



**Annual Report
& Consolidated
Financial Statements
for the year ended
31 March 2020**

**Working together
at this difficult time...**

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Foreword by the Chair and Group Chief Executive

As we present this annual report for the year ended 31 March 2020, there is much uncertainty that we have to take account of.

The world is struggling to come to terms with the effects and potential future impacts of the coronavirus pandemic. For some communities we work with this came hard on the heels of high rainfall and resultant flooding. We were pleased that our teams at both Celtic Horizons and United Welsh were able to respond quickly to provide help to the families affected.

Our year drew to an end while the country was in lockdown and our services had been adjusted to what we could deliver without endangering unnecessarily the personal safety of colleagues, whilst making sure that emergency work and safety checks continued to be carried out. Our head office was closed, but many colleagues continued to work providing 24/7 support to our tenants, some of whom are among the most vulnerable people. As official guidance developed, services were adjusted or restored as appropriate.

It is becoming clear that many of our tenants are facing difficult times, through job losses and uncertainty over meeting their commitments. We will continue to support them and provide advice so that no-one need lose their home.

As we begin to look to the future we are confident that United Welsh can adapt to changed circumstances to continue to serve those people and communities that it exists to support. We will find different ways of working, making the most of the opportunities presented by using modern technologies and ways of communicating.

We are pleased to have secured in May 2020 a new £50m loan with Scottish Widows, in partnership with Lloyds Bank. This helps to secure our future financially and means we can continue to deliver much-needed new homes.

We are immensely proud of the commitment and dedication shown by all our people at this difficult time both in United Welsh and Celtic Horizons, amply demonstrating our values as an organisation.

We would also thank the members of the Board who have been supportive throughout and have continued to bring diversity of experience and knowledge to the strategic direction of the organisation throughout the crisis.

Grahame Sturges, Chair,
Lynda Sagona, Group Chief Executive

Who we are and what we do

We are an innovative not-for-profit organisation providing housing and services to people in South Wales. We employ just over 370 people and our Group includes Celtic Horizons Ltd which, in partnership, looks after all our property services, and Harmoni Homes Ltd which builds affordable homes and homes for sale.

We currently manage over 6,000 properties across 11 local authorities and in the last five years have built more than 1,000 homes. We provide a range of accommodation including Extra Care and supported housing and are committed to working in partnership with local authorities, health boards and others to provide specialist projects that help people with their wellbeing and encourage independent living in the community.

We work together in a spirit of trust and authenticity, enabling a progressive environment which supports us to embrace new ideas and deliver our priorities.

We are passionate about making a difference, keeping people safe, embracing diversity, working efficiently and effectively, and helping everyone make the most of their strengths. We are ambitious about how we can help people to live their best lives, tackling poverty and providing secure homes alongside support and opportunities for the communities where we are proud to work.

**We build homes,
create communities
and transform lives.**



We own and manage a **total of 6148 properties** across South Wales

Blaenau Gwent

577 General
 336 Older Persons
 68 Supported
 21 LCHO
 5 Other

Bridgend

82 Supported
 5 LCHO
 8 Other

Caerphilly

1808 General
 246 Older Persons
 137 Supported
 99 LCHO
 21 Other

Cardiff

1070 General
 193 Older Persons
 402 Supported
 41 LCHO
 22 Other

Merthyr Tydfil

10 Supported

Monmouth

11 General
 44 Older Persons

Newport

105 General
 10 Supported
 28 LCHO
 3 Other

Neath Port Talbot

24 Supported

Rhondda Cynon Taf

100 Supported
 15 LCHO
 4 Other

Torfaen

67 General
 10 Older Persons

Vale Of Glamorgan

458 General
 43 Supported
 73 LCHO
 2 Other

How we work

As an organisation working for the benefit of communities and providing housing and related services, we plan for the long term as our housing assets are expected to have long term use, and require maintenance to ensure they can provide good, safe, secure homes that can be run efficiently without a significant negative impact on the environment.

In considering our longer term planning we take account of major stakeholder views expressed in different ways. The Welsh Government has legislation and strategies in place, such as the Low Carbon Delivery Plan and Well-being of Future Generations Act, which form a sound foundation for our own plans. Engagement with other major stakeholders is described below.

In all that we do, we try to demonstrate our values, the most prominent of which are trust, integrity, honesty, respect and being supportive and innovative.

This leads to high standards of ethical behaviours and conduct by individuals and the organisation as a whole.

Tenant involvement

We are in the process of redesigning how tenants can get involved with us. In July 2019 the Board conducted an open discussion to start the process and since then we have been working to consult with tenants as to what they would like to be involved with, and how to be involved.

A survey carried out at the end of 2019 had a great response from tenants and showed that most were interested in receiving performance information that is clear, contributing information about their circumstances to inform decision-making, having real choices about their homes and area, and their views being listened to and heard. The project is continuing to analyse that feedback and use it to shape future involvement in ways that are meaningful for tenants.



Employee engagement

Engaging with our people on strategic decisions is key to successful delivery. We work through The Partnership Group which is comprised of members of our Executive Team, People Team and Collective Voice Managers who represent the staff voice.

During the year a formal consultation on changes to the pension scheme was held resulting in the decision to close the defined benefit final salary scheme. On 1 April 2020 remaining members transferred to a SHPS 1/80ths CARE scheme, which was also open to all other members of staff from May 2020.

The Big Conversation held in February 2020 was a Teams event involving all colleagues discussing the idea of United Welsh as 'closely aligned and loosely coupled' that is having common aims and values whilst working in different ways and able to work remotely.

In May 2020 two similar conversations were opened to help shape how we moved out of lockdown and what the longer-term future service delivery and priorities will be.

Environment

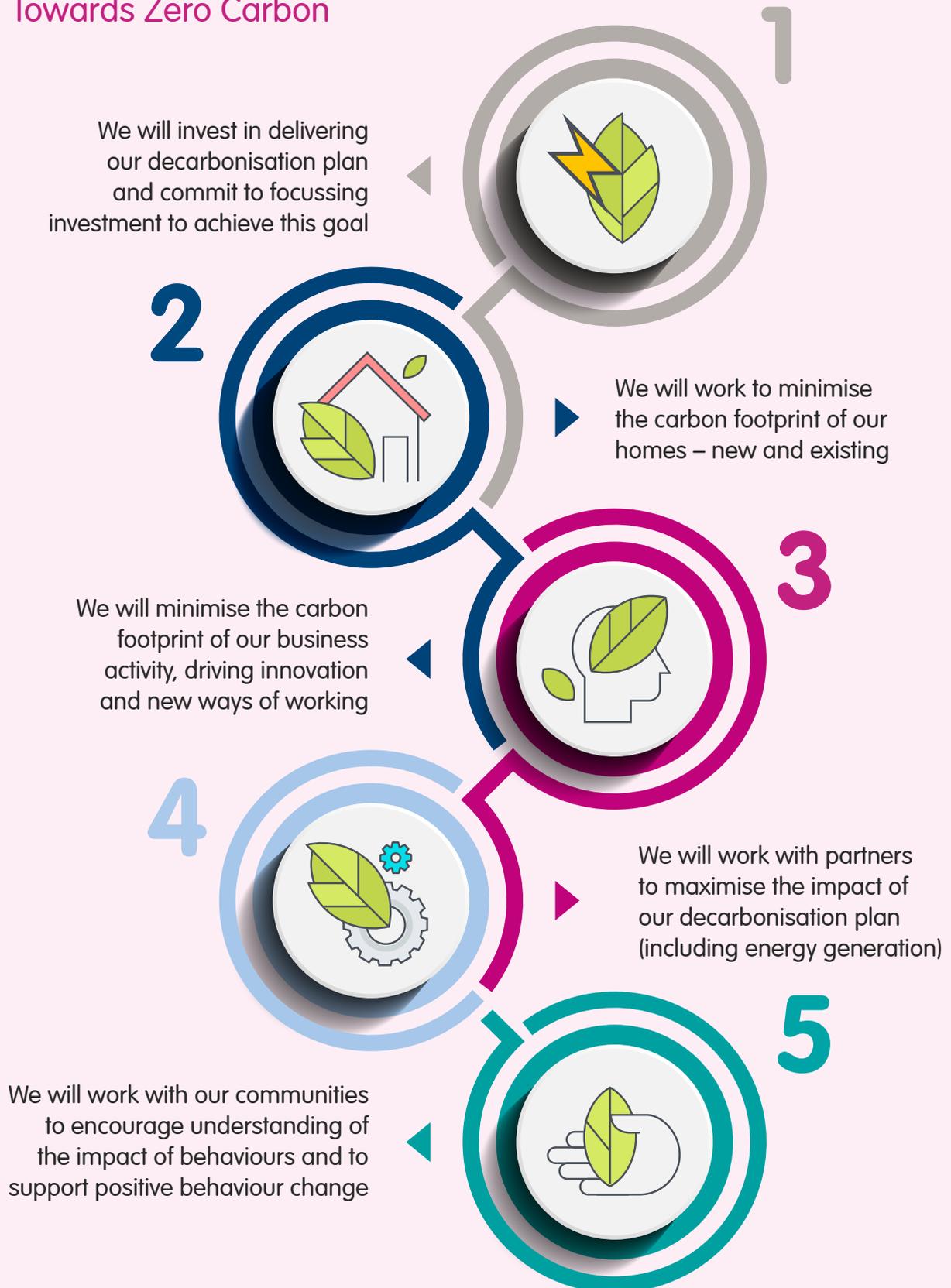
United Welsh recognises its impact upon the environment in a number of ways. We are committed to achieving continual improvement in environmental performance and pollution prevention, and in supporting the Welsh Government's goals of a prosperous and resilient Wales.

