



## **Annual Report and Financial Statements**

**For the year ended 31 March 2023**

## **REPORT AND FINANCIAL STATEMENTS 2023**

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

Tŷ Silyn  
Ffordd Llanllyfni  
Penygroes  
LL54 6LY

**MANAGEMENT BOARD MEMBERS**

Carys Edwards	Chair
Elen Llwyd Williams	Vice Chair
Dafydd Lewis	
Julia Hughes	(resigned October 2022)
Llinos Iorwerth	
Clifton Robinson	(resigned September 2022)
Mike Corfield	
Jane Lewis	
John Antony Jones	
Geraint Wyn George	
David Lloyd	(appointed September 2022)
Nesley Singleton	(appointed September 2022 – resigned March 2023)
Nigel Finney	(appointed September 2022)
Siôn Fôn	(appointed September 2022)
Ken Beech	(appointed June 2023)
Tony Oakley	(appointed June 2023)

**MANAGEMENT TEAM**

Melville Evans	Interim Chief Executive	(appointed March 2023)
Nia Rhian Owen	Interim Group Director of Resources	(appointed March 2023)
Shan Williams	Chief Executive	(resigned May 2023)
Bryn Ellis	Group Director of Resources	(resigned June 2023)

**COMPANY SECRETARY**

Bryn Ellis	(resigned June 2023)
Helen Wyn Jones	(appointed March 2023)

**BANKERS**

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

**AUDITOR**

Beever and Struthers  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

**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, 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. Finding 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 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**

### DELIVERING THE GRŴP CYNEFIN STRATEGY

During 2022-23, 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.**

## MANAGEMENT BOARD REPORT

In March 2023, Grŵp Cynefin undertook an internal review around asset management and landlord health and safety. Following this review, it took the decision to self-refer to the Welsh Government's Housing Regulator as it was clear the right records and process were not in place to provide assurance around compliance. A timeframe has now been established and agreed with the Board and Regulator for the achievement of compliance in key areas including fire safety, gas, EICR, legionella, radon and lifts. Good progress has been made in a number of key areas including fire safety, electrical servicing and gas safety which is detailed below.

Grŵp Cynefin delivers services which meet the diverse needs of tenants and other service users. It has a range of housing options available, such as social housing with properties ranging from flats, bungalows and a range of various size bedroom properties, sheltered accommodation, extra care schemes, and affordable homes with various shared equity options including the Homebuy scheme. During 2022/23, Grŵp Cynefin also successfully completed acquisition of 53 properties in Machynlleth from Wales & West Housing Association, in line with the strategic aim set.

The extension of the Extra Care scheme at Llys Awelon in Ruthin is currently under construction which will include 35 new units, to be completed during Spring 2024.

This year, Grŵp Cynefin added 97 new units to its stock, disposed of 3 units, bringing the total number of units under management to 4,233 (as per note 5 of the accounts), there are also an additional 755 intermediate homes which are not included within the note, bringing the total to 4,988.

The 4,988 units are made up of the 4,216 rented units which are either owned by Grŵp Cynefin or leased from the Welsh Housing Partnership, but are also managed by Grŵp Cynefin; 755 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. .

Grŵp Cynefin also developed a group wide Sustainability Strategy during 2021-22 which was approved by the Board in February 2022, with the key overall target of being net zero carbon by 2044. Grŵp Cynefin appointed the Carbon Trust to facilitate this work, which includes developing a plan to de-carbonise all our housing stock. 30% of all the group staff will be trained to be Carbon Literate during 2023/24.

Grŵp Cynefin secured a Welsh Government ORP3 funding grant of £1.4m in 2022/23, with additional funding of £1.6m in 2023/24 and £1.6m in 2024/25. The main themes of the ORP3 programme are: Affordable Warmth, Decarbonisation and understanding the best pathway to better energy efficiency for our homes and residents. Grŵp Cynefin have appointed Cyd Innovation to support the appointment of a principal contractor for the delivery of the ORP programme for 12 months.

The appointment of Cyd Innovation as the managing agent for carrying out retrofit works to properties using ECO 4 funding. Property assessments is currently taking place, and once retrofit work is completed, the funding will be made available (during 2023/24).

A Retrofit Steering Group was established to manage the programme and ensure all aspects, including tenant engagement and quality assurance, as the work must be delivered in line with PAS 2035 and 2030 standards, and will include the installation of systems such as efficient electric heating systems, solar panels and insulation.

Grŵp Cynefin also secured a Welsh Government Transitional Accommodation Capital Program (TACP) grant of £1.2m. The grant programme has been put in place to support housing capacity, to try to renovate and re-model empty properties to support demand. The grant is conditional on the property being used to support the temporary movement of people from property, and as a response to the Ukraine crisis. The grant will assist with the refurbishment of 22 properties with Grŵp Cynefin contributing £346k towards the refurbishment costs. Funding was also obtained to purchase property as part of the programme.

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

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

Grŵp Cynefin offers a range of tenant-support services, such as the Housing Team and Welfare Team to support tenants to maintain their tenancy, and our Gorwel services who delivers domestic abuse and homelessness support services.

## MANAGEMENT BOARD REPORT

The Tenant Engagement Strategy (approved September 2022) and Skills and Employment Strategy and action plan (approved March 2023) provide additional services to our tenants and the wider community, such as the Energy Wardens to obtain the best practices and prices on energy costs and use, and specific community regeneration projects under our ‘More than Housing’. During 2022/23, Grŵp Cynefin commissioned TPAS Cymru to undertake a ‘Tenant Engagement Standards Assessment’ against the regulatory requirements, with recommendations being fed into the Tenant Participation work-stream set up in accordance with the delivery of the Voluntary Undertaking.

The Digital Transformation Strategy has delivered a new tenant-facing systems, such as the tenant portal, ‘Cynefin App’ for tenants to access information easier and faster, also a new ‘chat’ facility via our new website, launched in April 2022. The performance information for 2022/23 as follows:

• <i>Number of calls received</i>	<i>39,793</i>
• <i>% answer rate</i>	<i>87%</i>
• <i>Calls answered within 30 seconds</i>	<i>59%</i>
• <i>Average time in queue before answering</i>	<i>58 seconds</i>
• <i>Number of live chats</i>	<i>1,224</i>
• <i>Number of emails to post@Grwpcynefin</i>	<i>10,506</i>

In September 2019, the Customer and Communities Committee approved a Satisfaction Framework to maintain and improve the level of tenant satisfaction. Finding opinions and receiving feedback is a very valuable tool to more accurately measure the needs and priorities of our tenants. The framework forms part of existing arrangements for receiving the views of tenants and supports the new Tenant Engagement Strategy 2022-2025, approved during 2022/23.

Between November 2022 and January 2023, 1051 (25%) tenants took part in a STAR satisfaction survey (out of a total of 4,200), covering numerous questions around satisfaction. Here are some of the key findings:

- 83% of tenants were satisfied with the overall quality of their homes
- 88% were satisfied that their homes is safe and secure
- 93% satisfied with the overall repairs service the last time they had a repair carried out to their home
- 96% satisfied with the ease of reporting the repair
- 94% satisfied with the overall quality of repair work
- 91% satisfied that the last repair was done on time, and that 90% were satisfied that they were kept informed throughout the process
- 92% satisfied with their neighbourhood as a place to live
- 91% satisfied that Grwp Cynefin are easy to deal with
- 93% satisfied with the overall customer experience
- 90% satisfied with the value of money for their rent

Grŵp Cynefin was awarded a ‘Customer Service Excellence’ accreditation (4 elements reaching ‘Compliance Plus’), in accordance with the requirements of the Cabinet Office’s Customer Service Excellence Standards in July 2021, which is reviewed annually. The accreditation was met again in July 2023, with a full review due in July 2024.

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

	<b>2023</b>	<b>2022</b>
Repairs completed within target time	84%	84%
Emergency work completed within 24 hours	99%	98%

Grŵp Cynefin ended the year with 99.9% Gas Safety compliance.

## MANAGEMENT BOARD REPORT

### *Letting and managing property:*

During the period April – March 2023, 345 properties were let, 120 new lets and 225 re lets.

The number of re-lets has decreased once again this year when compared with the same period in recent years, the lowest it has been in the last 5 years. During 2021/22 we had managed to let 319 units which were 72 new properties and 247 re-lets; 2020/21 amid the Covid restrictions we had managed to let 285 units which were 29 new properties and 256 re-lets; 2019/20 we had managed to let 384 units which were 96 new units and 288 re-lets and during 2018/19 there were 374 lets, which were 88 new and 286 re-lets.

Loss of income due to empty properties at the end of March was £321,902. When comparing with the same period the previous year this figure was £271,909. The increase is mainly due to a number of properties that have been empty for over 6 months and the implementation of the new Rent Policy affects this amount. The Association has been successful in receiving a TACP grant and a work program is underway on these properties.

	<b>2023</b>	<b>2022</b>
<b>Arrears</b> as a % of rent collectable (as at year end)	2.59%	2.17%
<b>Rent loss – empty properties</b> as a % of rent collectable (in the year)	1.45%	1.3%
<b>Days taken to let</b> (including relets and new properties) (average in the year)	23	34
<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.	364	405

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

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

Grŵp Cynefin's vision is 'Making a positive difference to lives and communities' and provides and manages a number of initiatives that enable people with a variety of needs to live independently and safely.

The numbers of tenants and cases the welfare team has assisted have increased again this year with assistance given to 1,173 tenants during the year for 1,735 different cases, with total earnings of £1,243,504.37 for the year.

