefin, and it acted swiftly to manage the risk effectively.

As a housing association, Grŵp Cynefin continues to operate within a complex environment with changing political, economic, social and environmental challenges and demands, which at the end of January 2021 included the withdrawal of the UK from the EU.

Additional social and housing policy in Wales has seen local authorities once again being able to build new council housing, and there has been a shift towards more collaborative working, between housing associations, local authorities and health boards. Grŵp Cynefin is well-placed and has a good track record of working with public sector organisations to develop innovative solutions, responding positively to the challenges facing tenants, customers and communities where Grŵp Cynefin operate as landlord.

The need continues to exist for good quality and affordable social housing. The independent review of affordable housing supply (May 2019) has significant implications for the sector, including rent setting, grant funding, decarbonisation and value for money expectations. The review recommendations came with some expectations when considering the future provision of affordable housing. This included changes to the Social Housing Grant allocation formula, allowing Local Authorities to also access the funding; building more homes by using modern methods of construction; introducing the need for zero carbon housing development; the need to publish an annual value for money statement and to ensure that the rent that we charge is affordable to tenants.

Throughout the COVID-19 pandemic, Grŵp Cynefin has continued to maintain its services, providing support to tenants and customers in greatest need, ensuring tenants, staff and contractors are kept safe and doing everything possible to support communities across north Wales. The implementation of the new Digital Transformation Strategy and investing in the health, safety and well-being of staff has been critical in enabling Grŵp Cynefin to deliver services in a resilient way.

### **Decarbonisation Agenda**

In June 2019, Welsh Government set a target for zero carbon emissions for self-owned and private rented housing by 2050 with social sector housing to reach target by 2030. The statement was followed by the 'Better Homes, Better Wales, Better World' report to the Assembly by the Decarbonisation of Homes in Wales Advisory Group. Grŵp Cynefin has set a strategic aim to develop a Decarbonising Strategy during 2021-22.

### **Building Safety**

Following the Grenfell Tower disaster of 2018 and Judith Hackitt's Independent Review of Building Regulations and Fire Safety (known as the Hackitt Review), the Welsh Government has published a Building Safety White Paper which, at the end of the financial year, was out for consultation. This also builds on the work of a group of building fire safety experts that were commissioned by the Welsh Government, who produced the "Road Map to safer Buildings in Wales". Changes and strengthening processes are certain to take place.

### **Welsh Housing Quality Standards (WHQS)**

It is crucial that Grŵp Cynefin's stock continues to meet the WHQS. An independent review was commissioned during 2019-20, to report on the Association's compliance position to the Management Board, to the Regulator and to Grŵp Cynefin's funders. The independent verification, based on an annual 20% stock sample over a 5-year period, also provides assurance that Grŵp Cynefin's planned maintenance forecasts are based on sound stock condition data.

The WHQS report submitted to Welsh Government in August 2020 showed that 100% of Grŵp Cynefin's stock complied with WHQS (subject to acceptable fails).

## MANAGEMENT BOARD REPORT

### Health and Safety

Grŵp Cynefin is committed to having robust corporate Health and Safety arrangements in place, thus ensuring that its Management Board has adequate assurance. Grŵp Cynefin considered two 'lessons learnt' reports published by Welsh Government, and produced a Corporate Health and Safety Action Plan which is being monitored and reported upon on a quarterly basis to the Audit and Risk Committee. The group reviewed its health and safety arrangements with the assistance of external advisors during the year, and revised the Corporate Action Plan accordingly.

### Interim Regulatory Judgement

Welsh Government's Regulatory Framework aims to ensure that Wales continues to have well governed, financially robust Registered Social Landlords (RSLs) providing high quality, and improving landlord services to tenants and service users. In compliance with the said Framework, an annual Regulatory Judgment is undertaken. The judgement considers the following:

- Governance and Services: Whether the RSL can identify and manage emerging risks appropriately
- Financial Viability: Whether the RSL meet its viability requirements and whether it has the financial capacity to deal with scenarios appropriately

The Interim Regulatory Judgement from the Housing Regulatory Team at Welsh Government published in December 2020, confirmed a 'Standard' judgement on both Governance and Services and Financial Viability, for Grŵp Cynefin. This being the highest judgement level possible.

### Modernised and digital services

Grŵp Cynefin has invested heavily in the last few years in its new housing management software ('Active H') as part of its commitment to improve its service delivery. The second phase of the project was completed on 31 March 2021, and will improve efficiency, enabling the organisation to become more modern and better connected. The software will enable better response to tenants and customers' needs by offering more choice in the ways they wish to conduct their business with Grŵp Cynefin. This phase involved the development of a Tenant Portal or 'ApCynefin' as it's been named, which was launched in March 2021. The Tenant Portal (a self-serve portal for tenants), enables tenants to have access to their accounts 24/7, and offers additional forums for tenants to manage their tenancies. Within 'ApCynefin', it is possible to check the rent account, check, or raise a maintenance request, use the benefits calculator, and much more.

The new 'Cyswllt Cynefin' customer care team is now well established and feedback is positive and shows that the service provided is valued. During the year Grŵp Cynefin was working towards a customer care accreditation, and in July 2021 it received the 'Excellent Customer Service' award. The continued development of information technology will release more time for *Cyswllt Cynefin* staff to spend more time with the customers who require more support.

During 2020-21, Grŵp Cynefin worked on developing a new Digital Transformation Strategy for 2019-2023, where it is aimed that significant benefits include data and system security improvements, to work more efficiently and effectively, provide Grŵp Cynefin with a modern image and increased tenant and staff satisfaction. This Strategy was approved by the Management Board in May 2020.

### Safeguarding and domestic violence

Grŵp Cynefin has a responsibility to safeguard and promote the welfare of tenants, and staff and are well placed to identify issues of abuse in the family home and in the wider community, having knowledge about local needs, alongside access to certain information about the families, and access to home environments. The Safeguarding Policy was reviewed in February 2020, and all staff receive regular training.

During 2019-20, and following an Internal Audit on this area, a Safeguarding Management Group was established to meet quarterly. The group considers whether there are any Safeguarding themes, and identifies any staff training needs and lessons learnt.



## MANAGEMENT BOARD REPORT

### Equality, Diversity and Inclusion

The momentum has been continuing throughout the pandemic, with a focus on Black Lives Matter and the Tai Pawb led campaign, “Deeds not Words”. However, equality, diversity and inclusion are wider than this, and Grŵp Cynefin will actively develop its own Equality, Diversity and Inclusion Plan, as per the strategic aim set for 2021-22.

### What makes Grŵp Cynefin unique?

Grŵp Cynefin is the only Housing Association with stock across all six north Wales local authority areas and north Powys, and is committed to addressing housing needs, with developments ranging from rural villages to larger towns.

The organisation manages or has an interest in nearly 5,000 affordable housing properties, which provides for a whole spectrum of ages and needs. Whether that is providing the very first home for people, addressing growing family needs, specially adapted homes, supported housing and specialising in providing Extra Care Housing for older people.

For those at risk of becoming homeless or suffering domestic abuse, Gorwel, a business unit within Grŵp Cynefin, provides support to extremely vulnerable people.

Gorwel’s main focus is domestic abuse and homelessness prevention services in three local authorities. Gorwel supports around 650 (2020- 500) service users every week.

Grŵp Cynefin builds mixed tenure developments and has recently successfully sold some units on the open market, and is learning from its experiences. This will inform the future direction and possible future joint working with other strategic partners.

The business is not just about homes and Grŵp Cynefin is well known for offering **#more than housing**. The Community Initiatives’ Team continues to make a difference by working with communities to offer opportunities to improve their quality of lives. Examples of such projects include The Shed, Meliden and the Health and More project in Dyffryn Nantlle, which is gathering momentum, and will be a project run in collaboration with Gwynedd Council, Betsi Cadwaladr University Health Board and others.

Grŵp Cynefin is the only Housing Association conducting its internal business completely through the medium of Welsh and is extremely proud of this unique characteristic. This makes it easier for all its customers to be able to converse with anyone within the association in their language of choice.

Grŵp Cynefin runs various services on behalf of housing associations and local authorities, which demonstrates the additional value provided by the organisation, and shows the trust in Grŵp Cynefin amongst partners. These are Tai Teg – the affordable housing register, and Rural Housing Enabler Service.

Through its two subsidiary companies, Canllaw and Conwy and Denbighshire Care and Repair, older and disabled homeowners and private rented tenants across four local authority areas have access to support and help with adaptations or homes repairs to enable them to live at home independently and securely. 2019-20 saw the establishment of a new Welsh Government funded pilot of Hospital to Home project at Ysbyty Gwynedd, Bangor and Ysbyty Glan Clwyd, Bodelwyddan. This service has clear benefits in enabling clients to return home safely after a stay in hospital and helps with improving patient flow through the hospital by facilitating quicker discharge from hospital thereby saving money for the Health Board.