We achieve this through:

- Sustainable asset and energy management
- Developing low carbon homes
- Building sustainable cohesive and inclusive communities
- Enhancing landscape and biodiversity
- Promoting best use of environmental resources

To build on the work we have already done, this year we adopted our principles for decarbonisation. These will form the foundation for developing a 10-year Decarbonisation Plan.

Towards Zero Carbon



Equality and diversity

United Welsh is committed to equality and diversity in employment and the provision of its services.

This means we:

- Recognise that everyone is different and treat these differences with respect
- Value the diversity of all people we work with
- Consult to ensure that we deliver services openly and fairly, and in ways which suit our customers
- Invest in a skilled, stable and diverse workforce
- Protect our staff from discrimination
- Only work with partners who share our equality values
- Challenge discrimination in all its forms

We are committed to monitoring the effects of equality and diversity and to mainstreaming equality, diversity and human rights across the organisation. Above all, we will continue to promote and deliver equality as an integral part of who we are and what we do.

Value for Money

United Welsh is committed to releasing the potential of the people we work with, and the value of our investment in homes and communities.

- We work to deliver our services efficiently in a timely, simple way without wasting resource and we know that Value for Money is not just about efficiency; it is also about effectiveness.
- We understand the need to use our capital, assets and resources effectively in a commercial manner, maximising the return on our investments.
- We recognise that by valuing our people, investing in them and letting innovation shine we will achieve excellent results.



Risks

We seek to manage risk, rather than avoid it, minimising exposure to loss from any activity while maximising the benefit to us and our customers and making the best use of resources.

When we assess any new activity or think about extending an existing activity we protect and safeguard our assets, reputation and the quality of service delivered. Our key strategic risks are major health & safety failure, cyber attack or data release and the potential for non-payment of rents due to the introduction of Universal Credit. The nature of these risks remain unchanged by the circumstances of the pandemic.

The ability for our people to work safely has been paramount. We continue to follow guidelines and provide the necessary protection by exploring new ways of working and providing personal protective equipment where it is necessary for customer-facing roles. The safety of our tenants has not been forgotten. We have continued throughout to carry out the necessary gas safety checks, fire risk assessments and legionella checks.



In the current climate we are monitoring closely how well tenants are managing to keep up with rent payments. The impact of potential job losses is still being felt and is likely to continue for some time to come. We will be keeping under review how best we can support tenants and how much resource we can devote to that support. We have tested our financial modelling to the extreme and the Board was reassured that projected levels of bad debts are within our capacity to absorb.

Gross arrears as a % rental income due

| | |
|---------------|-------|
| 31 March 2020 | 3.64% |
| 31 March 2019 | 2.79% |

As the majority of our people continue to work from home, cyber security remains high on our risk agenda. We recognise that our systems and the protections we have in place must be robust to protect the data we hold and use, and to allow our people to work effectively.

Delivering on our strategy

1 **Improve customer satisfaction** with the Maintenance, Neighbourhood and Thrive services we deliver by 2%.

2 Deliver **180 quality jobs** for tenants over the first three years

Maintenance
96% satisfaction rate in 2019/20
(90% baseline from 2018/19)

Neighbourhood
86% satisfaction rate in 2019/20
(86% baseline from 2018/19)

Thrive
93% satisfaction rate in 2019/20
(91% baseline from 2018/19)

73 tenants were supported into meaningful work during the first year, which is a great start on delivering 180 over 3 years.



To help focus our activity for the year, our rolling five-year strategy sets out four primary targets. This is how we are doing so far.



3 Provide at least **1300 new affordable** homes that are energy efficient¹



4 **Improve wellbeing** by delivering community inclusion services ("socialprescribing") for 1550 people

| Number of affordable homes | | | |
|----------------------------|-----------|----------|-------------------------|
| Year | Delivered | Forecast | Cumulative |
| 2017/18 | 183 | – | 183 |
| 2018/19 | 79 | – | 262 |
| 2019/20 | 276 | – | 538 |
| 2020/21 | – | 247 | 785 |
| 2021/22 | – | 225 | 1010² |



3356 people received/accessed community inclusion services during 2019/20



¹Energy Efficiency measured using SAP remains at an average rating of 83 for properties completed in the year. This compares favourably to the overall SAP rating for existing stock of 81. ²The above numbers represent all known projects which have reached a certain stage in the appraisal/contract process. We are confident that the target of 1300 by the end of 2021/22 is achievable, given the remaining projects in earlier stages of progression and the likelihood of benefitting from s106 acquisitions.

Our strategy describes six key foundations as to how we will deliver:

1. We will tailor services using customer insight and make it easier for people to contact us. We will provide value by constantly innovating and challenging how we deliver services.
2. We will work with both social and commercial partners to create opportunities for paid and unpaid jobs and training programmes.
3. We will maintain our housing assets to ensure that they all continue to be fit for purpose and affordable both for us and tenants and deliver new homes using traditional and innovative ways.
4. We will create an environment where people in communities feel secure, are accountable and are confident to ask for support to deal with the impacts of welfare reform. We will work in partnership with like-minded organisations to strengthen communities by improving health and wellbeing.
5. We will work together efficiently, enjoying increased wellbeing and job satisfaction and our technology and systems will enable us to embrace a modern way of working and develop our digital skills and knowledge.
6. Our finances will be well managed and deliver a healthy surplus, ensuring the services we provide achieve their targets.

Tailoring services

We have introduced a new triage process for the Money Advice service, that enables us to assess a tenant's needs more effectively, and route them to the right service more swiftly. This has resulted in reduced waiting times and a streamlining of the process for tenants. For new tenants we have introduced an approach which enables us to assess their needs at an early stage thus ensuring that the appropriate level of support or intervention is designed through the first 12 months of the tenancy.