The association supported 22 tenants in gaining employment and development skills, and a total of £2k 'Steps to Employment Grants' was awarded during the year. The Community Initiatives Team became 2<sup>nd</sup> in the TPAS awards in July 2022 for their 'Steps to Employment' programme.

Our subsidiary companies, Canllaw, and Conwy and Denbighshire Care and Repair agencies, also provide housing services and practical solutions when responding to the housing needs of local and older or vulnerable people and attempt to reduce their social disadvantages. Between them, they supported 4786 people, and the total income they have raised directly to support their clients is £695,403.

'Gorwel' offers a cross-section of schemes in terms of supporting children, young people, adults and older people. Domestic Abuse services support victims and also provide provision for perpetrators of domestic abuse thus meeting the diverse needs of its service users. It supports, on average between 750 – 800 people per week and has 62 FTE paid members of staff. Grants form 80% of Gorwel's income.

Gorwel received confirmation in July 2023 that they had met the 'Leading Lights' accreditation, being a programme, which recognises and rewards good and safe practice in community based domestic abuse services across the UK. The programme offers services, partner agencies and commissioners a set of standards for supporting victims of domestic abuse through a risk led response and is designed to ensure that survivors of domestic violence receive the same level of service, regardless of where they are in the country.

Grŵp Cynefin's new Equality, Diversity and Inclusion Strategy was drawn-up during 2022/23, which will form the basis for a revised EDI Policy, and Action Plan for 2023/24 and beyond to be implemented in 2023/24.

## MANAGEMENT BOARD REPORT

### Aim 4: Sustain Communities

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

Grŵp Cynefin's new Tenant Engagement Strategy 2022-2025 was approved by the Customers and Community Committee in March 2022, which provides a clear focus to ensure that our tenants play a key role within the culture of Grŵp Cynefin. The new strategy was developed alongside staff and tenants and provides support and a range of ways in which the tenants can participate at different levels of influence and challenge, thus firmly putting tenants at the heart of all our work.

The Strategy's main aims and objectives, are:

1. A culture of tenant engagement at the heart of the association
2. Improving Services
3. Empowering and increasing Tenant Skills

An example of working in partnership to be a catalyst for positive change is the Dwyfor project, working with the Welsh Government's affordable housing pilot in Dwyfor looking for solutions to Gwynedd's housing crisis. Grŵp Cynefin recruited a 'Senior Community Housing Officer' to work with communities to gather information on local housing needs. As part of this three-year project, it will be tasked with creating housing co-operative projects similar to a community trust, work with other registered social landlords and Gwynedd Council to try and meet the area's local housing needs and promoting community-led housing as a possible solution.

Grŵp Cynefin has provided safe, affordable, quality housing to over 8,000 people in all north Wales counties and north Powys since its inception in 2014. Providing excellent housing and services, contributes to the development of sustainable communities while protecting and promoting the Welsh language, one of the cornerstones of the housing association.

Grŵp Cynefin also administers the Tai Teg register, being the Affordable Housing Register on behalf of housing associations, Local Authorities and Snowdonia National Park offering different options regarding affordable units, whether it is rented (intermediate rent), or assisted purchase via Rent to own or Shared Ownership properties.

Total number of units nominated via Tai Teg to date

Year	No of units
2018.2019	200
2019.2020	300
2020.2021	352
2021.2022	542
2022.2023	367
<b>Total</b>	<b>1,761</b>

The number of units was lower in 2022.23 in comparison with 2021.22 as building sites were closed during covid and since they have re-started the cost of materials has increased and this is reflected in the number of units coming through Tai Teg.

Grŵp Cynefin is working in partnership with Cyngor Gwynedd, Betsi Cadwaladr Health Board, Theatr Bara Caws, and local stakeholders, is leading the development of a Health and Wellbeing Project for Penygroes and Dyffryn Nantlle – Canolfan Lleu. At its core are the principles of working in stronger partnerships to improve wellbeing and a move towards co-production of good health, but it also includes a core commitment to build a new wellbeing environment, a better public realm for the area and a sustainable housing offer based on identified local needs. The development includes a:



## MANAGEMENT BOARD REPORT

- **Health Centre** - Provision to include GP's services, dental, Community Midwifery, District Nurses, Mental Health Services, Children's Services, Social workers and office space for staff, community pharmacy
- **Community Centre** - Multi use space for third sector, youth provision, adult learning. Space includes community kitchen and small café.
- **2 business Units** - Small units for start-up businesses
- **Childrens Nursery** - Provision for 60 children, additional educational outdoor space within care home garden
- **Grŵp Cynefin Offices** - Open plan design, space for 56 staff.
- **Care Home** - 32 bed care home to include dementia provision. Design futureproofed to be able to convert to 100% dementia provision if needed.
- **Extra Care Light** - 17 apartments for older people, 10 x 2 bed and 7 x 1 bed. Provision will share some communal areas with care home.
- **Theatr Bara Caws** - 70 seat theatre, 2 studios and office space.

The Canolfan Lleu development envisages a capital investment of circa £52 million excluding VAT.

To date the project has received partnership funding from Integrated Care Fund (ICF) and the Regional Partnership Board (RPB), and Land Release Fund (LRF) totalling £1,956,905. With the SOC approval, a £1.2 million grant has been awarded through IRCF for financial year 2023/24.

### **Aim 5: Strong and Sustainable Growth**

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

Grŵp Cynefin reported to the June 2022 Governance Committee that it fully met 88% of the requirements of the CHC Code of Governance, with some areas to strengthen and improve, those actions being included within the Governance Improvement Plan to work towards being fully compliant. However, following the revised regulatory judgement a comprehensive governance review is to be undertaken by an external provider, as agreed within the Voluntary Undertaking. The review is to be completed by November 2023.

A Savings and Efficiency Policy was approved by the Board in March 2022. The high-level targets to increase planned maintenance budgets for 2022/23 was £95,000. Procurement efficiencies for 22/23 providing £87k for the year and £159k over the term of the agreements in addition to budgetary savings. Continued procurement efficiencies, budgetary control and improved processes and procedures will continue to ensure targets are achieved.

Grwp Cynefin agreed to invest in a purposeful software for measuring social value on our services during 2022/23, and the 'Impact Reporting' software, at a cost of just over £7,000 was installed at the end of the financial year. Investing in this software will provide a consistent platform for measuring and reporting on the social value of our work, and so over time we will be able to better prove the value of our community projects to others, improve our systems and arrangements to get the most value and be accountable to our stakeholders, customers and investors.

The software also enables us to measure carbon savings as part of our sustainability strategy, and enables us to monitor and measure the social value of our agreements with suppliers.

A Staff Wellbeing Strategy 'Byd o Les' (translated to 'A World of Good') was drawn-up with the aid of an external specialist, and launched in September 2022, with a focus group of staff leading on well-being activities and information. A review of the IIP accreditation was also undertaken in the autumn of 2022, where we regained our 'Silver award'. A new 'People Strategy' is currently being drawn-up, being a strategic aim for 2023/24.

**MANAGEMENT BOARD REPORT****GRŴP CYNEFIN PRINCIPAL ACTIVITIES**

As a registered social landlord, Grŵp Cynefin:

- Manages more than 4,900 homes across North Wales and North Powys
- Provides landlord services through a network of local offices in Bala, Denbigh, Llangefni and Penygroes. 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 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 (WHP), (a joint venture with three other housing groups), that has provided almost 1,800 additional intermediate rent homes since its formation in 2011. During WHP accounting period January – December 2023, Grŵp Cynefin added 2 new WHP to its stock, bringing the total to 142
- Grŵp Cynefin completed 97 new units during 2022/23 against a target of 120 units.
- During 2022/23 Grŵp Cynefin invested over £7.3m (2022 - £8.3m) in its housing stock. This included investment in routine maintenance, planned, inspecting and maintenance work.

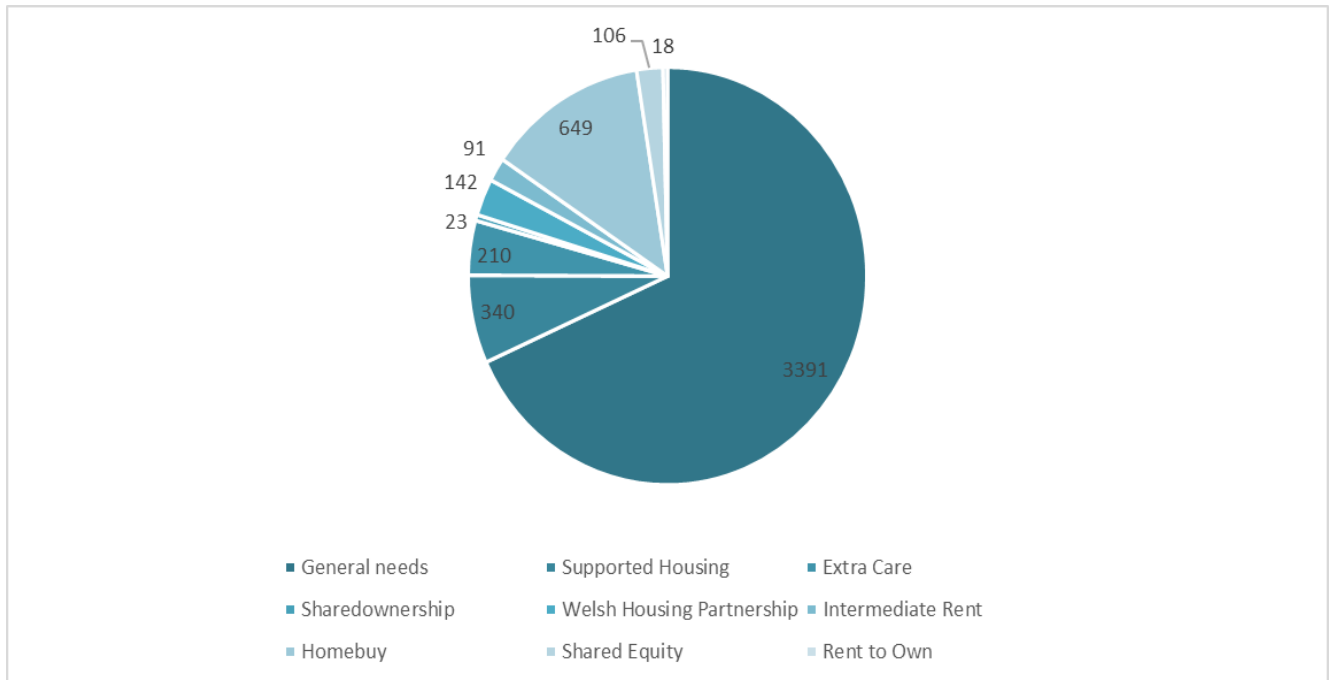
As a group of social businesses Grŵp Cynefin also provides ‘more than housing’ by:

- 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 the Community Energy Wardens employment and vocational training projects which now operates across north Wales and Powys.
- 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.
- 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.

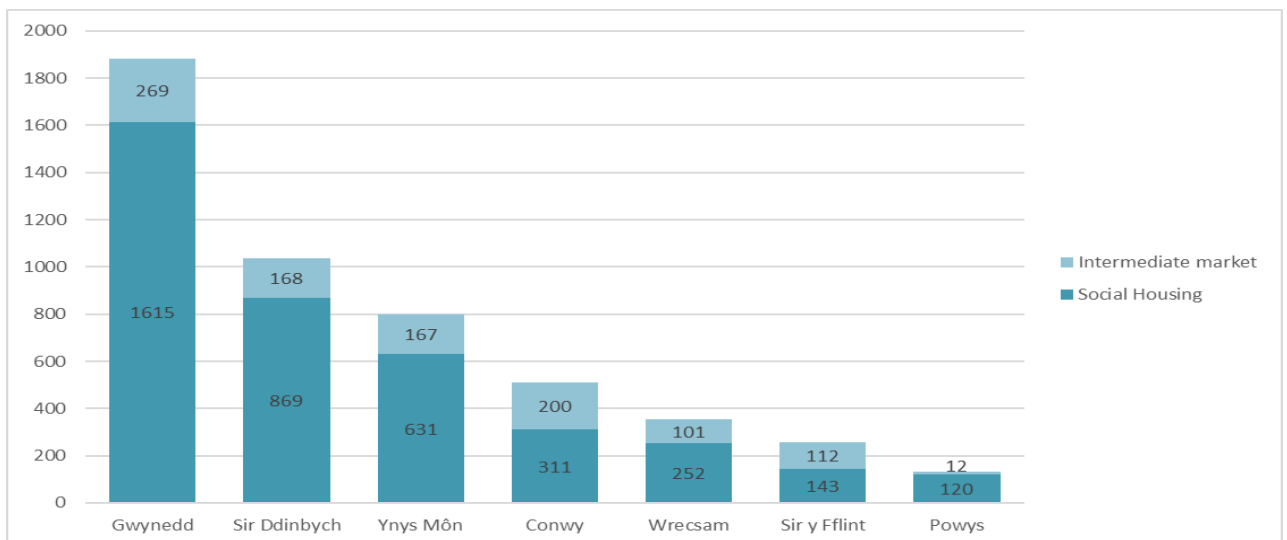
Grŵp Cynefin is one of the only Housing Association throughout Wales conducting its internal business completely through the medium of Welsh and is extremely proud of this unique characteristic. This makes it easier for all its customers to be able to converse with anyone within the association in their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

**MANAGEMENT BOARD REPORT**

**Graph 1: Housing Stock @ 31/03/23 – By Type of property**



**Graph 2: Housing Stock @ 31/03/23 – 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 Strategy was approved in March 2023.

## MANAGEMENT BOARD REPORT

The year ending 31 March 2023, Grwp Cynefin's loan portfolio shows that the Association have outstanding loans of £135m with c.90% of these being on fixed interest rate agreements. This is Grŵp Cynefin's Treasury Management policy minimum of 60%. The £40m long term Note Purchase Agreement was signed in August 2021 along with receipt of the initial tranche of £30m, the second tranche of £5m was received in August 22. At the year end, Grŵp Cynefin had adequate liquidity in place for approximately 18 months, and the level of fixed rate agreements was circa 90%. 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 November 2022 the Welsh Government published its Regulatory Judgement, and Grŵp Cynefin received a 'Compliant' ('Green') judgement for both Governance and Services and Financial Viability. As a result, the Regulator was 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. However, following the self-referral, this judgement was downgraded in March 2023 to 'compliant (yellow) on financial viability' and 'non-compliant (amber)' for governance and tenant services.

The Group turnover for the year was £33m (2022- £31m) of which £24m (2022- £22m) was rental and service charge income. The group's surplus for the year amounted to £1.7m (2022- £1.7m) and following the defined benefit pension adjustment that was required during the year showing actuarial losses of £1m (2022- income of £3.6m), the revenue reserves stood at £32.3m (2022 - £31.7m) at the year-end. The Management Board considers this a positive result for the year. Housing properties stood at a net book value of £312m at the year-end (2022- £303m).

### 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.

Supporting our tenants remained a high priority for Grŵp Cynefin for 2022-23. The arrears performance at year end being 2.59% (2.17% 21/22) against a target of 2.50% (2.00% 21/22) as set by the Customer and Communities Committee.

The net rent arrears figure has increased by the end of March 2023, however, it was anticipated that reducing the arrears would be a big challenge, especially due to the increase in living costs and the reduction of external support, such as Discretionary Housing Costs funds. The net arrears at the end of March of 2.59% corresponds to arrears of £569,685 compared with the total rent collected of £21,975,430.

1422(37%) of tenants are now receiving Universal Credit. Grŵp Cynefin receive direct payments from the Department for Work and Pensions for 559 (39%) of these tenants. This is an increase of 112 since March 2022. Grŵp Cynefin has also set itself a strategic target for 2022-23 to support 32+ people into employment / self-employment.

### Environmental, Social, Governance (ESG) Performance

Grŵp Cynefin produced its ESG Criteria Compliance Certificate under the provisions of its loan agreements, which showed the performance as of 31 March 2023, against the three-performance target set, as follows:

- i. The Energy Performance criteria on New Build properties was Average 93 EPC (against a target of 86) and
- ii. The Energy Performance criteria on existing stock was Average 69.7 EPC (against a target of 70); and
- iii. 36 people (who were, immediately prior to that, unemployed) were supported towards employed work, or self-employed work (against a target of 32)

### The Operating Environment

As a housing association, Grŵp Cynefin continues to operate within a complex environment with changing political, economic, social and environmental challenges and demands.

## MANAGEMENT BOARD REPORT

2022-23 proved to be yet another challenging year, with increased business costs due to increasing building material and labour costs, increasing utility costs and increased interest rates throughout the year. A new Social Rent Setting Policy became operational on 1 April 2022 and was developed in accordance with the Welsh Government's social rent policy 2020 – 2025. The policy was aimed at improving the affordability measures for current and future social housing residents through demonstrating that our homes and services represented value for money whilst ensuring our properties remain sustainable for the long term. In conjunction Grwp Cynefin developed a new Efficiency and Savings Policy which aims to generate both financial and non-financial savings (improving efficiency), and to maximise income generation.

The need continues for good quality and affordable housing, more so in some rural locations in Wales due to the housing crisis, and the second homes boom. Welsh Government has set an ambitious target to provide 20,000 new low carbon social homes and is currently consulting on the latest Welsh Housing Quality Standard (WHQS), which will be referred to as WHQS 2, where the most significant area of focus will be on retrofitting / decarbonising the current housing stock. Given the importance of reducing carbon emissions in the future, the challenge of improving the energy performance of our housing stock will be key.

### 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.

As mentioned above, Grŵp Cynefin also developed a group wide Sustainability Strategy which was approved by the Management Board in February 2022. Grŵp Cynefin appointed the Carbon Trust to facilitate this work, who also facilitated consultation sessions with staff, tenants and the Leadership Team. Strategic workshops were also held with Management Board Members and presented the strategy and action plan to the Customers and Communities Committee to discuss key priorities. Grŵp Cynefin have appointed a Board Decarbonisation Champion and will establish a 'Green Group' comprising of tenants, staff and Board Members to oversee the strategy and action plan. Grŵp Cynefin have appointed a new Energy and Retrofit Manager in August 2023 who will work closely with external specialists in delivering the Strategy moving forward.

### Welsh Housing Quality Standards (WHQS)

The Welsh Housing Quality Standard (WHQS) was first introduced in 2002 and required all social landlords to improve their housing stock to an acceptable level by December 2020. The Standard ensures that dwellings are of good quality and are suitable for the needs of existing and future residents. WHQS sets criteria to meet the standard; these include the need for dwellings to be in a good state of repair, be safe and secure and have adequate heating, be fuel efficient and be well insulated. Whilst most social landlords have met the standard and continue to maintain it, an extension beyond the deadline was agreed by the Minister for Housing and Local Government where required. The WHQS are currently in the process of being reviewed and consulted upon, and an announcement in respect of WHQS2 is expected around November 2023. It is anticipated that decarbonisation will be an integral part of the new standard.