Gofal a Thrwsio’s ‘Gerddi Gwyrdd’ Home Improvement Service continues to expand and generates income to invest in the company’s core services to ensure sustainability. Staff from both companies have Trusted Assessor status, to assess needs for low-level adaptations.

### Grŵp Cynefin staff

As at the end of March 2021, the key staff performance indicators were as follows:

	2021	2020
Number of staff at year end	266	257
Full time equivalent	234	206
Split between Male/Female employees	69 Male 197 Female	70 Male 187 Female



## MANAGEMENT BOARD REPORT

Grŵp Cynefin has talented and motivated staff who are committed to ensuring that the organisation delivers the objectives of its Corporate Plan, and delivers the best services to its customers. During 2019-20, Grŵp Cynefin invested in all its managers by participating in a Systems Leadership course run by Do-Well and Glyndwr University. Grŵp Cynefin will continue to invest in all staff, creating a strong workforce which is resilient to change. However, the past year has demonstrated how efficient and flexible our staff are, and how well they have adapted to a new way of working under some challenging circumstances. Further changes are likely, given the new ways of working, and what may come as a result of the strategic or value for money reviews planned, as part of the new Growth Strategy.

Grŵp Cynefin continues to invest in staff training and secondment opportunities, also investing in the health and well-being of its staff through a range of initiatives, and a People's Wellbeing Strategy, named 'Byd o Les'; was launched during 2020-21.

### Approach to risk management and risk appetite

Grŵp Cynefin has a Risk Assurance Framework, based on the 'three lines of defence' approach and the framework is applied to the group's strategic risks, and within the coming year it will also be applied to operational and project risks for additional assurance management. An internal audit was conducted on Risk Management arrangements in May 2020, where an overall audit opinion of 'Substantial/Moderate Assurance' was attained. An annual Risk Management Report is also presented to the Audit and risk Committee, and shared thereafter with its Regulators.

Grŵp Cynefin's Management Board has reviewed its risk appetite, which has been incorporated into the Risk Register, where a further review will take place during 2021-22. Risk management information will be more readily available to the Management Board and Committee members, after investing recently in purposeful software, which has enhanced further the group's risk management arrangements.

Headline risks that were identified as possible emerging risks were, lack of financial viability, failure to comply with laws and regulations, failure to provide effective services to tenants or service users, failure to run an effective business, damage to reputation and failure to deliver the Growth Strategy. All of the risks identified have controls in place to mitigate or manage their impact on the Group. During 2020-21 and to date, the key risks are:

- Failing to reach WHQS, and the number of acceptable fails increasing
- Lack of development projects / plans in the short term
- Tenant's dissatisfaction as a result of lack of investment in their homes

The beginning of the pandemic saw the need to establish a specific risk register in response to the situation; the register has been operational on Decision Time throughout the period. It is an operational Risk Register, where access has been granted to all Board Members and Audit and Risk Committee Members so as to provide assurance and share information. The register was extremely important to the Major Incident team; on the onset, it was reviewed weekly by the Leadership Team, but became fortnightly as the pandemic and new working arrangements eased somewhat.

As 2020 drew to a close, and although Covid-19 seemed to continue to affect some services on an operational or reactive level, in time, Covid related risks were considered to be business risks, thus highlighting the need for the majority of the remaining risks to be transferred over to the Strategic Risk Register. The Risk Registers are formally reviewed by the Audit and Risk Committee on a quarterly basis, with any key areas drawn thereafter to the attention of the Management Board.

Grŵp Cynefin identifies fundamental treasury risks to which it is exposed, which includes liquidity risk, counterparty credit risk, interest rate risk, and legal / regulatory risk. All risks are included within the Strategic Risk Register, which include (but not confined to) key controls for mitigation as follows:

- A robust Treasury Management Policy and arrangements, with Policy reviewed annually by the Board
- Regular Treasury Management reporting to the Finance and Growth Committee
- Regular reporting of performance against its 'golden rules'
- Regular review of all approved counterparties credit ratings
- Weekly monitoring of rent arrears performance
- Weekly monitoring of 24-month cash flow forecast
- Comprehensive treasury and legal advice / support from consultants and legal advisors
- Robust and regular co-regulation arrangements with regulator.

## MANAGEMENT BOARD REPORT

Grŵp Cynefin will design, implement and monitor all arrangements necessary for the identification, management and control of these treasury risks.

The specific operational arrangements and risk controls that seek to ensure compliance with the objectives are set out in the group's Treasury Management Policy.

### Internal Financial Control

In accordance with the Welsh Government's Housing Association Circular – 'RSL 02/10: Internal Controls and Reporting', the Management Board acknowledges that it is responsible for the group's system of internal control and for safeguarding the assets of the group and hence for taking reasonable steps for the protection and detection of fraud and other irregularities.

The Management Board procures the services of an independent Internal Auditor, to provide it with an objective evaluation and opinion on the overall adequacy and effectiveness of the group's risk management and internal control. During 2020-21, the Audit and Risk Committee approved to extend the current auditor's contract, being BDO LLP, for a further 12 months, up until the end of March 2022.

The Internal Audit Plan is approved annually by the Audit and Risk Committee. The delivery of the internal audit plan is carried out by outsourced Internal Auditors and the reports are submitted to the Audit and Risk Committee for approval. Progress on the implementation of the recommendations is also reported to the Audit and Risk Committee on a quarterly basis. The Internal Audit plan is based on a balance of risk and systems assessments and is planned to review the system of internal control of all aspects of the group's activities. The reviews are designed to provide reasonable, but not absolute, assurance regarding the:

- reliability of the financial information presented and used by the group;
- the maintenance of proper accounting records; and
- safeguarding of the group's assets against any misuse.

The procedures that have been established which are designed to provide effective internal financial controls are:

- written financial regulations and delegated authorities;
- comprehensive systems of financial reporting including annual budgets and quarterly management accounts being reported to the Finance and Growth Committee and the Board, which shows actual performance against budget and highlighting any variances;
- internal audit reports being submitted to the Audit and Risk Committee, also the progress on the implementation of the recommendations;
- clearly defined management and reporting structures;
- annually revised five-year Business Plan incorporating financial forecasts and
- annually revised thirty-year financial forecast, required by the Welsh Government, submitted to them annually, which extrapolates the financial direction of the group

### Corporate Governance

The Grŵp Cynefin Management Board directs the actions of the association in accordance with its objectives and rules and has the prime responsibility for the governance structure of the group.

#### Amongst its functions shall be:

- defining and ensuring compliance with the organisation's values and strategic objectives
- establishing a framework for approving strategies, policies and plans to achieve those objectives
- satisfying itself as to the integrity of financial information and approving annual budgets and accounts and business plans
- establishing and monitoring a framework for delegation and systems of internal control which are reviewed annually
- establishing a framework for the identification, management and reporting of risk
- taking decisions and agreeing policies on all matters that might create a significant financial or other risk to the organisation or that raise significant issues of principle
- establishing mechanisms for communication and receiving feedback from the organisation's stakeholders and shareholders

## MANAGEMENT BOARD REPORT

- monitoring the organisation's performance and taking timely corrective action if required
- taking overall responsibility for self-assessment and other responsibilities as part of implementing the regulatory framework
- ensuring that the association takes account of any undertaking given by the association to the regulator, or intervention or obligation imposed upon the association by the regulator.
- appointing, managing and dismissing the Chief Executive, or Corporate Directors
- satisfying itself that the organisation's affairs are conducted lawfully and with probity
- establishing a code of conduct for the Management Board
- establishing and operating induction and development programmes and performance appraisal system for the Management Board, and its Sub-committees, the Chair, Vice Chair, and individual Board members
- assuring the effectiveness of governance on a regular basis

On the 24<sup>th</sup> May 2018 the Management Board approved that a maximum of 12 members could be elected for a term of three years by the shareholders at the Annual General Meeting of the Association, prior to this, 10 was the maximum number of members. Members are allowed to serve on the Management Board for a maximum period of nine years (three terms) in line with Community Housing Cymru's Governance Code, which has been formally adopted.

The Management Boards of the subsidiaries include appointments by Grŵp Cynefin (in the minority) and independent members elected by the shareholders of the subsidiary for a term of three years.