Thrive have been working on an ongoing review of how we deliver our 50+ services and, based on consultation and feedback, are developing a flexible and intensive tenancy coaching model which will meet the needs of new tenants and those who are facing the most challenges. This will enable us to offer a far more equitable service across our sheltered schemes. It will also enable us to make best use of our resources and provide the right help at the right time without relying so much on external agencies.

We were successful in the Welsh Housing Awards 2019 in that we won the New Ideas and Approaches award. This was presented to our Thrive team in partnership with Alertacall for implementing a new housing management contact system at our older persons schemes to give tenants greater independence and communication support.

Create opportunities for paid and unpaid jobs

In addition to our primary project that focuses on facilitating tenants into meaningful job opportunities, we run, in partnership with other organisations, volunteering schemes.

The Connect project actively works with United Welsh tenants and others to tackle social isolation. During the year 26 tenant volunteers participated and 21 volunteers from the community.

The Community Wellbeing project works with non-tenants in the main, offering a volunteering service which connects people with opportunities in the community, in United Welsh and with external agencies. This year the project introduced a model of engaging volunteers to become 'Community Champions'. The Community Champions are trained to use a community database of information to share and signpost people to different opportunities and services.

Delivering new homes and maintaining existing homes

The total of 278 additional properties delivered this year included 207 general needs homes, 15 supported housing bedspaces, 42 LCHO's or Shared Ownership and 4 properties purchased under the Homestep, Empty Homes or Mortgage Rescue schemes. Many of our sites closed down towards the end of March as lockdown was imposed. Some handovers did take place in early April. They were mothballed and only let if an urgent letting was required.

We are committed to reducing our carbon footprint in new-build development projects, including an ambition to achieve EPC-A wherever possible. Learning from our IHP (Welsh Government's Innovate Housing Programme) project is helping to shape this, by embracing MMC (modern methods of construction), higher thermal efficiency, renewables and off-gas solutions.

Planned maintenance work on existing homes was completed to budget, with some flexing of the programme.

Work completed included:

- 99 kitchen or bathroom renewals
- 266 heating upgrades or boiler replacements
- 123 window overhauls or replacements
- 187 door replacements

Works on upgrading fire alarms and emergency lighting was interrupted by the pandemic outbreak, as were some planned lift replacements.

However, Health & Safety compliance work has continued throughout the year and into 2020/21 uninterrupted by the lockdown.

At the end of March 2020:

- 99.89% of properties had current gas safety certificates,
- There were no overdue actions in relation to fire risk assessment findings.
- All firefighting equipment was 100% compliant
- No legionella testing was outstanding
- All properties with asbestos containing material were up to date with inspections
- All properties had current Electrical Safety certificates

The overall average SAP rating for our properties is now 81.17 (2019: 81), with only 51 properties with a SAP rating below the Welsh Housing Quality Standard requirement of 65 (SAP 2005).

During the year over 25,000 repairs were completed by Celtic Horizons. We aim to attend and make safe emergency work within 2 hours and succeeded in doing that for 88% of cases (2019: 91%). 92% of appointments for more routine work were kept (2019: 94%) and appointed work was completed on average within 13 days (2019: 13).

We expect that as a result of the additional restrictions that were in operation from March 2020 due to the Covid-19 outbreak these performance indicators will be significantly different in the early part of 2020/21. All non-emergency repairs at the start of 2020/21 were allocated a 180-day completion time.

Strengthen communities; Support people to deal with the impacts of welfare reform

We were successful at the Welsh Housing Awards 2019 where we won the Building Safer Communities award. This was presented to our Neighbourhood Safety Team for their dedication to tackling county lines crime in Cardiff, which exploits vulnerable people and blights our communities with drug trafficking.

The early tenancy process introduced enables us to support new tenants who are transitioning onto Universal Credit more effectively. This process is also intended to ensure that our people develop a trusting relationship with tenants from the outset, in order that they will feel more confident in contacting us if they find themselves in difficulty.

The Connect scheme now has a range of activities aimed at increasing the wellbeing of people in our communities and reducing feelings of isolation.

These include:

- School visits to Thrive sites,
- The Intergenerational Choir,
- Friendship afternoons,
- Wow Wednesday,
- Digital Heroes,
- Coffee mornings,
- Knit and natter,
- Food preparation, baking and meal sharing,
- Movie nights, singalongs, quizzes and bingo

During the year we secured a contract to deliver a hospital discharge service in Cardiff and the Vale. Called healthy@Home, the purpose of this scheme is to enable successful discharge from hospital by providing 2 weeks of support to people in their own home, helping them with practical needs but also connecting them to support in their local community. 133 people were referred from the start of the contract in November 2019 to the end of March, with social isolation and shopping cited most often as the reasons for support. This service has continued in operation through the lockdown period, albeit not offering face-to-face visits, but supporting hospital discharge through restricted food and medication deliveries.

Our Wellbeing4U community wellbeing service was a winner at the Welsh Housing Awards 2019. We won the Working With Other Sectors award for the community wellbeing service that is delivered in partnership with Cardiff and Vale University Health Board. The service has been life-changing for patients and a life-line for health professionals since launching in 2016. 83% of patients completing the mental well-being measures showed a positive improvement in their overall mental wellbeing. 2019/20 resulted in a 22% increase on prior-year referrals.

Working in a modern way

The major project during 2019/20 to support us on our journey to becoming a modern flexible organisation making the best use of technology was the completion of our office redesign. The redesigned office space enables more collaborative working and provides informal workspaces alongside more traditional settings.

In parallel with the office redesign, a roll out of personal equipment and introduction of the use of MS Office365 enabled all our people to work remotely and flexibly within our office space. We were therefore well-placed to manage continued service delivery during the lockdown period as all our office-based people had already experienced working from home.

We used our weekly staff survey, Tiny Pulse, to monitor how people were feeling throughout this period.

Tiny Pulse survey

| | Date | Score (1-10) |
|--|-------------|--------------|
| I am more efficient as a result of the way I use technology | July 19 | 7.6 |
| | October 19 | 7.8 |
| | February 20 | 8.2 |

| | Date | Score (1-10) |
|-----------------------------------|--------------|--------------|
| How happy are you at work? | June 19 | 7.8 |
| | September 19 | 7.8 |
| | November 19 | 7.7 |
| | February 20 | 8.0 |

People employed

| | 2020 | | 2019 | |
|---------------------------------------|------------|-----------|------|----|
| | FT* | PT** | FT | PT |
| UNITED WELSH – OPERATIONS | | | | |
| Neighbourhoods | 39 | 4 | 37 | 5 |
| Thrive | 51 | 34 | 57 | 26 |
| Customer engagement | 17 | 5 | 8 | 1 |
| Development | 19 | 0 | 18 | 2 |
| UNITED WELSH – RESOURCES | | | | |
| Finance | 14 | 0 | 14 | 0 |
| Digital solutions | 8 | 0 | 10 | 1 |
| Human resources | 6 | 1 | 4 | 1 |
| Communications | 3 | 0 | 3 | 0 |
| Partnership and Collaborate | 1 | 0 | 3 | 1 |
| UNITED WELSH – CHIEF EXECUTIVE | | | | |
| Executive Team | 3 | 1 | 3 | 0 |
| Governance | 3 | 0 | 3 | 0 |
| UNITED WELSH | 164 | 45 | 160 | 37 |
| CELTIC HORIZONS | 140 | 23 | 138 | 20 |
| TOTAL | 304 | 68 | 298 | 57 |
| GROUP TOTAL | 372 | | 355 | |

*FT – Full time. *PT – Part time

Well managed finances

The Board Report and Financial Statements presented in the following sections demonstrate how well we have managed our finances during this year. Towards the end of the year the impact of Covid-19 began to be felt. A detailed assessment is provided as part of the Board Report.

Governance arrangements

The Board is responsible for directing the affairs of the Group and is committed to ensuring that it provides strategic leadership and promotes sound ethical standards, acting with integrity, in line with our aims and values.