Grwp Cynefin reported to Welsh Government @ 31/03/23 that it was 100% fully compliant with acceptable fails, as follows:

3,698 stock @ 31.03.23 of which 2,792 was fully compliant, and 906 compliant subject to acceptable fails.

Grwp Cynefin are working with our advisors to ensure that work to address WHQS performance shall be profiled and planned to continue to reduce 'Acceptable Fails' as efficiently and quickly as possible, within budget and resources available.

During 2022/23, external advisors have been commissioned to undertake condition surveys of our all stock, which will inform future WHQS returns, provide comprehensive investment requirements for a 30-year planned maintenance forecast, provide information to Grwp Cynefin customers of expected works, in addition providing independent assurance on the condition of Grwp Cynefin properties. External data analysts have also been commissioned, along with specialist software, to analyse the stock data, as collected. A 100% Stock Condition Survey is due to be completed by March 2024.

## MANAGEMENT BOARD REPORT

### Health and Safety

At the end of the 2022-23 financial year, in March 2023, Grŵp Cynefin undertook an internal review around asset management and landlord health and safety, as it was clear the right records and process were not in place to provide full assurance around compliance data.

Extensive investment and progress have been made, including:

- Establishing a specialist interim Compliance Team in areas such as fire safety, asbestos, maintenance, data analyst and IT software programme specialist
- Commissioning an external specialist to undertake 100% stock condition surveys by the end of March 2024
- Commissioning specialist software systems to manage stock condition, fire safety, and asbestos data and to manage compliance certificates
- Developing a new Compliance Dashboard, which is presented to Board and Regulator on a monthly basis.
- To complete the asbestos programme of works by November 2025 and that all management surveys are completed for 2025 for dwellings and non-dwellings.
- Developed a platform called Smart Survey to give us the CO2 detector data required for existing, replacement and new detector installations.
- Water Risk Assessments on all our Sheltered and Extra care facilities reviewed and recorded by on-site staff.

Compliance Performance improvement data was:

	July 2023	December 2022
Heating - Gas	100%	100%
Heating - Solid Fuel	100%	34%
Heating - Oil	100%	93%
Heating - ASHP	100%	0%
Heating - GSHP	100%	0%
Electrical	96%	99%
CO2	57%	0%
Asbestos - dwellings	39%	8%
Asbestos – non - dwellings	72%	0%
Water	84%	32%
FRA	100%	19%

### 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.

### Equality, Diversity and Inclusion

One of the strategic aims set for 2022-23 was to develop an Equality, Diversity and Inclusion (EDI) Strategy, and the strategy was approved by the Management Board in May 2023. The next steps will be to review the EDI Policy, and draw-up an EDI Action Plan for 2023-24 to move the work around this area forward.

Board EDI data is monitored, and targeted recruitment campaigns are held for under-represented groups. The most recent campaign is to recruit a Welsh-speaking Chair, and to increase the number of Welsh-speaking Board members onto the Grŵp Cynefin Board from September 2023.

## MANAGEMENT BOARD REPORT

### Grŵp Cynefin staff

As at the end of March 2023, the key staff performance indicators were as follows:

	2023	2022
Number of staff at year end	278	267
Full time equivalent	237	221
Split between Male/Female employees	68 Male 210 Female	68 Male 199 Female

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.

### Approach to risk management and risk appetite

Grŵp Cynefin has a ‘three lines of defence’ approach to risk, with risks being managed on an electronic forum for ease of monitoring.

Headline risks include: 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, and damage to reputation. All of the risks identified have controls in place to mitigate or manage their impact on the Group.

In October 2022, the Audit and Risk Committee assigned most of the meeting to undertake a ‘risk deep dive’ where the key risks were scrutinised in detail, and an opportunity to discuss and to identify any new or emerging risks.

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

Risks are managed by named risk-owners, and monitored monthly by the Leadership Team, and quarterly by the Audit and Risk Committee. All front papers to Board and Committee papers include reference to risk, and links to any current risks and controls.

The Risk Management framework will be reviewed as part of the Governance Review, being a requirement of the Voluntary Undertaking.

### 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 2021-22, the Audit and Risk Committee undertook a formal tendering process for an internal audit provider, as the current provider, being BDO’s, contract was ending at the end of March 2022 following a 12-month extension approved in 2021. The successful provider appointed were Mazars, and who commenced on 01/04/22 for a period of 3 years.

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

## MANAGEMENT BOARD REPORT

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

### Grwp Cynefin as a 'Going Concern'

At the end of the 2022-23 financial year, in March 2023, Grŵp Cynefin undertook an internal review around asset management and landlord health and safety.

Following this review, it took the decision to self-refer to the Welsh Government's Housing Regulator as it was clear the right records and process were not in place to provide assurance around compliance.

This led to a revised Regulatory Judgement being 'compliant (yellow) on financial viability' and 'non-compliant (amber)' for governance and tenant services. Grŵp Cynefin entered into a Voluntary Undertaking on the 27<sup>th</sup> March 2023, and are continuing to work closely with the Regulator in its execution.

The Voluntary Undertaking (VU) is a legal document which details the formal commitment by the organisation to address key areas of concern around compliance and Health and Safety in Asset Management. The VU has also committed the organisation to review its activities across the organisation in terms of Board and corporate governance, financial management and business modelling. The key requirements of the VU have all been included in a detailed Business Improvement Plan (BIP) which has been approved by the Management Board and Regulator which lists 5 key priority areas of work as follows:

- **Compliance & Health and Safety:** A timeframe has now been established and agreed with the Board and Regulator for the achievement of compliance in key areas including fire safety, gas, EICR, legionella, radon and lifts. Good progress has been made in a number of key areas including fire safety, electrical servicing and gas safety which is detailed in the approved 'Performance Dashboard' (see above).
- **Financial Viability and Resilience:** A specialist company has been commissioned to undertake a full stock condition survey of our properties, with a target of achieving 100% by the end of March 2024. A 2024-2053 financially viable business plan meets with the stress testing and recovery requirements set out by the regulator.
- **Governance:** As part of the VU, Grwp Cynefin have commissioned a specialist company to undertake a model business and Governance review, both of which will be completed by November 2023. The same company is supporting us on the recruitment of a new Chair for the Management Board, when the current Chair's 9-year term expires.



## MANAGEMENT BOARD REPORT

- **People and Culture:** The key element to this workstream is to develop a People Strategy, through the support of a specialist company, which is expected to be ready by the end of September 2023.
- **Tenant Engagement.** This remains very much a focus and is woven throughout every element of the Business Improvement Plan. Significant consultations have taken place led by a tenant-focussed communications plan, and specialised ‘compliance-themed’ estate walkabouts.

Significant project management arrangements have been put in place to oversee the delivery of the Business Improvement Plan (BIP). This includes the appointment of two experienced Project Managers to oversee, monitor and implement the BIP and a new performance monitoring software has been purchased. This will enable progress against all workstreams on the BIP to be reviewed by both staff and Board Members and allow transparency in tracking key actions. Progress against each of these workstreams is reported to both the Board and Regulator every two weeks starting from the beginning of July 2023.

Whilst the delivery of the BIP has been and will remain a clear priority for Grwp Cynefin for the foreseeable future, it has been critical for the organisation to continue delivering all its landlord services to our tenants and the communities which we serve. Significant achievement has been made during 2022/23 such as:

- Gorwel achieving the “*Leading Lights*” accreditation,
- Rent arrears levels achieving 2.8%, comparing very favourably to other Welsh RSLs;
- Canolfan Lleu receiving Strategic Outline Case (SOC) approval from Welsh Government and a further £1.2M grant for the next stage of the project;
- Welfare Team generated sustained income for 1173 tenants of £1.2m – which is additional income in our tenants' pockets;
- Successful completion of new housing development at Gerddi Bach, Waunfawr providing much needed affordable housing for local people;
- Success at the recent LABC Regional Awards for the “Llety’r Adar” scheme in Bethesda.
- TACP funding of £1.2m
- ORP3 funding of £4.6m up to 24/25

### 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
- 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

## MANAGEMENT BOARD REPORT

- 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

Grŵp Cynefin formally adopted new registered rules in their EGM in August 2021, which were based on model rules launched by Community Housing Cymru, in conjunction with Welsh Government and Devonshires Solicitors. Grŵp Cynefin commissioned Devonshires to further facilitate this work, and to support the Board with identifying and understanding the key changes to the previous rules.

The Management Board also formally adopted the Community Housing Cymru revised Code of Governance launched in the summer of 2021, in their July 2021 meeting, and conduct annual self-appraisals, namely ‘apply and explain’ in line with the requirements of the code.

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 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.
- Remuneration and Governance Committee consisting of the Chairs of each group Management Board and each Committee, and other Management Board members as necessary. The Committee currently oversees all governance and remuneration matters

### 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:

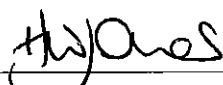
- there is no relevant audit information of which the Association's auditor is unaware; and
- the members of the Management Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Grŵp Cynefin's Annual General Meeting will be held on the 21<sup>st</sup> September 2023. At this meeting, the Association's 2022-23 Annual Report will be presented for adoption.