The Grŵp Cynefin Management Board has set up five sub-committees, namely:

- Audit and Risk Committee - consisting of members of the Management Boards of Grŵp Cynefin, Canllaw, Gofal a Thrwsio Conwy a Sir Ddinbych and independent members with knowledge and experience relevant to the Committee's remit.
- Finance and Growth Committee (operational from September 2019) - consisting of members of the Management Boards of Grŵp Cynefin, Canllaw (Eryri) Cyf and Gofal a Thrwsio Conwy a Sir Ddinbych; and independent members with knowledge and experience relevant to the Committee's remit.
- Customers and Communities Committee - consisting of members of the Grŵp Cynefin Management Board, tenant members and independent members with knowledge and experience relevant to the Committee's remit.
- Gorwel Committee – consisting of members of the Grŵp Cynefin Management Board and independent members with knowledge and experience relevant to the Committee's remit.
- Governance Management Committee (operational from September 2019 and is an amalgamation of two previous Committees) – consisting of the Chairs of each group Management Board and each Committee, and other Management Board members as necessary

### Group Structure

Grŵp Cynefin is the parent body of two active subsidiaries, namely 'Canllaw (Eryri) Cyf' and 'Gofal a Thrwsio Conwy a Sir Ddinbych'. It is also a parent to a dormant company called 'Cywaith Cyf'.

Canllaw is a company limited by guarantee registered with the Charity Commission and the Welsh Government: the company's main activity is managing the Gwynedd and Anglesey Care & Repair agency which organises essential adaptations and minor repairs in the homes of older people, both homeowners and private tenants, so that they can live safely and independently.

Gofal a Thrwsio Conwy a Sir Ddinbych was formed in 2015 by the merger of the Care and Repair agencies in both counties. The new entity is a company limited by guarantee and registered with the Charity Commission.

A detailed Inter-Group Agreement explains the rights and obligations of the parent body and the subsidiaries to each other and the corporate relationship between them. Grŵp Cynefin does not intend to exercise close operational control over the subsidiaries, but in general, advice will be provided on best practice and adoption of policies. Grŵp Cynefin monitors performance and audits the activities of the subsidiaries. Usually, financial control is exercised by the approval of the subsidiaries' Business Plans, and through treasury management and budget monitoring.

Each member of the group must consider the impact of its own actions on other group members, where appropriate, to ensure efficient operations and maximise opportunities.

## MANAGEMENT BOARD REPORT

### Subsidiary Companies

Canllaw (Eryri) Cyfyngedig remained as a subsidiary during the year. Canllaw operates as a Care and Repair agency across Anglesey and Gwynedd.

Gofal a Thrwsio Conwy a Sir Ddinbych has also remained as a subsidiary during the year. Gofal a Thrwsio Conwy a Sir Ddinbych operates as a Care and Repair agency across Conwy and Denbighshire.

The third subsidiary, Cywaith Cyfyngedig has remained as a dormant company throughout the year.

Further information regarding the status of these companies is listed in note 29.

### Changes in Fixed Assets

Details of fixed assets are set out in notes 12 to 15 of the financial statements.

### Reserves

The movement in the Group and the Association's reserves can be seen in the Statement of Changes in Reserves.

## STATEMENT OF BOARD RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the parent association and the group and of the Statement of Comprehensive Income for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, (subject to any material departures disclosed and explained in the financial statements); and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2016. The Management Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of the group and hence for taking reasonable steps for the protection and detection of fraud and other irregularities.

In so far as the Management Board is aware:

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

Grŵp Cynefin's Annual General Meeting will be held on the 23<sup>rd</sup> September 2021. At this meeting, the Association's 2020/21 Annual Report will be presented for adoption.

### AUDITOR

A resolution to re-appoint Beever & Stuthers as the Group's auditor will be proposed at the Annual General Meeting.

By order of the Management Board



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Secretary

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRŴP CYNEFIN

### OPINION

We have audited the financial statements of Grŵp Cynefin ('the Association') and its subsidiaries ('the Group') for the year ended 31 March 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 2021 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 Management 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRŴP CYNEFIN

### 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 on internal financial controls on page 17, in our opinion:

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

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 19, 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.



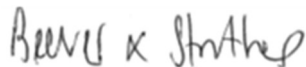
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRŴP CYNEFIN**

- 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 the audit 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 Auditors  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Date: 28 September 2021



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2021**

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>TURNOVER</b>	3		<u>30,901</u>		<u>28,319</u>
Operating expenditure		(23,623)		(23,290)	
Cost of Sales		(1,723)		(379)	
Gain on disposal of property, plant and equipment		448		285	
	3		<u>(24,898)</u>		<u>(23,384)</u>
<b>OPERATING SURPLUS</b>	10		6,003		4,935
Share of loss in joint venture	15		(6)		(3)
Interest receivable	8		29		20
Interest and financing costs	9		(3,502)		(3,581)
<b>SURPLUS BEFORE TAX</b>			<u>2,524</u>		<u>1,371</u>
Taxation	11		<u>(36)</u>		<u>(31)</u>
<b>SURPLUS FOR THE YEAR</b>			2,488		1,340
Other comprehensive income 'Actuarial (loss)/gain on defined benefit pension scheme'	26		(5,299)		4,272
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>(2,811)</u>		<u>5,612</u>

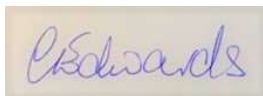
**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2021**

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>TURNOVER</b>	3a		<u>28,573</u>		<u>26,046</u>
Operating expenditure		(21,500)		(21,134)	
Cost of sales		(1,723)		(379)	
Gain on disposal of property, plant and equipment		448		285	
	3a		<u>(22,775)</u>		<u>(21,228)</u>
<b>OPERATING SURPLUS</b>	10		5,798		4,818
Interest receivable	8		28		18
Interest and financing costs	9		(3,496)		(3,564)
<b>SURPLUS BEFORE TAX</b>			<u>2,330</u>		<u>1,272</u>
Taxation	11		<u>(36)</u>		<u>(31)</u>
<b>SURPLUS FOR THE YEAR</b>			2,294		1,241
Other comprehensive income: 'Actuarial (loss)/gain on defined benefit pension scheme'	26		(4,859)		3,908
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>(2,565)</u></u>		<u><u>5,149</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2021**

	Note	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	12	769	748
Housing properties	13	292,485	286,271
Other property, plant and equipment	14	10,652	10,818
Investments	15	29,940	29,963
		<u>333,846</u>	<u>327,800</u>
<b>CURRENT ASSETS</b>			
Stock	16	517	1,871
Debtors	17	13,283	12,810
Investments	18	7,529	1,258
Cash		8,572	6,580
		<u>29,901</u>	<u>22,519</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(23,170)</u>	<u>(13,949)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>6,731</u>	<u>8,570</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>340,577</u>	<u>336,370</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20	(305,344)	(303,222)
<b>Provision for additional property sale costs</b>		(505)	(205)
<b>Defined benefit pension liability</b>	26	(8,281)	(3,685)
		<u>26,447</u>	<u>29,258</u>
<b>NET ASSETS</b>		<u>26,447</u>	<u>29,258</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		26,439	29,250
Restricted reserve		8	8
<b>TOTAL RESERVES</b>		<u>26,447</u>	<u>29,258</u>

These financial statements were approved by the Management Board on 16<sup>th</sup> September 2021  
 Signed on its behalf by:



..... Management Board Member



..... Secretary

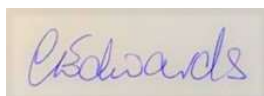


..... Management Board Member

**ASSOCIATION STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2021**

	Note	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	12	769	748
Housing properties	13	292,485	286,271
Other property, plant and equipment	14a	10,627	10,781
Investments	15	30,977	30,994
		<u>334,858</u>	<u>328,794</u>
<b>CURRENT ASSETS</b>			
Stock	16	474	1,820
Debtors	17	12,951	12,536
Investments	18	7,529	1,258
Cash		7,850	5,989
		<u>28,804</u>	<u>21,603</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(23,023)</u>	<u>(13,827)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>5,781</u>	<u>7,776</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>340,639</u>	<u>336,570</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20	(305,344)	(303,222)
<b>Provision for additional property sale costs</b>		(505)	(205)
<b>Defined benefit pension liability</b>	26	(7,581)	(3,369)
<b>NET ASSETS</b>		<u><u>27,209</u></u>	<u><u>29,774</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		27,209	29,774
Restricted reserve		-	-
<b>TOTAL RESERVES</b>		<u><u>27,209</u></u>	<u><u>29,774</u></u>

These financial statements were approved by the Management Board on 16<sup>th</sup> September 2021  
 Signed on its behalf by:



..... Management Board Member



..... Secretary



..... Management Board Member

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2021**

	<b>Hardship Fund (restricted)</b>	<b>Revenue Reserve</b>	<b>Total 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2020	8	29,250	29,258
Surplus for the year	-	2,488	2,488
Other comprehensive income			
• Actuarial losses	-	(5,299)	(5,299)
	<hr/>	<hr/>	<hr/>
Reserves at 31 March 2021	<b>8</b>	<b>26,439</b>	<b>26,447</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<b>Hardship Fund (restricted)</b>	<b>Revenue Reserve</b>	<b>Total 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	8	23,638	23,646
Surplus for the year	-	1,340	1,340
Other comprehensive income			
• Actuarial gains	-	4,272	4,272
	<hr/>	<hr/>	<hr/>
Reserves at 31 March 2020	<b>8</b>	<b>29,250</b>	<b>29,258</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2021**

	<b>Revenue Reserve</b>	<b>Total 2021</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2020	29,774	29,774
Surplus for the year	2,294	2,294
Other comprehensive income		
• Actuarial losses	(4,859)	(4,859)
	<hr/>	<hr/>
Reserves at 31 March 2021	<b>27,209</b>	<b>27,209</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>Revenue Reserve</b>	<b>Total 2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	24,625	24,625
Surplus for the year	1,241	1,241
Other comprehensive income		
• Actuarial gains	3,908	3,908
	<hr/>	<hr/>
Reserves at 31 March 2020	<b>29,774</b>	<b>29,774</b>
	<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 March 2021**

	Note	2021 £'000	2020 £'000
<b>Net cash generated from operating activities</b>	27	<b>8,908</b>	<b>3,728</b>
<b>Cash flows from investing activities</b>			
Purchase and construction of housing properties		(9,032)	(10,509)
Sale of housing properties		906	826
Social housing grant received		3,970	3,771
Purchase of other fixed assets		(240)	(640)
Component replacements		(924)	(538)
Sale of other fixed assets		-	637
Other fixed assets grant disposals		11	1,041
Investments		(625)	(662)
Investment in Low-cost home ownership loans		642	(130)
Interest received		29	20
<b>Net cash from investing activities</b>		<b>(5,263)</b>	<b>(6,183)</b>
<b>Cash flows from financing activities</b>			
Loans received		15,365	14,425
Repayment of borrowings		(7,659)	(4,260)
Refinancing costs		-	-
Interest paid		(3,088)	(3,446)
<b>Net cash from financing activities</b>		<b>4,618</b>	<b>6,719</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>8,263</b>	<b>4,264</b>
Cash and cash equivalents at the beginning of year		7,838	3,574
<b>Cash and cash equivalents at end of year</b>		<b>16,101</b>	<b>7,838</b>



**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****1. ACCOUNTING POLICIES****Legal Status**

Grŵp Cynefin is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Welsh Government as a Private Housing Association (number L029). The registered office is Tŷ Silyn, Ffordd Llanllyfni, Penygroes, LL54 6LY. Grŵp Cynefin's principal activity is to provide social housing. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

**General information and basis of accounting**

The financial statements have been prepared under the historical cost convention 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 Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Housing and Regeneration Act 2008.

**Basis of consolidation**

The Group financial statements consolidate the financial statements of the parent Association and its subsidiary undertakings drawn up to 31 March each year.

**Acquisitions**

Business combinations that are considered to be acquisitions are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Public benefit entity combinations**

Combinations carried out at nil consideration are accounted for so that any excess of fair value of the assets received over the fair value of the liabilities assumed is recognised as income within the Statement of Comprehensive Income.

**Joint venture**

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method. In the parent Association financial statements investments in joint ventures are accounted for at cost less impairment and dividends receivable. The Group assesses at each reporting date whether there is any indication of impairment.

Government grants received in respect of investments in the Welsh Housing Partnership and the properties leased are accounted for on the basis that they have provided by the government to fund part of the investment in the Partnership joint venture. It is considered that the Group will only realise the benefit of the grant if and when the investment is redeemed. On receipt of the grant, this is a government grant received in advance and therefore recognised as deferred income in the Statement of Financial Position up until the point the related Investment is redeemed.

**Property, plant and equipment - housing properties**

Housing properties are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

Depreciation is charged in order 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.

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:

	Years
Main structure	150
Other components:	
Kitchens	15
Bathrooms	25
Roof	70
Windows	25
External doors	25
Heating - boilers	13
Heating – wet systems	25
Electrics	30

Components on leasehold land are depreciated over the shortest of the above and the remaining lease term. Freehold land is not depreciated.

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

### Non-housing property, plant and equipment

Non-housing property, plant and equipment are 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:

	Years
Office equipment & furniture	5
Computer hardware and software	4
Motor vehicles	3

Other various equipment charged through services charges are depreciated at different rates according to their type.

### Intangible assets

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

Housing software	10 year
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### 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.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

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

Government grants are recognised using the accrual model and are classified as either 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.

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

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

### Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

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

### Recycling of grants

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

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021**

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

**HomeBuy**

HomeBuy loans meet the definition of a public benefit entity concessionary loan and are recognised in the Statement of Financial Position at the amount paid. HomeBuy grants provided by the Welsh Government to fund all or part of a HomeBuy loan provided by the Group to the purchaser of the housing property are government grants received in advance and recognised as deferred income in the Statement of Financial Position up until the point the related HomeBuy loan is redeemed. When the HomeBuy loan is redeemed, the respective HomeBuy grant is recognised in the recycled capital grant fund.

**Shared ownership property sales**

Shared ownership properties, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment.

**Rent to Own and Shared ownership Rent to Own**

Rent to Own properties, including those under construction, are initially accounted for as non-current assets. Twenty five percent of the rent is treated as current assets and the remainder is treated as rent. If the option to purchase the property is exercised, then the value accrued within current assets is transferred to the tenant to be utilised as a deposit, and the property is sold to the tenant at the Current Market Value. If at the end of the five years the tenant decides not to take the option then the amount accrued in current assets is then recognised as rental income in the Statement of Comprehensive income.

Shared ownership Rent to Own is accounted for by combining the principles of Shared Ownership, whereby the amount that is rented to the tenant is treated as Rent to Own.

**Restricted reserves**

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

**Operating leases**

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.

**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.

**Taxation**

Grŵp Cynefin is treated as a charitable organisation for tax purposes. This was confirmed by HM Revenue & Customs (HMRC) on 11 March 2005, ref no XR85179. Consequently, the surpluses derived from primary activities are exempt from taxation. This treatment is reviewed annually in line with the activities undertaken by the organisation to ensure the exemption still applies.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****Pensions**

Grŵp Cynefin and Canllaw (Eryri) Cyf participate in the Social Housing Pension Scheme (SHPS), which is a multi-employer pension scheme. Gofal a Thrwsio Conwy a Sir Ddinbych participate in a Defined Contributions scheme with NEST.

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

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT').

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Defined contribution scheme

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

**Turnover**

Turnover represents rents and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as shared ownership properties together with revenue grants from Welsh Government and local authorities.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

**Investments**

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

**Financial instruments**Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. At the reporting date, the effect of discounting is not material to the value of the financial assets of Grŵp Cynefin, therefore discounting is omitted.

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

Financial liabilities carried at amortised cost

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

Loans, which are classified as basic financial instruments under FRS102, are measured at amortised cost using the effective interest method, with interest and 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.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**Significant management judgements**

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

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. An assessment has been made to consider the fair value of the social housing properties as they will need to be reconsidered in light of the COVID-19 pandemic and the potential impact this will have on these valuations, their future cash flows and service potential.

Categorisation of investment properties

Property assets are classified as investment property or property, plant and equipment depending on the intended use of the property. In determining the intended use of each property, management considers various factors in making this judgement such as whether the asset is held for social benefit at below a market rent for the wider benefit of the community and whether the properties are subsidised and operated at a loss in order to continue providing a service. The accounting treatment will be different depending upon the categorisation.

Capitalisation of housing property & other development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties and other fixed assets. The capitalisation requires a range of judgements, such as setting the period over which interest can be capitalised, calculating the amount of staff time and overheads which should be capitalised and establishing which associated development costs should be capitalised and which costs should be written off. Judgement is also exercised over the likelihood that projects will continue.

**Estimation uncertainty**

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

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 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. Variations in these assumptions could significantly impact the liability (see note 26)

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021**Valuation of investment properties

The Group carries its investment properties at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment properties therefore uses assumptions, of which the most sensitive relate to the estimated yield and the long-term vacancy rate.