As part of its responsibilities, the Board is mindful that, in parallel with the duties set out in s172 Companies Act 2006 for company directors, there may be an expectation that the Board fulfils those obligations in conducting the business of the Association. How those obligations are met in our context is described in the section “How We Work” earlier in the report.

The Board requires that good governance principles and practices are adhered to throughout the Association. Good governance is about helping to run the Association well. It involves ensuring that clear aims and strategies are developed, and that an effective internal framework of systems and controls is put in place which clearly defines authority and accountability and promotes success whilst permitting the management of risk to appropriate levels. The Association is responsible for ensuring that its business is conducted in accordance with the law and applicable standards.

Good governance involves the exercise of judgement as to the definitions of success, the appropriateness of risk and the levels of delegation to the Executive Team and members of staff. The exercise of this judgement is the responsibility of the Board and involves consideration of processes and assumptions as well as outcomes. The Executive Team is required to provide such information to the Board as the Board needs to enable it to exercise its judgement over these matters.

Legal framework

United Welsh Housing Association Ltd is a charitable housing association regulated by the Welsh Government (Reg. no J099) and also registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Reg. no. 26623R). Consumer credit activity undertaken by the Association is authorised by the Financial Conduct Authority (Firm ref. 742550).

The Welsh Government as part of its regulation sets out performance standards that United Welsh is expected to meet. They assess annually whether the governance and financial management meet their required standards. We are pleased that in the annual Regulatory Judgement for 2019, issued by the Welsh Government, the Co-Regulation Status for United Welsh was assessed as 'Standard' for governance and services and 'Standard' in the Financial Viability judgement. Standard is the highest status possible.

United Welsh has two wholly owned subsidiaries, Celtic Horizons Ltd and Harmoni Homes Ltd each of which is a company registered under the Companies Acts (Reg. no. 7838396 and 10923446 respectively).

Governance structure

Until 2018/19 the Board of United Welsh comprised up to twelve non-executive members, with potentially up to a further 5 co-opted members. From 1 September 2018 the Board changed its structure to include three members of the Executive Team as co-opted members. Following one resignation of a non-executive board member there were 13 members of the Board at the end of March 2020 (10 non-executives and 3 executives), which the Board acknowledges is higher than the recommended level. The Board has agreed to transition to its preferred membership number of 12, including co-optees, through its normal cycle of resignations as current Board members reach the end of their maximum terms.

New board members agree to serve for a term of three years, with the option to continue for a further two three-year terms. Board members are drawn from a wide background bringing together professional, commercial and local experience. The Board recognises that diversity of membership will lead to improved decision-making. Co-option is also used where specific expertise may be required in addition to that already on the Board and to accommodate orderly succession in Board membership. Membership is reviewed every year to ensure the Board contains the range of necessary skills.

Those skills include:

- Leadership and working effectively as a team
- Direct knowledge of the needs and aspirations of the communities and people served
- General business, financial and management skills
- Knowledge of the external framework, including financial markets, political imperatives and operating environments in which United Welsh works
- Other relevant and specialist skills such as commercial, financial, investment, risk management, legal, health, social services, property management and housing development
- Effective communication skills and an ability to focus on key issues facing United Welsh, and
- The ability to foster a culture that enhances commitment, enthusiasm and excellent performance from staff.

Non-executive board members are remunerated (effective from 1 September 2018). Details of the remuneration received are included in the Notes to the financial statements. Executive board members do not receive additional remuneration as a result of being co-opted onto the Board.

In order to ensure that the Group is well governed, the Association applies the Community Housing Cymru Code of Governance and complies with the National Housing Federation Code of Governance,

and the Housing Association Circular 02/10 'Internal Controls and Reporting' in all material respects.

The only significant departure from the NHF Code is on Board size and co-opted members, whereby currently the Board is larger than that recommended. However as explained above the aim is to reduce the Board size over time.

Application of the CHC Code is considered annually by the Remuneration & Governance Committee, identifying areas for improvement. In the coming year, we will be focusing on a review of how best to assess the skills required on the Board and a refresh on diversity.

The Board meets formally eleven times a year. It is responsible for the Group's strategy and policy framework, delegating the day-to-day management and implementation of that framework to the Group Chief Executive and other senior executives (the Executive Team).

Each member of the Executive Team is an operational Director with teams of staff reporting to them. The Executive Team meets monthly and its members attend Board meetings.

The Board is supported by two committees – the Audit & Risk Committee and the Remuneration & Governance Committee. All members of these Committees are drawn from the non-executive board members of United Welsh.

The boards of Celtic Horizons Ltd and Harmoni Homes Ltd each consist of four Directors nominated from amongst the United Welsh Board members, with an appropriate mix of non-executive and executive members.

Audit & Risk Committee

The Audit & Risk Committee meets at least three times a year and can comprise up to seven members selected by the Board, of whom at least four must be full appointed non-executive Board members. Executive board members may not be members of the Committee. The members of the Executive Team attend the Committee.

The Committee advises the Board on its responsibilities in relation to financial reporting and considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Association's internal control arrangements and scrutinises treasury management and risk management, including work on stress testing and business continuity.

Remuneration & Governance Committee

The Remuneration & Governance Committee meets at least once a year and is comprised of the Chair of the Board and up to four other non-executive Board members selected by the Board. Executive Board members may not be members of the Committee.

The Committee advises the Board on the remuneration and form of the Agreement for Services of the non-executive Board members, and on the terms and conditions of service of the Executive Team. In discharging the former duty, the Committee is advised by an independent adviser. The Committee also advises the Board on the skills and composition of the Board itself, and on other governance matters.

Board effectiveness

The primary discussion as to the effectiveness of the Board this year was a review of the impact of the decisions to co-opt the Executive Board members and to remunerate the non-executive board members. The review was facilitated by an independent consultant. The Board considered that the impacts had been positive overall, with improved accountability and a sense of connection between the Board and other colleagues within the organisation, without losing the element of challenge in Board discussions.

The Board's review of its own composition concluded that the Board continues to have the appropriate mix of skills, experience and diversity of background to enable it to work effectively in leading United Welsh to deliver the strategy determined for the next five years. Individual Board members discuss their performance with the Chair on an annual basis and, every three years, with an independent consultant. A tailored training programme is put together where required.

Management, advisers and corporate information

The Board

| | |
|---------------------------|---|
| Grahame Sturges | Chair since July 2016. Member since 2012. Retired housing manager. |
| Kathryn Bergmanski | Vice Chair and Chair of the Remuneration & Governance Committee. Member since 2010. Former Director of Nursing and health strategy adviser. |
| Damian Williams | Chair of Audit & Risk Committee. Member since 2014. Chartered Certified Accountant. Group Financial Controller. |
| Jeremy Brown | Member since 2018. Managing director of a charity that owns and runs care homes. |
| Bart Geere | Member since 2016. Head of Credit Risk. |
| Joanne Jones | Member since 2017. Chartered Accountant. Finance Director. |
| Alan Meudell | Member since 2011. Information and research officer, mental health and disability. |
| Phill Stokes | Member since 2015. Member of the Chartered Institute of Building. Construction and housing consultant. |
| Emma Tamplin | Member since 2016. Member of the Chartered Institute of Personnel and Development. Collaboration Partner for a charity promoting gender equality. |
| Gail Williams | Member since 2015. Retired manager with particular interest in disability issues. |
| Lynda Sagona | Co-opted 2018. Group Chief Executive |
| Richard Mann | Co-opted 2018. Deputy Chief Executive and Group Director Operations |
| Neil Chidgey | Co-opted 2019. Group Director Finance |

Notes: Antoine Azangisa, a Board member since 2016, resigned in September 2019. Kathryn Bergmanski and Alan Meudell were both appointed by the Board during 2010/11 and elected as full Board members at the AGM in 2011. Both are due to retire in July 2020.