### AUDITOR

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

By order of the Management Board

  
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 2023 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 2023 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 pages 15 to 16, 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  
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M4 5DL

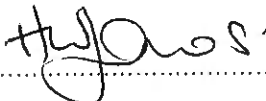
Date: 29 September 2023

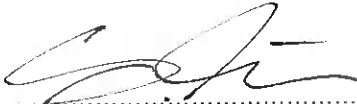
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2023**

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>TURNOVER</b>	3		<u>33,372</u>		<u>30,789</u>
Operating expenditure		(28,042)		(25,596)	
Cost of Sales		-		-	
Gain on disposal of property, plant and equipment		387		472	
	3		<u>(27,655)</u>		<u>(25,124)</u>
<b>OPERATING SURPLUS</b>	10		<u>5,717</u>		<u>5,665</u>
Share of (loss)/profit in joint venture	15		(18)		25
Interest receivable	8		117		22
Refinancing Costs	9		-		(560)
Interest and financing costs	9		(4,159)		(3,492)
			<u>1,657</u>		<u>1,660</u>
<b>SURPLUS BEFORE TAX</b>					
Taxation	11		-		
<b>SURPLUS FOR THE YEAR</b>			<u>1,657</u>		<u>1,660</u>
Other comprehensive income					
Actuarial gain/ (loss) on defined benefit pension scheme	26		(957)		3,559
			<u>700</u>		<u>5,219</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>700</u></u>		<u><u>5,219</u></u>

These financial statements were approved by the Management Board on 13<sup>th</sup> September 2023  
 Signed on its behalf by:

  
 ..... Management Board Member

  
 ..... Secretary

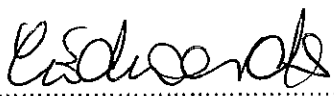
  
 ..... Management Board Member

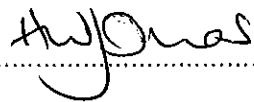
The notes on pages 30 to 59 form part of these financial statements


**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2023**

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>TURNOVER</b>	3a		30,668		28,354
Operating expenditure		(25,528)		(23,438)	
Cost of sales					
Gain on disposal of property, plant and equipment		387		472	
	3a		(25,141)		(22,966)
<b>OPERATING SURPLUS</b>	10		5,527		5,388
Interest receivable	8		109		22
Refinancing costs	9		-		(560)
Interest and financing costs	9		(4,151)		(3,477)
<b>SURPLUS BEFORE TAX</b>			1,485		1,373
Taxation	11				-
<b>SURPLUS FOR THE YEAR</b>			1,485		1,373
Other comprehensive income: 'Actuarial gain/ (loss) on defined benefit pension scheme'	26		(885)		3,264
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			600		4,637

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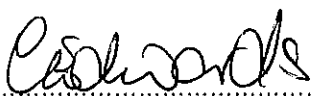
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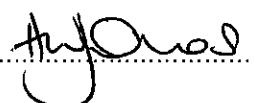


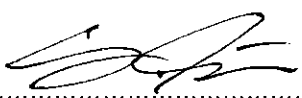
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2023**

	Note	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Intangible assets	12	554	660
Housing properties	13	312,153	303,024
Other property, plant and equipment	14	10,367	10,504
Investments	15	30,379	29,478
		<hr/>	<hr/>
		353,453	343,666
<b>CURRENT ASSETS</b>			
Stock	16	102	351
Debtors	17	4,228	10,138
Debtors: amounts receivable after more than one year	17a	9,083	9,359
Investments	18	6,632	6,047
Cash		10,031	6,398
		<hr/>	<hr/>
		30,076	32,293
<b>CREDITORS: amounts falling due within one year</b>	19	(22,541)	(20,048)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		7,535	12,245
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		360,988	355,911
<b>CREDITORS: amounts falling due after more than one year</b>			
	20	(323,963)	(319,372)
Provisions for liabilities and charges	20a	(503)	(771)
Defined benefit pension liability	26	(4,156)	(4,102)
		<hr/>	<hr/>
<b>NET ASSETS</b>		32,366	31,666
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		32,338	31,658
Restricted reserve		28	8
		<hr/>	<hr/>
<b>TOTAL RESERVES</b>		32,366	31,666
		<hr/> <hr/>	<hr/> <hr/>

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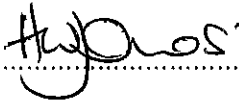
**ASSOCIATION STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2023**

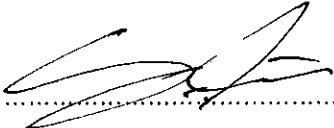
	Note	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Intangible assets	12	554	660
Housing properties	13	312,153	303,024
Other property, plant and equipment	14a	10,295	10,480
Investments	15	31,409	30,490
		<u>354,411</u>	<u>344,654</u>
<b>CURRENT ASSETS</b>			
Stock	16	-	285
Debtors	17	3,812	9,871
Debtors: amounts receivable after more than one year	17a	9,083	9,359
Investments	18	6,632	6,047
Cash		9,079	5,357
		<u>28,606</u>	<u>30,919</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(22,297)</u>	<u>(19,839)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>6,309</u>	<u>11,080</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		360,720	355,734
<b>CREDITORS: amounts falling due after more than one year</b>	20	(323,963)	(319,372)
<b>Provisions for liabilities and charges</b>	20a	(503)	(771)
<b>Defined benefit pension liability</b>	26	(3,808)	(3,745)
		<u>32,446</u>	<u>31,846</u>
<b>NET ASSETS</b>		<u>32,446</u>	<u>31,846</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		32,446	31,846
Restricted reserve		-	-
<b>TOTAL RESERVES</b>		<u>32,446</u>	<u>31,846</u>

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The notes on pages 30 to 59 form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2023**

	<b>Hardship Fund (restricted)</b>	<b>Revenue Reserve</b>	<b>Total 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2022	8	31,658	31,666
Surplus for the year	-	1,657	1,657
Transfer in the Year	20	(20)	0
Other comprehensive income			
• Actuarial gains	-	(957)	(957)
	<hr/>	<hr/>	<hr/>
Reserves at 31 March 2023	<b>28</b>	<b>32,338</b>	<b>32,366</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<b>Hardship Fund (restricted)</b>	<b>Revenue Reserve</b>	<b>Total 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2021	8	26,439	26,447
Surplus for the year	-	1,660	1,660
Other comprehensive income			
• Actuarial losses	-	(3,599)	3,599
	<hr/>	<hr/>	<hr/>
Reserves at 31 March 2022	<b>8</b>	<b>31,658</b>	<b>31,666</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 59 form part of these financial statements

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2023**

	<b>Revenue Reserve</b>	<b>Total 2023</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2022	31,846	31,846
Surplus for the year	1,485	1,485
Other comprehensive income		
• Actuarial gains	(885)	(885)
	<hr/>	<hr/>
Reserves at 31 March 2023	<b>32,446</b>	<b>32,446</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>Revenue Reserve</b>	<b>Total 2022</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2021	27,209	27,209
Surplus for the year	1,373	1,373
Other comprehensive income		
• Actuarial gains	3,264	3,264
	<hr/>	<hr/>
Reserves at 31 March 2022	<b>31,846</b>	<b>31,846</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 59 form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 March 2023**

	Note	2023 £'000	2022 £'000
<b>Net cash generated from operating activities</b>	27	<b>5,373</b>	5,733
<b>Cash flows from investing activities</b>			
Purchase and construction of housing properties		(12,214)	(12,574)
Sale of housing properties		690	561
Social housing grant received		11,480	5,098
Purchase of other fixed assets		(249)	(117)
Component replacements		(791)	(1,345)
Sale of other fixed assets		13	-
Other fixed assets grant disposals		21	(114)
Investments		-	-
Investment in Low-cost home ownership loans		(919)	487
Interest received		117	22
<b>Net cash from investing activities</b>		<b>(1,852)</b>	<b>(7,982)</b>
<b>Cash flows from financing activities</b>			
Loans received		4,993	43,615
Repayment of borrowings		(369)	(41,512)
Refinancing costs		-	(349)
Interest paid		(3,927)	(3,161)
<b>Net cash from financing activities</b>		<b>697</b>	<b>(1,407)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,218</b>	<b>(3,656)</b>
Cash and cash equivalents at the beginning of year		12,445	16,101
<b>Cash and cash equivalents at end of year</b>		<b>16,663</b>	<b>12,445</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

### 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 2023

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
------------------	---------

#### 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 2023

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 2023

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 2023****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 participates 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 the defined benefit pension plan is determined using an actuarial valuation with scheme liabilities measured using the projected unit credit method and discounted at appropriate high quality corporate bond rates. The scheme assets are measured at fair value. The net surplus or deficit is recognised on the statement of financial position. The finance cost is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. '

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**

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 2023****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, their future cash flows and service potential.