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

#### 3. CONSOLIDATED TURNOVER AND OPERATING COSTS

	2021			2020		
	Turnover	Operating Costs	Operating Surplus/(deficit)	Turnover	Operating Costs	Operating Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure on lettings (Note 4)</b>	23,756	(17,383)	6,373	23,237	(17,716)	5,521
<b>Income and expenditure on Property sales</b>	1,343	(1,723)*	(380)	-	(379)*	(379)
<b>Other income and expenditure</b>						
Affordable homes team	86	(481)	(395)	38	(470)	(432)
Conwy Homeless Scheme	26	(26)	-	33	(33)	-
Development services	-	(593)	(593)	-	(504)	(504)
Gorwel	2,269	(2,267)	2	1,688	(1,657)	31
Conwy Bus Project	-	-	-	59	(59)	-
HWB	96	(87)	9	100	(99)	1
Rural Housing Enablers	165	(131)	34	130	(130)	-
Other Income and Expenditure	649	(321)	328	560	(243)	317
Enterprise Centre	59	(89)	(30)	54	(85)	(31)
Energy Wardens	43	(42)	1	54	(45)	9
Y Shed, Meliden	81	(80)	1	93	(93)	-
Gain on disposal of property, plant and equipment	-	448	448	-	285	285
Canllaw (Eryri) Cyf	1,064	(994)	70	1,057	(992)	65
Gofal a Thrwsio Conwy a Sir Ddinbych	1,264	(1,129)	135	1,216	(1,164)	52
<b>Total</b>	<b>30,901</b>	<b>(24,898)</b>	<b>6,003</b>	<b>28,319</b>	<b>(23,384)</b>	<b>4,935</b>

\* Expenditure in relation to property sales are stated as cost of sales within the Statement of Comprehensive Income rather than operating costs.



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

#### 3a ASSOCIATION TURNOVER AND OPERATING COSTS

	Turnover	2021 Operating Costs	Operating Surplus/(deficit)	Turnover	2020 Operating Costs	Operating Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure on lettings (Note 4)</b>	23,756	(17,383)	6,373	23,237	(17,716)	5,521
<b>Income and expenditure on Property sales</b>	1,343	(1,723)*	(380)	-	(379)	(379)
<b>Other income and expenditure</b>						
Affordable homes team	86	(481)	(395)	38	(470)	(432)
Conwy Homeless Scheme	26	(26)	-	33	(33)	-
Development services	-	(593)	(593)	-	(504)	(504)
Gorwel	2,269	(2,267)	2	1,688	(1,657)	31
Conwy Bus Project	-	-	-	59	(59)	-
HWB	96	(87)	9	100	(99)	1
Rural Housing Enablers	165	(131)	34	130	(130)	-
Other Income and Expenditure	649	(321)	328	560	(243)	317
Enterprise Centre	59	(89)	(30)	54	(85)	(31)
Energy Wardens	43	(42)	1	54	(45)	9
Y Shed, Meliden	81	(80)	1	93	(93)	-
Gain on disposal of property, plant and equipment	-	448	448	-	285	285
<b>Total</b>	<b>28,573</b>	<b>(22,775)</b>	<b>5,798</b>	<b>26,046</b>	<b>(21,228)</b>	<b>4,818</b>

\* Expenditure in relation to property sales are stated as cost of sales within the Statement of Comprehensive Income rather than operating costs

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

## 4. TURNOVER FROM LETTINGS

			2021	2020
	General Needs £'000	Supported Housing £'000	Total £'000	Total £'000
Rents	18,221	1,692	19,913	19,444
Service charge	1,260	122	1,382	1,361
	19,481	1,814	21,295	20,805
Amortisation of grant	2,251	210	2,461	2,432
Total income	21,732	2,024	23,756	23,237
<b>Operating costs of lettings</b>				
Services	1,444	134	1,578	1,452
Management	3,876	361	4,237	3,983
Day-to-day maintenance	4,125	384	4,509	4,493
Planned maintenance	2,593	241	2,834	3,038
Community development	628	59	687	783
Depreciation of housing properties	3,284	306	3,590	3,546
Impairment	19	-	19	100
	15,969	1,485	17,454	17,395
<b>Losses from bad debts</b>	(71)	-	(71)	321
<b>Total expenditure</b>	15,898	1,485	17,383	17,716
<b>Operating surplus</b>	5,834	539	6,373	5,521
Void Losses	295	69	364	187

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

### 5. UNITS UNDER MANAGEMENT

As at the end of the year, the group had the following number of properties under management:

	2021 No.	2020 No.
General needs rented units (including social rented, intermediate rented and 'try before you buy')	3,382	3,375
Supported housing rented units	326	327
Extra care units	145	145
Shared ownership units: rented	23	23
Welsh Housing Partnership units	140	121
Rent to Own	13	10
Managed on behalf of the Charity Elizabeth Owen	7	7
Managed on behalf of the Charity Tai Ellen Glynne	10	10
Managed on behalf of others	-	7
	<u>4,046</u>	<u>4,025</u>

### 6. DIRECTORS' EMOLUMENTS

The emoluments paid to the highest paid officer, namely the Chief Executive Officer (Shan Ll. Williams), were £98k excluding pension contributions (2020- £98k). The pension for the Chief Executive (who was an ordinary member of the pension scheme) is on the same basis as for all other employees and amounts to £7,873 (2020 - £7,873).

The number persons within the Leadership Team, including the highest paid, who received emoluments (excluding pension contributions) in the following range was:

	2021 £'000	2020 £'000
£10,001 - £20,000	-	-
£40,001 - £50,000	-	-
£50,001 - £60,000	2	2
£60,001 - £70,000	-	-
£70,001 - £80,000	3	3
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

The Leadership Team's emoluments and pension:

	2021 £'000	2020 £'000
Wages and salaries (excluding redundancy costs of £76K in 2021)	480	446
Social security costs	61	52
Pension	39	42
	<u>580</u>	<u>520</u>

During the year fees of £57,278 were paid to the Management Board members (2020 – £38,559 (9 months)). In accordance with the Welsh Federation of Housing Associations (WFHA) Code of Conduct, the Board has established a policy and procedure in relation to the payment of expenses to Board members. The Association is prepared to reimburse out of pocket expenses incurred on Association business.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Total Management Board member expenses claimed	<u>1</u>	<u>4</u>

**7. EMPLOYEE INFORMATION**

The average number of persons, full time equivalent, (including senior executives) employed during the year:

	<b>Group</b> <b>2021</b> <b>No.</b>	<b>Group</b> <b>2020</b> <b>No.</b>	<b>Association</b> <b>2021</b> <b>No.</b>	<b>Association</b> <b>2020</b> <b>No.</b>
Administrative staff	228	220	198	192
Wardens	8	7	8	7
Workforce	17	17	6	6
	<u>253</u>	<u>244</u>	<u>212</u>	<u>205</u>
Staff costs were as follows:	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	7,452	7,094	6,337*	6,002
Social security costs and levy	604	612	506	510
Pension contributions	190	223	116	136
Actuarial adjustments	-	71	-	71
	<u>8,246</u>	<u>8,021</u>	<u>6,959</u>	<u>6,761</u>

\* The wages and salaries figure above for the year ending 31 March 2021 excludes redundancy payments made for loss of office which came to a total of £76K.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****8. INTEREST RECEIVABLE**

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Interest on bank and money market accounts	27	19	27	17
Other interest	2	1	1	1
	<u>29</u>	<u>20</u>	<u>28</u>	<u>18</u>

**9. INTEREST PAYABLE**

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Interest on loans	3,578	3,549	3,578	3,549
Interest capitalised	(310)	(305)	(310)	(305)
Interest paid on defined benefit pension liability	76	192	70	175
Other finance charges	158	145	158	145
	<u>3,502</u>	<u>3,581</u>	<u>3,496</u>	<u>3,564</u>

**10. OPERATING SURPLUS**

The operating surplus is stated after charging the following:

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Depreciation – assets owned by the Association	3,810	3,866	3,793	3,325
Amortisation – capitalised grants	(2,461)	(2,431)	(2,461)	(2,431)
External auditor's remuneration (excluding VAT):				
- In their capacity as auditors	21	22	21	18
- Other services	2	2	2	2
	<u></u>	<u></u>	<u></u>	<u></u>

**11. CORPORATION TAX****Parent Association**

Certain activities within Grŵp Cynefin is liable to UK Corporation Tax although it has charitable status with HMRC, and is entitled to the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988.

**Subsidiary entities**

Certain activities within Canllaw (Eryri) Cyfyngedig and Gofal a Thrwsio Conwy a Sir Ddinbych are liable to UK Corporation Tax, although they are exempt charities entitled to the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988.