Committee Membership

| Audit & Risk Committee | Remuneration & Governance Committee |
|-----------------------------------|--|
| Damian Williams | Kathryn Bergmanski |
| Bart Geere | Alan Meudell |
| Joanne Jones | Emma Tamplin |
| Grahame Sturges | Grahame Sturges |
| Gail Williams | Jeremy Brown |

Subsidiary Company Directors

| Celtic Horizons Ltd | Harmoni Homes Ltd |
|----------------------------|--------------------------|
| Phill Stokes | Phill Stokes |
| Grahame Sturges | Grahame Sturges |
| Neil Chidgey | Neil Chidgey |
| Richard Mann | Lynda Sagona |

The Executive Team

| | |
|---------------------|---|
| Lynda Sagona | Group Chief Executive (appointed 2016). Previously Director of Housing & Communities at United Welsh. Member of the Royal Institution of Chartered Surveyors. |
| Richard Mann | Deputy Chief Executive and Group Director Operations (appointed 2005). Member of the Royal Institution of Chartered Surveyors |
| Neil Chidgey | Group Director Finance (Appointed 2019). FCIMA. Previously Commercial Director Celtic Horizons. |
| Huw Davies | Director Resources (Appointed 2019). Previously Head of Digital Solutions at United Welsh. |

Advisers to the United Welsh Group

| | |
|---------------------------|--|
| Secretary | Nia Roblin, ACA |
| Registered auditor | KPMG LLP, 3 Assembly Square, Britannia Quay, Cardiff, CF10 4AX |
| Bankers | Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN |

The registered office for each Group entity is: Y Borth, 13 Beddau Way, Caerphilly, CF83 2AX

Board report

The Board presents its financial review and audited financial statements of the Group for the year ended 31 March 2020.

The Group

The results for the year ended 31 March 2020 of the subsidiaries, Celtic Horizons Ltd and Harmoni Homes Ltd have been consolidated in the Group accounts.

Principal activities

The principal activity of the Association is the provision of affordable quality housing accommodation for those in housing need. As well as managing existing properties the Association is a developer of new affordable housing. The principal activity of Celtic Horizons Ltd is providing associated housing services. The principal activity of Harmoni Homes Ltd is to manage the development of new affordable housing stock for United Welsh Housing Association.

Board

The Board consists of 3 executive directors and 10 non-executive directors. Each non-executive director holds one fully paid share of £1 in the Association. The executive directors hold no interest in the Association's share capital.

Internal control statement

The Welsh Government requires registered social landlords to report on internal controls in accordance with Housing Association Circular 02/10 – Internal Controls and Reporting. The Board is responsible for the Group's system of internal controls which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has reviewed the effectiveness of the system of internal controls for the period from 1 April 2019 to 25 June 2020.

The procedures that have been established to provide effective internal control are:

- Corporate governance arrangements and an organisational structure with clearly defined lines of accountability;
- Written financial procedures with delegated authorities;
- A comprehensive system of financial reporting including, annual budgets and monthly management accounts to report actual performance against budget and to highlight variances;
- A risk map maintained and reviewed by the Executive Team, Audit & Risk Committee and Board;
- Audit & Risk Committee reviews of the fraud register at each of its meetings and;
- Monitoring of the internal controls and procedures by both the Association's internal auditor and external auditor.

Internal audit services were obtained under contract with Astari Ltd (formerly known as Barcud Shared Services) for the year ended 31 March 2020.

Board's assessment of the impact of Covid-19 on the activities of the Group

The Board has assessed the impact of the coronavirus pandemic on the activities of the Group and the extent to which the pandemic affects these financial statements. Given the uncertainty surrounding Covid-19 the Board has considered the main risk areas and is confident that the Group's operational and financial strength are such that Going Concern is still applicable.

The Board has assessed:

- i) The operational impact (e.g. staff's continuing ability to work from home, IT infrastructure, the ability of tenants to pay their rent and services for vulnerable people).
- ii) Impact on revenue and costs
- iii) Impact on new developments and committed capital spend and the liquidity position of the Group
- iv) Value of the Association's investments
- v) The Group's long term business plan
- vi) Short, medium and long term impact of the situation and any mitigating actions available

- i) In March the Group's Head Office closed except for essential use only and staff started to work from home other than where a physical presence was required. The Group's working practices can continue as long as necessary whilst still delivering core services.

Appropriate support is being delivered to all tenants in need - either through the Association, partner agencies or community groups. Vulnerability risk assessments have been completed with all tenants in Extra Care and sheltered housing. In addition, a hardship fund has been established to assist those tenants in need of financial support.

Health and safety compliance and void works are still being undertaken.

- ii) The majority of our contractors and developers halted construction activity during the lockdown period, resulting in delays to handover timescales and rental income expectations.

Whilst new handovers were mothballed for a short period thereby impacting on new development rental income expectations, prudent budget assumptions around handover delays have limited the impact of loss of rent on the budget for 2020/21.

A number of areas of management costs have been identified where savings could be made to mitigate the impact of any lost rents. In addition, scenario testing of the business plan has shown that whilst there might be a loss of revenue, the Association can rely on its financial strength to weather the impact and meet its lender covenants.

- iii) Whilst the delay in construction activity has resulted in a reduced workload for the team, much of the development function is still able to progress.

The Association's treasury policy requires capital commitments to be covered for a period of 18 months and this is adequately covered in terms of cash balances as well as an undrawn Revolving Credit Facility. In addition, the new £50m facility with Scottish Widows will meet projected future cashflow requirements for at least the next 3 years.

- iv) An assessment of the value of those unsold LCHO properties held in Work in Progress at the balance sheet date revealed that no impairment was necessary on these properties and that half of the properties are under offer with sales expected to proceed to completion.

The Association's social housing properties are held at cost, and an impairment review has not identified any reduction in value. Of the Association's non-social housing properties, one property was impaired during the year and the adjustment is reflected in the Statement of Comprehensive Income.

In relation to social housing properties held as security on loans, the Association is currently in a strong position with over £70m of unsecured properties available if property values fall. Even with a significant fall in market values, the Association would still have sufficient available security to meet existing and future loan requirements.

- v) The business plan has been updated for the potential impact on the Group's revenue streams and costs. Rigorous scenario testing has revealed that the Group is financially strong and able to absorb the associated impact of Covid-19 on its revenue streams, costs and cashflow.

On the basis of its operational review the Board is confident of the Group's ability to adapt and meet the challenges presented by Covid-19 and of its ability to play a wider part in the economic recovery of the areas in which the Group operates. The Board's consideration of the risk areas and of the Group's ability to meet its operational and financial obligations into the future enables it to make the assessment that, taking account of severe but plausible downsides, the Group and Company have adequate resources to continue in business for the foreseeable future.

Statement of Board's responsibilities in respect of the Board's Report and the financial statements

The Board is responsible for preparing the strategic report, the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association 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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its 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) 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Nia Roblin
Secretary
25 June 2020

Financial review

For the year ended 31 March 2020

The Group made a total surplus of £3.7m (2019 - £3.9m) for the year to 31 March 2020. Turnover increased by 3.3% to £37.6m (2019 - £36.4m) and operating costs in the same period rose by 5.3% to £25.9m (2019 - £24.6m). Interest and financing costs fell by 4.7% to £8.1m (2019 - £8.5m).

| GROUP REVENUE | 2020 £'000 | 2019 £'000 |
|-----------------------|-----------------------|---------------|
| Social lettings | 28,580 | 27,262 |
| Service charges | 4,087 | 3,663 |
| Amortised grant | 2,171 | 2,055 |
| Revenue grant | 1,679 | 1,405 |
| Non-social lettings | 469 | 462 |
| Other activities | 595 | 1,553 |
| TOTAL TURNOVER | 37,581 | 36,400 |

| GROUP OPERATING COSTS | 2020 £'000 | 2019 £'000 |
|--------------------------------|-----------------------|---------------|
| Management costs | 8,132 | 6,905 |
| Service costs | 3,412 | 3,057 |
| Depreciation | 6,713 | 6,307 |
| Development administration | 427 | 678 |
| Day to day maintenance | 6,782 | 6,620 |
| Other activity operating costs | 456 | 1,077 |
| TOTAL OPERATING COSTS | 25,922 | 24,644 |

The increase in social lettings reflects the annual increase in rents of 2.4% plus additional rent of £0.7m from new properties.