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)

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 2023**
**3. CONSOLIDATED TURNOVER AND OPERATING COSTS**

	2023			2022		
	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>	26,420	(20,437)	5,983	24,586	(18,959)	5,627
<b>Income and expenditure on Property sales</b>	-	-	-	-	-	-
<b>Other income and expenditure</b>						
Affordable homes team	200	(693)	(493)	171	(541)	(370)
Conwy Homeless Scheme	39	(39)	-	34	(34)	-
Development services	-	(760)	(760)	-	(668)	(668)
Gorwel	2,539	(2,560)	(21)	2,465	(2,458)	7
HWB	182	(165)	17	143	(135)	8
Rural Housing Enablers	196	(174)	22	135	(123)	12
Other Income and Expenditure	734	(355)	379	612	(315)	297
Enterprise Centre	133	(114)	19	71	(81)	(10)
Energy Wardens	57	(50)	7	59	(47)	12
Y Shed, Meliden	168	(180)	(12)	78	(77)	1
Canllaw (Eryri) Cyf	1,210	(1,119)	91	1,134	(1,027)	107
Gofal a Thrawsio Conwy a Sir Ddinbych	1,494	(1,395)	99	1,301	(1,131)	170
<b>Total</b>	<b>33,372</b>	<b>(28,041)</b>	<b>5,331</b>	<b>30,789</b>	<b>(25,596)</b>	<b>5,193</b>
Gain on disposal of property, plant and equipment			387			472
<b>Operating Surplus</b>			<b>5,718</b>			<b>5,665</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 2023**

## 3a ASSOCIATION TURNOVER AND OPERATING COSTS

	<b>2023</b>	<b>2022</b>		<b>2023</b>	<b>2022</b>	
	<b>Turnover</b>	<b>Operating Costs</b>	<b>Operating Surplus/(deficit)</b>	<b>Turnover</b>	<b>Operating Costs</b>	<b>Operating Surplus/(deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income and expenditure on lettings (Note 4)</b>	26,420	(20,437)	5,983	24,586	(18,959)	5,627
<b>Income and expenditure on Property sales</b>	-	-	-	-	-	-
<b>Other income and expenditure</b>						
Affordable homes team	200	(693)	(493)	171	(541)	(370)
Conwy Homeless Scheme	39	(39)	-	34	(34)	-
Development services	-	(760)	(760)	-	(668)	(668)
Gorwel	2,539	(2,560)	(21)	2,465	(2,458)	7
HWB	182	(165)	17	143	(135)	8
Rural Housing Enablers	196	(174)	22	135	(123)	12
Other Income and Expenditure	734	(355)	379	612	(315)	297
Enterprise Centre	133	(114)	19	71	(81)	(10)
Energy Wardens	57	(50)	7	59	(47)	12
Y Shed, Meliden	168	(180)	(12)	78	(77)	1
<b>Total</b>	<b>30,668</b>	<b>(25,527)</b>	<b>5,141</b>	<b>28,354</b>	<b>(23,438)</b>	<b>4,916</b>
Gain on disposal of property, plant and equipment			387			472
<b>Operating Surplus</b>			<b>5,528</b>			<b>5,388</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 2023**
**4. TURNOVER FROM LETTINGS**

			2023	2022
	General Needs £'000	Supported Housing £'000	Total £'000	Total £'000
Rents	20,166	1,644	21,810	20,624
Service charge	1,850	81	1,931	1,469
				22,093
Amortisation of grant	2,515	164	2,679	2,493
Total income	24,531	1,889	26,420	24,586
<b>Operating costs of lettings</b>				
Services	2,309	181	2,490	1,654
Management	4,357	411	4,768	4,346
Day-to-day maintenance	4,449	446	4,895	4,787
Planned maintenance	3,028	348	3,376	3,884
Community development	647	50	697	637
Depreciation of housing properties	3,694	284	3,978	3,698
Impairment	105	8	113	-
	18,589	1,728	20,317	19,006
<b>Losses from bad debts</b>	120	-	120	(47)
<b>Total expenditure</b>	18,709	1,728	20,437	18,959
<b>Operating surplus</b>	5,822	161	5,983	5,627
Void Losses	319	3	322	272

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

### 5. UNITS UNDER MANAGEMENT

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
General needs rented units (including social rented, intermediate rented and ‘try before you buy’)	3,483	3,387
Supported housing rented units	340	344
Extra care units	210	210
Shared ownership units: rented	23	23
Welsh Housing Partnership units	142	140
Rent to Own	18	18
Managed on behalf of the Charity Elizabeth Owen	7	7
Managed on behalf of the Charity Tai Ellen Glynn	10	10
	<u>4,233</u>	<u>4,139</u>

### 6. DIRECTORS’ EMOLUMENTS

The emoluments paid to the highest paid officer, namely the Chief Executive Officer (Shan Ll. Williams), were £106k excluding pension contributions (2022- £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 £8,554 (2022 - £7,873); whilst other benefits namely travel provision amounted to £5K (2022 - £5K).

During the year the number of persons, including the highest paid, who received emoluments (excluding national insurance, pension contributions and redundancy pay) in the following range was:

	<b>2023</b>	<b>2022</b>
	<b>£’000</b>	<b>£’000</b>
£40,001 - £50,000	1	
£50,001 - £60,000		3
£60,001 - £70,000		1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>1</u>	<u>5</u>

The Leadership Team’s emoluments and pension:

	<b>2023</b>	<b>2022</b>
	<b>£’000</b>	<b>£’000</b>
Wages and salaries	325	296
Social security costs	40	35
Pension	27	23
	<u>392</u>	<u>354</u>



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

During the year fees of £60,223 were paid to the Management Board members (2022 – £54,000). 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.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Total Management Board member expenses claimed	<u>1</u>	<u>-</u>

### 7. EMPLOYEE INFORMATION

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

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Administrative staff	250	238	221	210
Wardens	10	8	10	8
Workforce	18	14	6	3
	<u>278</u>	<u>260</u>	<u>237</u>	<u>221</u>
Staff costs were as follows:	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,597	7,731	7,391	6,628*
Social security costs and levy	871	745	761	641
Pension contributions	229	214	153	141
Actuarial adjustments	-	-	-	-
	<u>9,697</u>	<u>8,690</u>	<u>8,305</u>	<u>7,410</u>

\* The wages and salaries figure excludes redundancy payments made for loss of office. 2023 total £0 (2022 - £20k.)

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**
**8. INTEREST RECEIVABLE**

	<b>Group 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>Association 2023 £'000</b>	<b>Association 2022 £'000</b>
Interest on bank and money market accounts	116	21	108	21
Other interest	1	1	1	1
	<u>117</u>	<u>22</u>	<u>109</u>	<u>22</u>

**9. INTEREST PAYABLE**

	<b>Group 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>Association 2023 £'000</b>	<b>Association 2022 £'000</b>
Interest on loans	4,167	3,761	4,167	3,761
Interest capitalised	(262)	(533)	(262)	(533)
Interest paid on defined benefit pension liability	100	175	92	160
Other finance charges	154	89	154	89
	<u>4,159</u>	<u>3,492</u>	<u>4,151</u>	<u>3,477</u>

**10. OPERATING SURPLUS**

The operating surplus is stated after charging the following:

	<b>Group 2023 £'000</b>	<b>Group 2022 £'000</b>	<b>Association 2023 £'000</b>	<b>Association 2022 £'000</b>
Depreciation - assets owned by the Association	4,142	3,968	4,113	3,955
Amortisation – capitalised grants	(2,679)	(2,493)	(2,679)	(2,493)
External auditor's remuneration (excludnig VAT):				
- In their capacity as auditors	26	26	22	22
	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</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 2023**
**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 2022	1,120	<b>1,120</b>
Reclassification	4	<b>4</b>
	<hr/>	<hr/>
At 31 March 2023	1,124	<b>1,123</b>
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 April 2022	460	<b>460</b>
Charge for the year	110	<b>110</b>
	<hr/>	<hr/>
At 31 March 2023	570	<b>570</b>
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 March 2023	554	<b>554</b>
	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2022	660	<b>660</b>
	<hr/> <hr/>	<hr/> <hr/>

**GRŴP CYNEFIN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**

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

	Rented housing		Shared o'ship	Leased properties		Total £'000
	Completed schemes £'000	Schemes under construction £'000	Completed Schemes £'000	Long lease £'000	Short lease £'000	
<b>Cost</b>						
At 1 April 2022	320,520	10,898	3,961	9,792	72	345,243
Additions	4,040	8,174	-	-	-	12,214
Schemes completed during the year	10,905	(10,917)	(3)	15	-	-
Component additions to existing properties	1,187	-	-	10	-	1,197
Components removed	(404)	-	-	(2)	-	(406)
Disposals	(319)	-	-	-	-	(319)
At 31 March 2023	335,929	8,155	3,958	9,815	72	357,929
<b>Depreciation</b>						
At 1 April 2022	38,721	-	771	2,661	66	42,219
Charge for the year	3,708	-	8	168	1	3,885
Components removed	(310)	-	-	(2)	-	(312)
Disposals	(16)	-	-	-	-	(16)
At 31 March 2023	42,103	0	779	2,827	67	45,776
<b>Net book value</b>						
At 31 March 2023	293,826	8,155	3,179	6,988	5	312,153
At 31 March 2023	281,799	10,898	3,190	7,131	6	303,024