Cywaith Cyfyngedig is a dormant company and would be liable to UK Corporation Tax as it is a registered company.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

#### 12. FIXED ASSETS – INTANGIBLE ASSETS

	<b>Group and Association</b>	
	<b>Housing Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 April 2020	996	<b>996</b>
Addition	124	<b>124</b>
At 31 March 2021	<u>1,120</u>	<u><b>1,120</b></u>
<b>Depreciation</b>		
At 1 April 2020	248	<b>248</b>
Charge for the year	103	<b>103</b>
At 31 March 2021	<u>351</u>	<u><b>351</b></u>
<b>Net book value</b>		
At 31 March 2021	<u>769</u>	<u><b>769</b></u>
At 31 March 2020	<u>748</u>	<u><b>748</b></u>

**GRŴP CYNEFIN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**

**13. TANGIBLE FIXED ASSETS**  
**HOUSING PROPERTIES – GROUP AND ASSOCIATION**

	Rented housing		Shared o'ship	Leased properties		
	Completed schemes	Schemes under construction	Completed Schemes	Long lease	Short lease	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2020	293,828	14,576	3,941	9,679	72	322,096
Additions	-	9,032	-	-	-	9,032
Schemes completed during the year	3,169	(3,179)	-	10	-	-
Component additions to existing properties	1,173	-	3	73	-	1,249
Components removed	(301)	-	-	(24)	-	(325)
Disposals	(610)	-	-	-	-	(610)
At 31 March 2021	297,259	20,429	3,944	9,738	72	331,442
<b>Depreciation</b>						
At 1 April 2020	32,716	-	703	2,342	64	35,825
Charge for the year	3,312	-	43	172	1	3,528
Components removed	(243)	-	-	(20)	-	(263)
Disposals	(152)	-	-	-	-	(152)
Impairment	19	-	-	-	-	19
At 31 March 2021	35,652	0	746	2,494	65	38,957
<b>Net book value</b>						
At 31 March 2021	261,607	20,429	3,198	7,244	7	292,485
At 31 March 2020	261,112	14,576	3,238	7,337	8	286,271

The additions to housing properties include capitalised development staff expenditure of £461K (2020 - £453K) and capitalised interest expenditure of £310K (2020 - £305K). The cost of component additions includes capitalised staff costs of £99K (2020 £70K).



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

#### 14. CONSOLIDATED TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Freehold offices and Community Buildings £'000	Furniture and equipment £'000	Housing capital £'000	Computer equipment £'000	Leasehold office £'000	Motor vehicles £'000	Service charge equipment £'000	Total £'000
<b>Cost</b>								
At 1 April 2020	11,158	592	35	1,774	64	246	130	<b>13,999</b>
Additions	-	1	-	109	-	-	6	<b>116</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
At 31 March 2021	11,158	593	35	1,883	64	246	136	<b>14,115</b>
<b>Depreciation</b>								
At 1 April 2020	718	569	35	1,513	64	229	53	<b>3,181</b>
Charge for the year	113	12	-	136	-	8	13	<b>282</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
At 31 March 2021	831	581	35	1,649	64	237	66	<b>3,463</b>
<b>Net book value</b>								
At 31 March 2021	10,327	12	-	234	-	9	70	<b>10,652</b>
At 31 March 2020	10,440	23	-	261	-	17	77	<b>10,818</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2021**
**14 a. ASSOCIATION TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS**

	<b>Freehold offices and Community Buildings £'000</b>	<b>Furniture and equipment £'000</b>	<b>Housing capital £'000</b>	<b>Computer equipment £'000</b>	<b>Leasehold office £'000</b>	<b>Motor vehicles £'000</b>	<b>Service charge equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>								
At 1 April 2020	11,158	498	35	1,733	64	212	130	<b>13,830</b>
Additions	-	-	-	107	-	-	5	<b>112</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
At 31 March 2021	11,158	498	35	1,840	64	212	135	<b>13,942</b>
<b>Depreciation</b>								
At 1 April 2020	718	495	35	1,477	64	207	53	<b>3,049</b>
Charge for the year	113	1	-	134	-	5	13	<b>266</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
At 31 March 2021	831	496	35	1,611	64	212	66	<b>3,315</b>
<b>Net book value</b>								
At 31 March 2021	10,327	2	0	229	0	0	69	<b>10,627</b>
At 31 March 2020	10,440	3	-	256	-	5	77	<b>10,781</b>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****15. FIXED ASSETS - INVESTMENTS**

	<b>Low-cost home ownership loans (note 25) £'000</b>	<b>Interest in Joint venture £'000</b>	<b>Total £'000</b>
<b>Consolidated</b>			
At 1 April 2020	26,117	3,846	<b>29,963</b>
Additions	536	625	<b>1,161</b>
Disposals	(1,178)	-	<b>(1,178)</b>
Share in joint venture	-	(6)	<b>(6)</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	<b>25,475</b>	<b>4,465</b>	<b>29,940</b>
	<hr/>	<hr/>	<hr/>
<b>Association</b>			
At 1 April 2020	26,117	4,877	<b>30,994</b>
Additions	536	625	<b>1,161</b>
Disposals	(1,178)	-	<b>(1,178)</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	<b>25,475</b>	<b>5,502</b>	<b>30,977</b>
	<hr/>	<hr/>	<hr/>

The Welsh Housing Partnership Limited (WHP) and WHP2 are joint ventures between four housing groups, Coastal Group, Hendre Group, Pobl Group and Grŵp Cynefin with the objective of providing quality residential housing at sub market rent.

The issued and paid-up share capital at 31 March 2021 is as follows:

	<b>Original WHP shares</b>	<b>WHP Tfr to Reserves</b>	<b>WHP Shares</b>	<b>WHP2 Shares</b>	<b>Equity %</b>
Hendre Ltd (Hendre Group)	8,880	(3,989)	<b>4,891</b>	<b>7,625</b>	<b>30%</b>
Pennant Housing Association Ltd (Coastal Group)	8,880	(3,989)	<b>4,891</b>	<b>7,625</b>	<b>30%</b>
Pobl Group Limited	8,880	(3,989)	<b>4,891</b>	<b>7,625</b>	<b>30%</b>
Grŵp Cynefin	2,960	(1,330)	<b>1,630</b>	<b>2,542</b>	<b>10%</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	<b>29,600</b>	<b>(13,297)</b>	<b>16,303</b>	<b>25,417</b>	<b>100%</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The WHP and WHP2 have a 31<sup>st</sup> December financial year-end and have published its latest audited financial statements for the year ended 31 December 2020. These financial statements show a loss after tax in WHP of £99K (2020 – £105K loss) for the year and a profit after tax in WHP2 of £39K (2020 – £67K profit).

During the year, Grŵp Cynefin and the associated partners within WHP invested further in WHP2 Limited (WHP2).

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021**

	<b>WHP £'000</b>	<b>WHP2 £'000</b>	<b>Total £'000</b>
<b>Consolidated</b>			
At 1 April 2020	1,906	1,940	3,846
Additions	-	625	625
Share of (loss) / profit	(10)	4	(6)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,896	2,569	4,465
	<hr/>	<hr/>	<hr/>
<b>Association</b>			
At 1 April 2020	2,960	1,917	4,877
Additions	-	625	625
	<hr/>	<hr/>	<hr/>
At 31 March 2021	2,960	2,542	5,502
	<hr/>	<hr/>	<hr/>
Price per share (each share carries one vote)	£1	£1	£1

The current low interest rate environment is reflected in the underlying financial performance of the Company. The directors of the Company have adopted a strategy of fixing the majority of borrowings in order to make the costs more predictable and within the known income arising from the leases. As at 31 March 2021, Grŵp Cynefin had prepaid £107,901 (2020-£110,154) of lease payments to the WHP and WHP2.

No transfer was made from WHP's share capital to their reserves in their year ending 31 December 2020 (2019 – nil), at the same time no distribution was made to their shareholders (2019 – nil).

FRS 102 requires the treatment of jointly controlled entities to follow equity accounting principles in group accounts, so that the consolidated accounts show all of the activities of the group including shares in joint ventures activities. Therefore, the consolidated financial statements show investment loss of £10K (2020- £10K loss) in the Statement of Comprehensive Income comprising Grŵp Cynefin's percentage share in the Welsh Housing Partnership's loss for the year. In the same way the consolidated financial statements show investment profit of £4K (2020- £7K profit) in the Statement of Comprehensive Income comprising Grŵp Cynefin's percentage share in WHP2's profit for the year. The same amount is included as a change in the investments within the Consolidated Statement of Financial Position.