Revenue grant increased from the previous year due to securing the healthy@home contract in Cardiff and the Vale, along with increased income resulting from our existing Wellbeing projects.

The reduction in income from other activities is due to the completion of the Watford Road project in 2019.

Management costs increased due to investment in staff, and Information Technology. Some of this additional expenditure is offset by the additional grant noted above.

Asset management

The partnership contract between Celtic Horizons Ltd, United Welsh and Mears plc provides the asset management service to the Group. The Group invested £3.3m on major repairs to existing properties (2019 - £3.6m) and spent £6.8m (2019 - £6.6m) on day to day maintenance and cyclical repairs.

Development of new homes

Details of the Group's properties are set out in note 12 of the financial statements. During 2019/20 the Group spent £38.5m (2019 - £18.4m) on acquisition and development of social housing and received grant totaling £21.5m (2019 - £15.0m). The grant received includes S106 subsidy of £11.8m

(2019 - £1.6m) to support this expenditure. At the end of the year the Group's capital commitments in respect of new developments amounted to £23.9m, which will be funded by a combination of public subsidy and private finance.

At the end of the year the Group has 6,148 properties in management as set out in note 12c to the financial statements.

Capital structure

Tangible fixed assets are financed as follows:

| | 2020 | 2019 |
|---|------|------|
| Social Housing Grant (SHG) and other grants | 54% | 52% |
| Private finance | 38% | 41% |
| Reserves | 8% | 7% |

Treasury and funding

Compliance with loan covenants is reported quarterly to the Board and an in-depth treasury performance review and treasury strategy are presented to Board half yearly. At the end of the year the Group had cash balances of £33.9m (2019 - £54.7m). The average monthly cash balance held during the year was £38.3m. Loans at the end of the year totalled £209.1m (2019 - £211.3m).

Governance report

| FREE CASH FLOW STATEMENT | 2020 Group £'000 | 2020 Association £'000 | 2019 Group £'000 | 2019 Association £'000 |
|---|---------------------------------|---------------------------------------|------------------------|------------------------------|
| Net cash generated from operating activities | 15,174 | 15,479 | 15,084 | 14,711 |
| Interest paid | (7,850) | (7,850) | (8,649) | (8,649) |
| Interest received | 300 | 300 | 678 | 678 |
| Adjustments for reinvestment in existing properties: | | | | |
| Component replacements | (2,912) | (2,912) | (3,673) | (3,673) |
| Purchase of other replacement fixed assets | (1,070) | (1,070) | (1,032) | (1,032) |
| | (11,532) | (11,532) | (12,676) | (12,676) |
| Free cash generated before loan repayments | 3,642 | 3,947 | 2,408 | 2,035 |
| Loans repaid | (2,161) | (2,161) | (1,876) | (1,876) |
| Free cash generated after loan repayments | 1,481 | 1,786 | 532 | 159 |

| GROUP FINANCIAL SUMMARY | 2020 £'000 | 2019 £'000 | 2018 £'000 |
|--|-----------------------|---------------|---------------|
| Statement of comprehensive income | | | |
| Turnover | 37,581 | 36,400 | 35,897 |
| Operating surplus | 11,659 | 11,756 | 12,328 |
| Surplus for the year | 3,676 | 3,904 | 5,905 |
| Statement of financial position | | | |
| Property, plant and equipment | 495,294 | 459,998 | 440,891 |
| Investment properties | 475 | 590 | 675 |
| Investments | 14,924 | 12,421 | 11,073 |
| Net current assets | 44,933 | 58,762 | 66,258 |
| Other creditors due after more than one year | (218,678) | (216,996) | (220,700) |
| Defined Benefit Pension Liability | (2,465) | (5,773) | (2,287) |
| Social Housing Grant and other grants | (290,902) | (272,002) | (259,498) |
| Share capital and reserves | 43,581 | 37,000 | 36,412 |

GROUP FINANCIAL PERFORMANCE INDICATORS

| | 2020 | 2019 | 2018 |
|--|-------------|------|------|
| Operating surplus as % of turnover | 31% | 32% | 34% |
| Surplus as % of turnover | 10% | 11% | 16% |
| Rental income loss from empty properties | 1.6% | 1.3% | 1.1% |
| Uncollected rent as % of rental income | 0.6% | 1.0% | 1.0% |
| EBITDA* as % debt | 6% | 6% | 6% |
| Net capital expenditure as % of turnover | 136% | 74% | 82% |
| Gearing | 59% | 66% | 67% |
| Interest cover | 156% | 145% | 153% |
| Net additional properties | 269 | 71 | 158 |

*Earnings before interest, tax, depreciation and amortisation.

Reserves statement

General reserves represent the Group's investment in housing properties that are not funded by grant and loans. The adequacy of the Group's general reserves is determined by the Group's long-term financial forecasts and are benchmarked against other similar sized housing associations.

Reserves are used:

- To maintain a buffer against risk;
- To meet future liabilities, out of past and present income streams, e.g. major repairs;
- To satisfy the financial covenants of lenders;

- To financially support the quality of customer services at times of increasing pressures on revenue expenditure, e.g. during high levels of price inflation;
- To financially support the Group's development programme; and
- To fund interest and repayment of financing not covered by surpluses or refinancing.

The Group has general reserves at the year-end of £43.6m (2019 – £37.0m) which represents an increase of 18% on the previous year.

Independent auditor's report to United Welsh Housing Association Ltd

For the year ended 31 March 2020

We have audited the financial statements of United Welsh Housing Association ("the association") for the year ended 31 March 2020 which comprise the statements of comprehensive income, statements of changes in reserves, statements of financial position, statements of cash flows for the year and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2020 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the strategic report and the Board Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

In our opinion the Statement on Internal Controls on page 27:

- provides the disclosures required by the Housing Association Circular 02/10 Internal Controls and Reporting; and
- is not materially inconsistent with the information which we have been made aware of from our audit work on the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or

Financial statements

- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 30 the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group 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 it 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Sewell
for and on behalf of KPMG LLP,
Statutory Auditor,
Chartered Accountants
3 Assembly Square,
Britannia Quay,
Cardiff
CF10 4AX.

Date: 30 June 2020

Statements of comprehensive income

For the year ended 31 March 2020

| | Notes | 2020 Group £'000 | 2020 Association £'000 | 2019 Group £'000 | 2019 Association £'000 |
|--|-------|------------------------|------------------------------|------------------------|------------------------------|
| Turnover | 3 | 37,581 | 37,599 | 36,400 | 35,429 |
| Operating costs | 3 | (25,922) | (26,093) | (24,644) | (24,150) |
| Operating surplus | | 11,659 | 11,506 | 11,756 | 11,279 |
| (Loss) / gain on disposal of property, plant and equipment | | (44) | (44) | 40 | 40 |
| Interest receivable | | 300 | 300 | 678 | 678 |
| Interest and financing costs | 10 | (8,123) | (8,123) | (8,484) | (8,484) |
| Movement in fair value of investment properties | 13 | (115) | (115) | (85) | (85) |
| Gift aid from subsidiary | | - | 173 | - | 502 |
| Surplus before tax | | 3,677 | 3,697 | 3,905 | 3,930 |
| Tax on surplus | 11 | (1) | - | (1) | - |
| Surplus for the year | | 3,676 | 3,697 | 3,904 | 3,930 |
| Other comprehensive income | | | | | |
| SHPS DB opening balance adjustment | 31 | - | - | (2,562) | (2,562) |
| Actuarial (loss)/gain in respect of defined benefit pension scheme | 30 | 2,905 | 2,905 | (754) | (754) |
| Total comprehensive income for the year | | 6,581 | 6,602 | 588 | 614 |

Statements of changes in reserves

For the year ended 31 March 2020

| | 2020 | | 2019 | |
|--|-------------------------------------|---|-------------------------------------|---|
| | Group Total Reserves £'000 | Association Total Reserves £'000 | Group Total Reserves £'000 | Association Total Reserves £'000 |
| Balance at beginning of year | 37,000 | 37,215 | 36,412 | 36,601 |
| Surplus from Statement of Comprehensive Income | 6,581 | 6,602 | 588 | 614 |
| Balance at end of year | 43,581 | 43,817 | 37,000 | 37,215 |

Total reserves are solely comprised of the comprehensive income reserve for both the Association and Group.