The additions to housing properties include capitalised development staff expenditure of £603k (2022 - £529K) and capitalised interest expenditure of £262K (2022 - £534K). The cost of component additions includes capitalised staff costs of £119K (2022 £121K).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**
**14. CONSOLIDATED 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 2022	11,158	573	35	2,011	64	246	145	<b>14,232</b>
Additions	-	-	-	159	-	61	25	<b>245</b>
Disposals	-	-	-	(9)	-	-	-	<b>(9)</b>
Reclassification				(4)				<b>(4)</b>
At 31 March 2023	<u>11,158</u>	<u>573</u>	<u>35</u>	<u>2,157</u>	<u>64</u>	<u>307</u>	<u>170</u>	<b><u>14,464</u></b>
<b>Depreciation</b>								
At 1 April 2022	944	569	35	1,800	64	240	76	<b>3,728</b>
Charge for the year	113	3	-	111	-	18	13	<b>258</b>
Disposals	-	-	-	(2)	-	-	-	<b>(2)</b>
Impairment	113							<b>113</b>
At 31 March 2023	<u>1,170</u>	<u>572</u>	<u>35</u>	<u>1,909</u>	<u>64</u>	<u>258</u>	<u>89</u>	<b><u>4,097</u></b>
<b>Net book value</b>								
At 31 March 2023	<u>9,988</u>	<u>1</u>	<u>-</u>	<u>248</u>	<u>-</u>	<u>49</u>	<u>81</u>	<b><u>10,367</u></b>
At 31 March 2022	<u>10,214</u>	<u>4</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>6</u>	<u>69</u>	<b><u>10,504</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**
**14 a. ASSOCIATION 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 2022	11,158	498	35	1,935	64	212	145	<b>14,047</b>
Additions	-	-	-	143	-	-	25	<b>168</b>
Disposals	-	-	-	(9)	-	-	-	<b>(9)</b>
Reclassification	-	-	-	(4)	-	-	-	<b>(4)</b>
At 31 March 2023	11,158	498	35	2,065	64	212	170	<b>14,202</b>
<b>Depreciation</b>								
At 1 April 2022	944	497	35	1,739	64	212	76	<b>3,567</b>
Charge for the year	113	1	-	102	-	-	13	<b>229</b>
Disposals	-	-	-	(2)	-	-	-	<b>(2)</b>
Impairment	113	-	-	-	-	-	-	<b>113</b>
At 31 March 2023	1,170	498	35	1,839	64	212	89	<b>3,907</b>
<b>Net book value</b>								
At 31 March 2023	9,988	-	-	226	-	-	81	<b>10,295</b>
At 31 March 2022	10,214	1	-	196	-	-	69	<b>10,480</b>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2023****15. FIXED ASSETS - INVESTMENTS**

	Low-cost home ownership loans (note 25) £'000	Interest in Joint venture £'000	Total £'000
<b>Consolidated</b>			
At 1 April 2022	24,988	4,490	<b>29,478</b>
Additions	1,580	-	<b>1,580</b>
Disposals	(661)	-	<b>(661)</b>
Share in joint venture	-	(18)	<b>(18)</b>
	<u>25,907</u>	<u>4,472</u>	<u><b>30,379</b></u>
<b>Association</b>			
At 1 April 2022	24,988	5,502	<b>30,490</b>
Additions	1,580	-	<b>1,580</b>
Disposals	(661)	-	<b>(661)</b>
	<u>25,907</u>	<u>5,502</u>	<u><b>31,409</b></u>

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 2023 is as follows:

	Original WHP shares	WHP Tfr to Reserves	WHP Shares	WHP2 Shares	Equity %
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>
At 31 March 2023	<u>29,600</u>	<u>(13,297)</u>	<u><b>16,303</b></u>	<u><b>25,417</b></u>	<u><b>100%</b></u>

The WHP and WHP2 have a 31<sup>st</sup> December financial year-end and have published their latest audited financial statements for the year ended 31 December 2021. The share in the losses in the joint venture of 18k is based upon the draft financial statements for the year ended 31 December 2022 which show a loss after tax in WHP of £1K (2022 – £50K) and a loss after tax in WHP2 of £180K (2022 – £203K). During the year, Grŵp Cynefin and the associated partners within WHP did not invest further in WHP2 Limited (WHP2).

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**

	<b>WHP</b> <b>£'000</b>	<b>WHP2</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>Consolidated</b>			
At 1 April 2022	1,901	2,589	4,490
Additions	-	-	-
Share of loss	-	(18)	(18)
	<hr/>	<hr/>	<hr/>
At 31 March 2023	<u>1,901</u>	<u>2,571</u>	<u>4,472</u>
<b>Association</b>			
At 1 April 2022	2,960	2,542	5,502
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2023	<u>2,960</u>	<u>2,542</u>	<u>5,502</u>
Cost per share (each share carries one vote)	£1	£1	£1

All borrowings within WHP are on fixed rates, whereas borrowings within WHP2 are currently on variable rates. Future rises in interest rates may adversely affect the profitability of WHP2. WHP2 intends to refinance to longer term fixed rate debt within the next twelve months to alleviate this risk. The four RSL's within WHP2 have agreed to pay an increase in rentals sufficient to meet the interest rate on refinancing, the increased rentals have been included within Grwp Cynefin's budgets for 2023/24. As at 31 March 2023, Grŵp Cynefin had prepaid £104,210 (2022-£105,017) 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 2022 (2021 – nil), at the same time no distribution was made to their shareholders (2021 – nil).

FRS 102 requires the treatment of jointly controlled entities to follow equity accounting principles in group accounts, so the consolidated financial statements show a loss £100 (2022- £5K) in the Statement of Comprehensive Income comprising Grŵp Cynefin's percentage share in the Welsh Housing Partnership's loss for the year and a loss of £18K (2022- £20K) comprising Grŵp Cynefin's percentage share in WHP2.

**16. STOCK**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Properties for sale	-	285	-	285
Other stock	102	66	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>102</u>	<u>351</u>	<u>-</u>	<u>285</u>



**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2023****17. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent debtors: Debit balances	884	810	884	810
Bad debt provision	(809)	(720)	(809)	(720)
	<u>75</u>	<u>90</u>	<u>75</u>	<u>90</u>
Staff loans	42	39	42	39
Prepayments and accrued income	531	585	512	577
Loans to First Time Buyers from Flintshire Co. Council	100	100	100	100
Other debtors	3,480	9,324	3,083	9,065
	<u>4,228</u>	<u>10,138</u>	<u>3,812</u>	<u>9,871</u>

**17a. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR**

	<b>Group and Association</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Capital grants	<u>9,083</u>	<u>9,539</u>

**18. CURRENT ASSET INVESTMENTS**

	<b>Group and Association</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Money in short-term deposit accounts	<u>6,632</u>	<u>6,047</u>

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

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing loans (note 21)	4,396	414	4,396	414
Rent received in advance	550	429	550	429
Trade creditors	2,024	2,307	1,877	2,138
Capital grants in advance	9,190	11,207	9,097	11,186
Deferred Income	575	156	575	156
Taxation and social security	205	177	205	174
Mortgage and loan interest accrued	738	709	738	709
Accruals	2,167	2,034	2,163	2,018
Social Housing and other Government Grants (note 22)	2,696	2,615	2,696	2,615
	<u>22,541</u>	<u>20,048</u>	<u>22,297</u>	<u>19,839</u>

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**
**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group and Association</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Right to buy reserves	83	83
Recycled capital grant fund	7,612	6,796
Conwy Council recycled grant reserve	1	1
Housing loans (note 21)	128,989	128,245
Loan from Flintshire County Council – First Time Buyer Agreement	100	100
Deferred Income	817	864
Social Housing and other Government grants (note 22)	186,361	183,283
	<u>323,963</u>	<u>319,372</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 3.45% (2022 – 3.28%). Security offered for the loans is housing land and buildings.

**20a. PROVISIONS FOR LIABILITIES AND CHARGES**
**Group and Association**

	<b>Additional property sale costs £'000</b>	<b>Major renovation £'000</b>	<b>Total £'000</b>
At 1 April 2023	435	336	771
Utilised in the year	-	(268)	(268)
Provided for in the year	-		
	<u>435</u>	<u>68</u>	<u>503</u>
At 31 March 2023	<u>435</u>	<u>68</u>	<u>503</u>

The additional property sale costs relate to additional works to be undertaken to make good properties built for re-sale. The major renovation provision is to make good a relatively newly acquired site.

**21. ANALYSIS OF HOUSING LOANS**

	<b>Group and Association</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
The debt is repayable as follows:		
Due between one and two years	422	4,440
Due between two and five years	2,639	2,830
After five years	127,103	122,245
Loan fees	(1,175)	(1,270)
	<u>128,989</u>	<u>128,245</u>
Due within one year (note 19)	4,396	414
	<u>133,385</u>	<u>128,659</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

## 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 2022	187,411	4,286	28,535	220,232
Grants receivable	5,040	-	1,580	6,620
Grant disposals	(167)	-	(628)	(795)
At 31 March 2023	192,284	4,286	29,487	226,057
<b>Amortisation</b>				
At 1 April 2022	33,949	385	-	34,334
Amortisation	2,637	42	-	2,679
Grant disposals	(13)	-	-	(13)
At 31 March 2023	36,573	427	-	37,000
<b>Net book value</b>				
At 31 March 2023	155,711	3,859	29,487	189,057
At 31 March 2022	153,462	3,901	28,535	185,898
Due within one year				2,696
Due after one year				186,360

	RCG* £'000	Right to Acquire RCG* £'000	Total £'000
<b>Consolidated and Association</b>			
At 1 April 2022	6,796	83	6,879
Additions	816	-	816
	7,612	83	7,695
Recycled: new build	-	-	-
Recycled: homebuy	-	-	-
At 31 March 2023	7,612	83	7,695

\* RCG = Recycled Capital Grant fund

## 23. SHARE CAPITAL

	Group and Association	
	2023	2022 Reclassified
	£	£
Allotted, issued and fully paid, ordinary shares of £1 each		
At 1 April 2022	49	71
Additions	3	15
Deductions	-	(37)
At 31 March 2023	52	49

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**
**24. CAPITAL COMMITMENTS**

	<b>Group and Association</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided for in the financial statements	10,741	3,390
Expenditure authorised but has not yet been contracted for	5,199	11,439
	<u>15,940</u>	<u>14,829</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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Office rental:</b>				
Within 12 months	47	46	-	-
One to two years	47	47	-	-
Two to five years	42	89	-	-
	<u>136</u>	<u>182</u>	<u>-</u>	<u>-</u>
<b>Office equipment rental:</b>				
Within 12 months	11	13	9	9
One to two years	8	1	7	-
Two to five years	8	-	3	-
	<u>27</u>	<u>14</u>	<u>19</u>	<u>9</u>
<b>Vehicle leases:</b>				
Within 12 months	30	18	-	-
One to two years	19	5	-	-
Two to five years	17	3	-	-
	<u>66</u>	<u>26</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 2023. 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 multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2023

Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore the 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 accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September 2022 and the liability figures from this valuation are rolled forward to 31 March 2023.