**16. STOCK**

	<b>Group</b>		<b>Association</b>	
	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Properties for sale	474	1,820	474	1,820
Other stock	43	51	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	517	1,871	474	1,820
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****17. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent debtors: Debit balances	989	1,031	989	1,031
Bad debt provision	(899)	(1,031)	(899)	(1,031)
	<u>90</u>	<u>-</u>	<u>90</u>	<u>-</u>
Staff loans	73	73	73	73
Prepayments and accrued income	463	462	456	458
Loans to First Time Buyers from Flintshire County Council	100	100	100	100
Other debtors	12,557	12,175	12,232	11,905
	<u>13,283</u>	<u>12,810</u>	<u>12,951</u>	<u>12,536</u>

**18. CURRENT ASSET INVESTMENTS**

	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Money in short-term deposit accounts	<u>7,529</u>	<u>1,258</u>

**19. CREDITORS: AMOUNTS PAYABLE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing loans (note 21)	9,404	1,064	9,404	1,064
Rent received in advance	347	261	347	261
Trade creditors	3,019	2,469	2,937	2,385
Capital grants in advance	4,734	5,451	4,704	5,440
Deferred Income	205	218	205	218
Taxation and social security	243	195	240	191
Mortgage and loan interest accrued	683	490	683	490
Accruals	2,101	1,383	2,069	1,360
Social Housing and other Government Grants (note 22)	2,434	2,418	2,434	2,418
	<u>23,170</u>	<u>13,949</u>	<u>23,023</u>	<u>13,827</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

## 20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Right to buy reserves	83	83
Recycled capital grant fund	6,618	5,330
Conwy Council recycled grant reserve	1	1
Housing loans (note 21)	116,811	117,299
Loan from Flintshire County Council – First Time Buyer Agreement	100	100
Deferred Income	912	960
Social Housing and other Government grants (note 22)	180,819	179,449
	<u>305,344</u>	<u>303,222</u>

Housing loans are repayable to various building societies, banks, The Housing Finance Corporation Limited and the Affordable Housing Finance PLC. The interest rate payable and the amounts repayable are analysed below. The average interest rate payable during the year was 3.67% (2020 – 3.39%). Security offered for the loans is housing land and buildings.

## 21. ANALYSIS OF HOUSING LOANS

	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
The debt is repayable as follows:		
Due between one and two years	4,430	10,756
Due between two and five years	21,618	14,714
After five years	91,920	93,065
Loan fees	(1,157)	(1,236)
	<u>116,811</u>	<u>117,299</u>
Due within one year (note 19)	9,404	1,064
	<u>126,215</u>	<u>118,363</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

## 22. GOVERNMENT GRANTS

## Group and Association

	Housing Properties £'000	Other Fixed Assets £'000	Investments £'000	Total £'000
<b>Deferred income - Grants</b>				
At 1 April 2020	177,448	4,285	29,668	211,401
Grants receivable	4,798	-	333	5,131
Grant disposals	(422)	-	(993)	(1,415)
At 31 March 2021	181,824	4,285	29,008	215,117
<b>Amortisation</b>				
At 1 April 2020	29,233	301	-	29,534
Amortisation	2,419	42	-	2,461
Grant disposals	(131)	-	-	(131)
At 31 March 2021	31,521	343	-	31,864
<b>Net book value</b>				
At 31 March 2021	150,303	3,942	29,008	183,253
At 31 March 2020	148,215	3,984	29,668	181,867
Due within one year				2,434
Due after one year				180,819
		<b>Right to Acquire RCG* £'000</b>	<b>RCG* £'000</b>	<b>Total £'000</b>
<b>Consolidated and Association</b>				
At 1 April 2020		5,330	83	5,413
Additions		1,426	-	1,426
Recycled: new build		6,756	83	6,839
Recycled: homebuy		(138)	-	(138)
At 31 March 2021		6,618	83	6,701
Amounts three years old or older where repayment may be required				2,958

\* RCG = Recycled Capital Grant fund

## 23. SHARE CAPITAL

	Group and Association	
	2021 £	2020 £
Allotted, issued and fully paid, ordinary shares of £1 each		
At 1 April 2020	73	82
Additions	-	4
Deductions	(2)	(13)
At 31 March 2021	71	73

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2021****24. CAPITAL COMMITMENTS**

	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided for in the financial statements	4,370	7,452
Expenditure authorised but has not yet been contracted for	15,750	3,880
	<u>20,120</u>	<u>11,332</u>

Capital commitments shown above will be funded by a combination of current resources, government grants and private finance.

**Operating leases**

<b>Amounts payable in respect of leases in the following periods for:</b>	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Office rental:</b>				
Within 12 months	45	38	-	-
One to two years	45	27	-	-
Two to five years	131	81	-	-
	<u>131</u>	<u>146</u>	<u>-</u>	<u>-</u>
<b>Office equipment rental:</b>				
Within 12 months	21	22	18	18
One to two years	10	22	9	18
Two to five years	3	31	-	9
	<u>34</u>	<u>75</u>	<u>27</u>	<u>45</u>
<b>Vehicle leases:</b>				
Within 12 months	17	27	-	-
One to two years	17	17	-	-
Two to five years	9	9	-	-
	<u>43</u>	<u>53</u>	<u>-</u>	<u>-</u>

**25. LOW-COST HOME OWNERSHIP LOANS**

These represent long-term loans provided to individuals purchasing properties under the 'HomeBuy Scheme'. They are mainly funded by Social Housing Grant with and the balance being funded by Grŵp Cynefin as at 31 March 2021. They become repayable on a subsequent disposal of the property.

**26. PENSION****Social housing pension scheme (SHPS)**

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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.



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

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

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

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

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

### GROUP SOCIAL HOUSING PENSION SCHEME (SHPS)

<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)</b>	<b>31 March 2021 (£000s)</b>	<b>31 March 2020 (£000s)</b>
Fair value of plan assets	28,634	25,269
Present value of defined benefit obligation	36,915	28,954
Surplus (deficit) in plan	(8,281)	(3,685)

<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>Year ending 31 March 2021 (£000s)</b>
Defined benefit obligation at start of period	28,954
Expenses	21
Interest expense	672
Actuarial losses (gains) due to scheme experience	(919)
Actuarial losses (gains) due to changes in demographic assumptions	124
Actuarial losses (gains) due to changes in financial assumptions	8,700
Benefits paid and expenses	(637)
Defined benefit obligation at end of period	36,915

<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>Year ending 31 March 2021 (£000s)</b>
Fair value of plan assets at start of period	25,269
Interest income	597
Experience on plan assets (excl. amounts included in interest income) - gain (loss)	2,606
Contributions by the employer	799
Benefits paid and expenses	(637)
Fair value of plan assets at end of period	28,634

## NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 March 2021

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £3,202,000.

<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>	<b>Year ending 31 March 2021 (£000s)</b>
Expenses	21
Net interest expense	76
Defined benefit costs recognised in statement of comprehensive income (SOCl)	97

<b>Defined benefit costs recognised in other comprehensive income</b>	<b>Year ending 31 March 2021 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	2,606
Experience gains and losses arising on the plan liabilities - gain (loss)	919
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(124)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(8,700)
Total amount recognised in other comprehensive income - gain (loss)	(5,299)

<b>Assets</b>	<b>31 March 2021 (£000s)</b>	<b>31 March 2020 (£000s)</b>
Global Equity	4,564	3,696
Absolute Return	1,580	1,318
Distressed Opportunities	827	487
Credit Relative Value	901	693
Alternative Risk Premia	1,078	1,767
Fund of Hedge Funds	3	15
Emerging Markets Debt	1,156	765
Risk Sharing	1,042	854
Insurance-Linked Securities	687	776
Property	595	556
Infrastructure	1,909	1,880
Private Debt	683	509
Opportunistic Illiquid Credit	728	612
High Yield	857	-
Opportunistic Credit	785	-
Corporate Bond Fund	1,692	1,440
Liquid Credit	342	10
Long Lease Property	561	437
Secured Income	1,191	959
Liability Driven Investment	7,278	8,386
Net Current Assets	174	109
Total assets	28,633	25,269

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

<b>Key assumptions</b>	<b>31 March 2021 % per annum</b>	<b>31 March 2020 % per annum</b>
Discount Rate	2.21%	2.35%
Inflation (RPI)	3.24%	2.56%
Inflation (CPI)	2.87%	1.56%
Salary Growth	3.87%	2.56%

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
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The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.3
Male retiring in 2041	22.9
Female retiring in 2041	24.5

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 1 March 2021	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	10.43%	£864
0.1% increase in the salary increase rate	0.97%	£80
0.1% increase in CPI and RPI	7.91%	£655