The financial statements were approved by the Board on 25 June 2020 and signed on its behalf by:

G Sturges
Chair

D Williams
Chair of Audit & Risk Committee

Nia Roblin
Company Secretary

Financial statements

Statements of financial position

As at 31 March 2020

| | Notes | 2020 Group £'000 | 2020 Association £'000 | 2019 Group £'000 | 2019 Association £'000 |
|---|-------|------------------------|------------------------------|------------------------|------------------------------|
| Fixed assets | | | | | |
| Housing properties | 12a | 478,551 | 478,736 | 443,619 | 443,778 |
| Other property, plant and equipment | 12b | 16,743 | 13,888 | 16,379 | 13,353 |
| Investment properties | 13 | 475 | 475 | 590 | 590 |
| | | 495,769 | 493,099 | 460,588 | 457,721 |
| Investments: Homebuy and LCHO loans receivable | 14 | 12,902 | 12,902 | 10,379 | 10,379 |
| Investments: Other | 15 | 2,022 | 2,022 | 2,042 | 2,042 |
| | | 14,924 | 14,924 | 12,421 | 12,421 |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 16 | 4,085 | 4,175 | 2,929 | 3,414 |
| Debtors: amounts falling due after one year | 16 | 12,923 | 16,245 | 12,947 | 16,395 |
| | | 17,008 | 20,420 | 15,876 | 19,809 |
| Stock | 17 | 6,363 | 6,363 | 837 | 837 |
| Cash and cash equivalents | | 33,896 | 33,073 | 54,665 | 53,568 |
| | | 57,267 | 59,856 | 71,378 | 74,214 |
| Creditors: amounts falling due within one year | 18 | (12,334) | (12,025) | (12,616) | (12,378) |
| Net current assets | | 44,933 | 47,831 | 58,762 | 61,836 |
| Total assets less current liabilities | | 555,626 | 555,854 | 531,771 | 531,978 |
| Creditors: amounts falling due after more than one year | 19 | (509,572) | (509,572) | (488,990) | (488,990) |
| Provisions for liabilities and charges | 11 | (8) | - | (8) | - |
| Defined benefit pension liability | 30 | (2,465) | (2,465) | (5,773) | (5,773) |
| Net assets | | 43,581 | 43,817 | 37,000 | 37,215 |
| Capital and reserves | | | | | |
| Share capital | 24 | - | - | - | - |
| Reserves | | 43,581 | 43,817 | 37,000 | 37,215 |
| | | 43,581 | 43,817 | 37,000 | 37,215 |

The financial statements were approved by the Board on 25 June 2020 and signed on its behalf by:

G Sturges
Chair

D Williams
Chair of Audit & Risk Committee

Nia Roblin
Company Secretary

Company registration number: 26623R.

The notes on pages 42 to 73 form part of these financial statements.

Statements of Cash Flows

For the year ending 31 March 2020

| | 2020 Group £'000 | 2020 Association £'000 | 2019 Group £'000 | 2019 Association £'000 |
|---|------------------------|------------------------------|------------------------|------------------------------|
| Cashflow from operating activities | | | | |
| Surplus for the year | 3,676 | 3,697 | 3,904 | 3,930 |
| Adjustment for non-cash items: | | | | |
| Depreciation | 6,453 | 6,283 | 6,015 | 5,845 |
| Amortisation | (2,171) | (2,171) | (2,055) | (2,055) |
| Movement in fair value of investment properties | 115 | 115 | 85 | 85 |
| (Increase)/decrease in debtors | (1,148) | (627) | 819 | 1,061 |
| Increase/(decrease) in creditors | 789 | 722 | (1,762) | (1,685) |
| Decrease/(increase) in stock | - | - | 548 | - |
| Difference between pension costs charged in operating surplus and pension cashflows | (407) | (407) | (236) | (236) |
| Profit on disposal of fixed assets | 44 | 44 | (40) | (40) |
| Interest payable | 8,123 | 8,123 | 8,484 | 8,484 |
| Interest receivable | (300) | (300) | (678) | (678) |
| Cash inflow from operations | 15,174 | 15,479 | 15,084 | 14,711 |
| Cashflows from investing activities | | | | |
| Finance income received | 300 | 300 | 678 | 678 |
| Proceeds from sale of property, plant and equipment | (44) | (44) | 40 | 40 |
| Purchase of property, plant and equipment | (27,295) | (27,326) | (17,973) | (18,004) |
| Component replacements to existing properties | (2,912) | (2,912) | (3,673) | (3,673) |
| Purchaser's equity in properties held for sale | (3,809) | (3,809) | 768 | 768 |
| Government grants received | 7,159 | 7,159 | 13,278 | 13,278 |
| Net acquisition of financial asset investments | (1,811) | (1,811) | (86) | (86) |
| Net cash outflow from investing activities | (28,412) | (28,443) | (6,968) | (6,999) |
| Net cash outflow before financing activities | (13,238) | (12,964) | 8,116 | 7,712 |
| Cashflows from financing activities | | | | |
| Finance costs paid | (7,850) | (7,850) | (8,649) | (8,649) |
| Other government funding | 2,480 | 2,480 | (4,487) | (4,487) |
| New loans | - | - | 31,900 | 31,900 |
| Repayment of borrowings | (2,161) | (2,161) | (1,876) | (1,876) |
| Net cash (outflow)/inflow from financing activities | (7,531) | (7,531) | 16,888 | 16,888 |
| Net increase in cash and cash equivalents | (20,769) | (20,495) | 25,004 | 24,600 |
| Cash and cash equivalents at the beginning of the year | 54,665 | 53,568 | 29,661 | 28,968 |
| Cash and cash equivalents at the end of the year | 33,896 | 33,073 | 54,665 | 53,568 |

Notes to the consolidated financial statements

For the year ended 31 March 2020

1. Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord. The Association has adopted charitable rules. The Association's wholly owned subsidiaries, Celtic Horizons Ltd and Harmoni Homes Ltd are registered under the Companies Act 2006.

2. Principal accounting policies and key estimates and judgements

Basis of accounting

These financial statements have been prepared in accordance with applicable Accounting Standards, specifically Financial Reporting Standard 102 (FRS102) in the United Kingdom and the Statement of Recommended (Accounting) Practice for Registered Social Housing Providers 2018 (SORP 2018) and comply with the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. The Group meets the definition of a Public Benefit Entity under FRS102. These financial statements have been prepared in Sterling on the historical cost basis, except

for the modification to a fair value basis for investment properties and certain financial assets as specified in the accounting policies below. Other than the Statement of Cash Flows, these financial statements have been prepared on the accruals basis. Accounting policies are consistently applied from one financial year to another.