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

#### GROUP SOCIAL HOUSING PENSION SCHEME (SHPS)

	31 March 2023	31 March 2022
<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)</b>	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	18,593	30,733
Present value of defined benefit obligation	22,749	34,835
Deficit in plan	(4,156)	(4,102)

<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>Year ending 31 March 2023 (£000s)</b>
Defined benefit obligation at start of period	34,835
Expenses	21
Interest expense	961
Actuarial gains due to scheme experience	(1,226)
Actuarial gains due to changes in demographic assumptions	(47)
Actuarial gains due to changes in financial assumptions	(11,066)
Benefits paid and expenses	(729)
Defined benefit obligation at end of period	22,749

<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>Year ending 31 March 2023 (£000s)</b>
Fair value of plan assets at start of period	30,731
Interest income	861
Experience on plan assets (excl. amounts included in interest income) - loss	(13,296)
Contributions by the employer	1,026
Benefits paid and expenses	(729)
Fair value of plan assets at end of period	18,593

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £11,379,000.

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**

<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>	<b>Year ending 31 March 2023 (£000s)</b>
Expenses	21
Net interest expense	100
<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>	<b>121</b>

<b>Defined benefit costs recognised in other comprehensive income</b>	<b>Year ending 31 March 2023 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) - loss	(13,296)
Experience gains and losses arising on the plan liabilities - gain	1,226
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	47
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	11,066
<b>Total amount recognised in other comprehensive income - loss</b>	<b>(957)</b>

<b>Assets</b>	<b>31 March 2023 (£000s)</b>	<b>31 March 2022 (£000s)</b>
Global Equity	347	5,897
Absolute Return	202	1,233
Distressed Opportunities	562	1,100
Credit Relative Value	702	1,021
Alternative Risk Premia	35	1,013
Fund of Hedge Funds	-	-
Emerging Markets Debt	100	894
Risk Sharing	1,368	1,012
Insurance-Linked Securities	470	717
Property	801	830
Infrastructure	2,124	2,189
Private Debt	827	788
Opportunistic Illiquid Credit	795	1,032
High Yield	65	265
Opportunistic Credit	1	109
Cash	134	105
Corporate Bond Fund	-	2,050
Liquid Credit	-	-
Long Lease Property	561	791
Secured Income	853	1,145
Liability Driven Investment	8,563	8,577
Currency Hedging	36	(120)
Net Current Assets	47	85
<b>Total assets</b>	<b>18,593</b>	<b>30,733</b>

None of the fair values of the assets shown on page 54 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 2023 % per annum</b>	<b>31 March 2022 % per annum</b>
Discount Rate	4.84%	2.79%
Inflation (RPI)	3.17%	3.49%
Inflation (CPI)	2.79%	3.15%
Salary Growth	3.79%	4.15%

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**

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 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

**Sensitivity analysis**

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

Change in assumptions at 1 March 2023	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	8.32%	377
0.1% increase in the salary increase rate	0.79%	33
0.1% increase in CPI and RPI	6.12%	271

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

Present values of defined benefit obligation, fair value of assets and defined benefit liability	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	17,064	28,172
Present value of defined benefit obligation	20,872	31,919
Deficit in plan	(3,808)	(3,747)

Reconciliation of opening and closing balances of the defined benefit obligation	Year ending 31 March 2023 (£000s)
Defined benefit obligation at start of period	31,919
Expenses	17
Interest expense	881
Actuarial gains due to scheme experience	(1,083)
Actuarial gains due to changes in demographic assumptions	(43)
Actuarial gains due to changes in financial assumptions	(10,157)
Benefits paid and expenses	(662)
Defined benefit obligation at end of period	20,872

Reconciliation of opening and closing balances of the fair value of plan assets	Year ending 31 March 2023 (£000s)
Fair value of plan assets at start of period	28,172
Interest income	789
Experience on plan assets (excl. amounts included in interest income) - gain	(12,168)
Contributions by the employer	933

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**

Benefits paid and expenses	(662)
Fair value of plan assets at end of period	17,064

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was (£11,379,000).

<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>	<b>Year ending 31 March 2023 (£000s)</b>
Expenses	17
Net interest expense	92
Defined benefit costs recognised in statement of comprehensive income (SOCl)	109

<b>Defined benefit costs recognised in other comprehensive income</b>	<b>Year ending 31 March 2023 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) – loss	(12,168)
Experience gains and losses arising on the plan liabilities - gain	1,083
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	43
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	10,157
Total amount recognised in other comprehensive income - loss	(885)

<b>Assets</b>	<b>31 March 2023 (£000s)</b>	<b>31 March 2022 (£000s)</b>
Global Equity	318	5,406
Absolute Return	185	1,130
Distressed Opportunities	516	1,008
Credit Relative Value	644	936
Alternative Risk Premia	32	929
Fund of Hedge Funds	-	-
Emerging Markets Debt	92	820
Risk Sharing	1,256	928
Insurance-Linked Securities	431	657
Property	735	761
Infrastructure	1,949	2,007
Private Debt	759	722
Opportunistic Illiquid Credit	730	946
High Yield	60	243
Opportunistic Credit	1	100
Cash	123	96
Corporate Bond Fund	-	1,879
Liquid Credit	-	-
Long Lease Property	515	725
Secured Income	783	1,050
Liability Driven Investment	7,859	7,861
Currency Hedging	33	(110)
Net Current Assets	43	78
Total assets	17,064	28,172

None of the fair values of the assets shown on page 57 include 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 2023 % per annum</b>	<b>31 March 2022 % per annum</b>
Discount Rate	4.84%	2.79%
Inflation (RPI)	3.17%	3.49%
Inflation (CPI)	2.79%	3.15%



**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended 31 March 2023**

Salary Growth	3.79%	4.15%
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

**Sensitivity analysis**

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

<b>Change in assumptions at 1 March 2023</b>	<b>Approximate % increase to employer liability</b>	<b>Approximate monetary amount (£'000)</b>
0.1% decrease in real discount rate	8.33%	346
0.1% increase in the salary increase rate	0.76%	29
0.1% increase in CPI and RPI	6.14%	249

**27. CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Surplus for the financial year	<b>1,657</b>	<b>1,660</b>
<b>Adjustments for non-cash items:</b>		
Pension costs less contributions paid	(1,004)	(795)
Depreciation of property plant and equipment	3,939	3,665
Impairment of housing properties	113	-
Amortisation of grants	(2,666)	(2,470)
Surplus share in joint venture	18	(25)
Revaluation loss on investment property	-	-
(Increase)/Decrease in trade debtors and other receivables	(691)	568
Decrease in stock	249	166
Decrease/(Increase) in trade creditors	103	(594)
<b>Total non-cash adjustments</b>	<b>61</b>	<b>515</b>
<b>Adjustments for investing or financing activities:</b>		
Profit on disposal of property, plant and equipment	(387)	(472)
Refinancing costs	-	560
Interest payable	4,159	3,492
Interest receivable	(117)	(22)
<b>Total investing or financing activities</b>	<b>3,655</b>	<b>3,558</b>
<b>Cash generated by operations</b>	<b>5,373</b>	<b>5,733</b>
	<b>2023</b>	<b>2022</b>
<b>Increase in cash and cash equivalents</b>	<b>£'000</b>	<b>£'000</b>
Cash	10,031	6,398
Investments	6,632	6,047
	<b>16,663</b>	<b>12,445</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2023**
**NET DEBT RECONCILIATION**

	<b>1 April 2022 £'000</b>	<b>Cash flows £'000</b>	<b>31 March 2023 £'000</b>
<b>Cash and cash equivalents</b>			
Cash	6,398	3,633	10,031
Investments	6,047	585	6,632
	<u>12,445</u>	<u>4,218</u>	<u>16,663</u>
<b>Borrowings</b>			
Debt due within one year	(414)	(3,982)	(4,396)
Debt due after one year	(129,515)	(649)	(130,164)
	<u>(129,929)</u>	<u>(4,631)</u>	<u>(134,560)</u>
	<u>(117,484)</u>	<u>(413)</u>	<u>(117,897)</u>

**FREE CASH FLOW**

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Net cash generated from operating activities</b>	<b>5,373</b>	<b>5,733</b>
Interest paid	(4,159)	(3,492)
Interest received	117	22
<b>Adjustments for reinvestment in existing properties</b>		
Components replaced	(791)	(1,345)
Purchase of other replacement fixed assets	(15,032)	(14,432)
Component replacement grant received	-	-
	<u>(14,492)</u>	<u>(13,514)</u>
<b>Free cash consumed before loan repayments</b>	<b>(14,492)</b>	<b>(13,514)</b>
Loans repaid (excluding revolving credit and overdraft)	(369)	(38,512)
	<u>(14,861)</u>	<u>(52,026)</u>

**28. RELATED PARTY TRANSACTIONS**

Grŵp Cynefin is 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.

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 £7,516 (2022 - £6,811). The financial

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

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 2022.

### 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. We continue to retain Cywaith cyf as there may be an option to utilise it again in the future.

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 £0 (2022 - £0) within the year-ending 31 March 2023.