**ASSOCIATION SOCIAL HOUSING PENSION SCHEME (SHPS)**

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	26,289	23,261
Present value of defined benefit obligation	33,870	26,630
Surplus (deficit) in plan	(7,581)	(3,369)

Reconciliation of opening and closing balances of the defined benefit obligation	Year ending 31 March 2021 (£000s)
Defined benefit obligation at start of period	26,630
Expenses	17
Interest expense	618
Actuarial losses (gains) due to scheme experience	(825)
Actuarial losses (gains) due to changes in demographic assumptions	114
Actuarial losses (gains) due to changes in financial assumptions	7,942
Benefits paid and expenses	(626)
Defined benefit obligation at end of period	33,870

Reconciliation of opening and closing balances of the fair value of plan assets	Year ending 31 March 2021 (£000s)
Fair value of plan assets at start of period	23,261
Interest income	549
Experience on plan assets (excl. amounts included in interest income) - gain (loss)	2,372
Contributions by the employer	733
Benefits paid and expenses	(626)
Fair value of plan assets at end of period	26,289

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £2,920,000.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

Defined benefit costs recognised in statement of comprehensive income (SOCl)	Year ending 31 March 2021 (£000s)
Expenses	17
Net interest expense	70
Defined benefit costs recognised in statement of comprehensive income (SOCl)	87

Defined benefit costs recognised in other comprehensive income	Year ending 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	2,372
Experience gains and losses arising on the plan liabilities - gain (loss)	825
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(114)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(7,942)
Total amount recognised in other comprehensive income - gain (loss)	(4,859)

Assets	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	4,190	3,402
Absolute Return	1,451	1,213
Distressed Opportunities	759	448
Credit Relative Value	827	638
Alternative Risk Premia	990	1,627
Fund of Hedge Funds	3	14
Emerging Markets Debt	1,061	704
Risk Sharing	957	786
Insurance-Linked Securities	631	714
Property	546	512
Infrastructure	1,753	1,731
Private Debt	627	469
Opportunistic Illiquid Credit	668	563
High Yield	787	-
Opportunistic Credit	721	-
Corporate Bond Fund	1,553	1,326
Liquid Credit	314	9
Long Lease Property	515	402
Secured Income	1,093	883
Liability Driven Investment	6,683	7,720
Net Current Assets	160	100
Total assets	26,289	23,261

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

Key assumptions	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.21%	2.35%
Inflation (RPI)	3.24%	2.56%
Inflation (CPI)	2.87%	1.56%
Salary Growth	3.87%	2.56%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 1 March 2021	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	10.47%	£794
0.1% increase in the salary increase rate	0.94%	£71
0.1% increase in CPI and RPI	8.07%	£612

## 27. CONSOLIDATED STATEMENT OF CASH FLOWS

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Surplus for the financial year	2,488	1,340
<b>Adjustments for non-cash items:</b>		
Other comprehensive income	(778)	(732)
Depreciation of property plant and equipment	3,650	3,397
Impairment of housing properties	19	100
Amortisation of grants	(2,330)	(2,293)
Surplus share in joint venture	6	3
Revaluation loss on investment property	-	-
(Increase) in trade debtors and other receivables	(167)	(566)
Decrease / (Increase) in stock	1,354	(1,004)
Decrease in trade creditors	1,641	207
<b>Total non-cash adjustments</b>	<b>3,395</b>	<b>(888)</b>
<b>Adjustments for investing or financing activities:</b>		
Profit on disposal of property, plant and equipment	(448)	(285)
Refinancing costs	-	-
Interest payable	3,502	3,581
Interest receivable	(29)	(20)
<b>Total investing or financing activities</b>	<b>3,025</b>	<b>3,276</b>
<b>Cash generated by operations</b>	<b>8,908</b>	<b>3,728</b>

	2021 £'000	2020 £'000
<b>Increase in cash and cash equivalents</b>		
Cash	8,572	6,580
Investments	7,529	1,258
	<b>16,101</b>	<b>7,838</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

## NET DEBT RECONCILIATION

	1 April 2020 £'000	Cash flows £'000	31 March 2021 £'000
<b>Cash and cash equivalents</b>			
Cash	6,580	1,992	8,572
Investments	1,258	6,271	7,529
	7,838	8,263	16,101
<b>Borrowings</b>			
Debt due within one year	(1,064)	(8,340)	(9,404)
Debt due after one year	(118,536)	568	(117,968)
	(119,600)	(7,772)	(127,372)
	(111,762)	491	(111,271)

## FREE CASH FLOW

	2021 £'000	2020 £'000
<b>Net cash generated from operating activities</b>	<b>8,908</b>	<b>3,728</b>
Interest paid	(3,502)	(3,581)
Interest received	29	20
<b>Adjustments for reinvestment in existing properties</b>		
Components replaced	(924)	(537)
Purchase of other replacement fixed assets	(12,221)	(14,829)
Component replacement grant received	-	-
<b>Free cash consumed before loan repayments</b>	<b>(7,710)</b>	<b>(15,199)</b>
Loans repaid (excluding revolving credit and overdraft)	(7,728)	(4,260)
<b>Free cash consumed after loan repayments</b>	<b>(15,438)</b>	<b>(19,459)</b>

## 28. RELATED PARTY TRANSACTIONS

The Association works collaboratively with a range of local authorities, other housing providers, the Betsi Cadwaladr University health board as well as numerous other organisations. In particular, the Association is part of the North Wales Housing Accelerator Group (HAG) which supports the North Wales Economic Ambitions Board with the delivery of the North Wales Growth Deal to explore larger scale development opportunities and bring strategic 'stalled' sites forward to meet the demand for affordable housing. Each of the 6 registered social landlords who operate across North Wales had committed £15,000 in 2020, as a contribution towards the cost of fees to support the HAG's exploration of available sites.

Grŵp Cynefin is also working collaboratively with Gwynedd Council, Betsi Cadwaladr University Health Board and Theatr Bara Caws community theatre company) on an exciting and innovative new health, social care, housing and community hub at Penygroes, Gwynedd. Grŵp Cynefin have purchased a site at Penygroes and the Project Board oversees four workstreams being housing and social care, health and social care, community engagement and design and development.

The Association is also a shareholder in the Welsh Housing Partnership and WHP2, which is a joint venture between four housing groups, Coastal Group, Hendre Group, Pobl Group and Grŵp Cynefin. Further information regarding these transactions are states in note 15.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2021

The Association also provided rented accommodation to a tenant Management Board Member during the year. The tenancy is on normal commercial terms and the relevant Management Board Member could not use their position to their advantage. The rent payable in the year by the tenant Management Board Members came to a total of £5,034 (2020- £10,359 for two Management Board Members), £28 was outstanding (2020- £20) at the year-end.

The Association also acts as the Corporate Trustee for two Alms-house Charities; The Charity of Elizabeth Owen, Llanfair Dyffryn Clwyd and Ellen Glynne Homes, Llandwrog. The Alms-houses are separate entities registered with the Charity Commission under charity numbers 237078 and 219790 respectively. All transactions with the Alms-houses are conducted on an arm's length basis. Grŵp Cynefin has charged housing management services to the Alms-houses during the year to the value of £6,811 (2020 - £5,901). The financial statements of the Alms-houses are not consolidated within the financial statements of Grŵp Cynefin as an exemption from group accounts was received from the FCA in May 2021.

## 29. WHOLLY OWNED SUBSIDIARY UNDERTAKINGS

The subsidiaries listed below fall under the overall control of Grŵp Cynefin:

Organisation	Status	Country of Registration	Principal Activity
Canllaw (Eryri) Cyf	Company Limited by guarantee, a registered charity and is registered with the Welsh Government.	Wales	Care and Repair Agency and a Social Enterprise
Gofal a Thrwsio Conwy a Sir Ddinbych	Company Limited by guarantee and a registered charity.	Wales	Care and Repair Agency and a Social Enterprise
Cywaith Cyf	Dormant Company, Limited by guarantee.	Wales	Community Regeneration

As Cywaith Cyf is a dormant company, no significant transactions have been made by Grŵp Cynefin on its behalf.

Gofal a Thrwsio Conwy a Sir Ddinbych is not a Registered Social Landlord, and there has been no significant apportionments, recharges or allocation of turnover, costs, assets and liabilities between Grŵp Cynefin or Canllaw (Eryri) Cyf (as the Registered Social Landlord's within the group) and Gofal a Thrwsio Conwy a Sir Ddinbych. Grŵp Cynefin's net cash contribution to Gofal a Thrwsio Conwy a Sir Ddinbych amounted to £13,815 within the year-ending 31 March 2021.