Basis of consolidation

The consolidated accounts include the financial statements of United Welsh Housing Association Ltd and its subsidiaries, Celtic Horizons Ltd and Harmoni Homes Ltd made up to the 31 March 2020. The purchase method of accounting has been adopted.

Going concern

The financial statements have been prepared on a going concern basis which the Board consider to be appropriate for the following reasons.

The Board has assessed the impact of Coronavirus pandemic on the activities of the Group and the extent to which the pandemic affects these financial statements. Given the uncertainty surrounding Covid-19 the Board has considered the main risk areas and after reviewing the Group and Association budgets for 2020/21 and the

group's financial position is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future.

In order to reach this conclusion, the Board has considered the:

- operational impact on the Group's ability to continue to provide services
- impact on revenue and costs
- impact on new developments and committed capital spend and the liquidity position of the Group
- value of the Association's investments
- Group's long term business plan
- short, medium and long term impact of the situation and any mitigating actions available

The Board believes the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Critical accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The Group based its estimates and assumptions on parameters available at the time the financial statements were prepared.

Impairment of non-financial assets

Social housing properties are sensitive to potential changes in value in use which may lead to impairment. In accordance with FRS102 the Association carries out an annual impairment review, assessing the Useful Economic Lives of properties and their future value to the Association, taking into account: the current level of demand for properties, the level of void losses, projected discounted cash flows and the ongoing investment in property maintenance and improvement.

Fair value of investment properties

The fair values of investment properties are sensitive to changes in market conditions, therefore the Group's investment properties are valued annually by an independent valuer and the carrying value amended, when necessary, to reflect current values. The properties were valued at the year end and an impairment of £115k has been made (note 13).

Financial statements

Defined Benefit Pension Liability

The Group's share of the Social Housing (Defined Benefit) Pension Scheme fund deficit is shown on the Statement of Financial Position. The assumptions used to determine the liability have been considered and no amendments have been made as they were deemed appropriate. The SHPS accounting disclosures and assumptions have been shown in full (note 30).

Critical accounting judgements

The UK's proposed departure from the European Union

The Group has considered the risks to our activities potentially arising from the UK's planned departure from the European Union. This risk assessment has considered how both orderly and disorderly exit scenarios could affect the following areas:

- Labour availability, both in terms of the direct loss of mainland European nationals returning to the EU and relocation of UK nationals to higher earning areas of the UK;
- Materials availability, in particular materials sourced from other areas of the EU and;
- The availability of finance, in particular the impact on the costs of funds from a disorderly exit and loss of access to EIB sourced finance.

As a result of this review, the Board judges that sufficiently robust contingency arrangements are in place to ensure that a UK departure from the European Union will have little immediate impact on the Groups activities.

Turnover

Turnover represents rental and service charge income, sundry housing services and government grants receivable. Revenue for rent and service charges receivable is recognised in line with the letting period, net of losses from voids, from the point at which properties become available for letting. Rent and service charge losses from bad debts are included within operating costs. Feed-in tariff income receivable is recognised at the point the supply is provided.

Property, plant & equipment

Housing and other buildings (and their components) held for social benefit are shown at historical cost, less accumulated depreciation. Directly attributable costs, such as land costs, contractor payments and architects' fees are capitalised at cost. Directly attributable management expenses are allocated to the costs of schemes under construction to the extent that they represent incremental costs. The costs of improvement to existing housing properties are included if the improvements increase rental income, reduce future maintenance costs or significantly extend the life of the property. Where this is the case the full cost of each of the components is capitalised. When schemes are purchased requiring refurbishment, the costs of these refurbishments are fully capitalised.

Other fixed assets are held at historical cost, less accumulated depreciation.

Freehold land and assets in the course of construction are not depreciated.

Social Housing Grant, Housing Finance Grant and other capital grants

All government grants initially appear as creditors in the Statement of Financial Position at the fair value of the sum receivable. Grants are amortised on a straight line basis over the life of the asset whose purchase they support, unless they are received in respect of the provision of properties under the Homebuy or LCHO schemes, in which case grants are only taken to the Statement of Comprehensive Income at the point the loan is redeemed.

Social Housing Grant (SHG) and Housing Finance Grant (HFG) are receivable from the Welsh Government. SHG is received in full when a property is developed or acquired. HFG is received over a 30 year period with interest receivable from the Welsh Government, on the total capital value of the grant, over that period. Where land or buildings are acquired at below market value the carrying value reflects the fair value of the asset received, with the subsidy implicit in the arrangement deemed as grant and added to the grant creditor (note 21).

SHG and HFG are repayable in the event of a related property being sold and the grant not being re-utilised within three years (notes 22 and 23).

Grant received in respect of revenue costs, or from a non-Government source, is credited to the Statement of Comprehensive Income in the period in which those costs are incurred.

Homebuy and other LCHO loans receivable

The loan to the purchaser of a property purchased under the Homebuy initiative or Low Cost Home Ownership (LCHO) scheme is treated as a fixed asset investment.

The Group retains equity shares ranging between 22% and 50% in homes purchased under the Homebuy and LCHO schemes. Where a property has been acquired by the Group at below market value (e.g. through a section 106 agreement), the difference between cost and market value at the point of purchase is deemed as grant.

The investment in Homebuy and LCHO is held on the Statement of Financial Position at cost (the initial value of the Association's equity share). On sale of the property the Association will receive a proportion of the sale proceeds equal to the Association's (percentage) equity share in the property. Grant received on Homebuy and LCHO schemes is recyclable on sale of these properties.

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Depreciation

The Group charges depreciation over the expected useful economic lives of assets on a straight line basis (unless indicated otherwise) as follows:

| Freehold properties | Lives |
|------------------------------------|--|
| (a) Residential Buildings: | |
| New build structure | 150 years from date of construction |
| Rehabilitated properties structure | 120 years from date of rehabilitation |
| (b) Non-Residential Buildings: | |
| Office Buildings | 60 years from date of construction |
| Other non-residential Buildings | 120 years from date of construction |
| Leasehold Buildings | 50 years from the commencement of the lease or over the length of the lease (whichever is shorter) |
| Individual Components | |
| Kitchens | 15 years |
| Bathrooms | 25 years |
| Heating systems | 30 years |
| Boilers | 15 years |
| Windows | 30 years |
| Doors | 15 years |
| Roofs | 60 years |
| Other | 15 to 30 years |
| Photovoltaic panels | 25 years |
| Other fixed assets | |
| Motor vehicles | 25% reducing balance |
| Fixtures, furniture and equipment | 5 – 20 years |
| Computer equipment and software | 4 - 6 years |

Stock

For low cost home ownership (LCHO) properties, stock represents the value of the purchaser's equity share in completed properties and the costs incurred to date of properties under construction.

For properties currently held for open market sale, stock represents the cost of properties.

Impairment of properties

Where it is recognised that there is a permanent diminution in value of any property, the full reduction in value is written off through operating costs to the Statement of Comprehensive Income in the year in which the diminution is recognised.

Investment properties

Properties held for the purpose of generating revenue or capital appreciation are classified as investment properties and held at fair value, with changes in fair value taken directly to the Statement of Comprehensive Income.

Other Investments

The Group's interest in UK Treasury bonds is held at amortised cost.

Investment in subsidiary

These are the financial statements of the Group and the Association only. Separate financial statements are produced for the subsidiaries Celtic Horizons Ltd and Harmoni Homes Ltd. Investment in these subsidiaries is carried at cost less impairment.

Debtors and creditors

Debtors are recognised initially at transaction price less attributable transaction costs. Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost less, in the case of rent debtors, any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments, discounted at a market rate for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Leases and similar hire purchase agreements

Where the Group leases property, plant or equipment (either as lessee or lessor) and there is a transfer of substantially all of the risks and rewards of ownership, the lease is classified as a finance lease. All other leases are classified as operating leases. Leased assets are held by the lessor at an amount equal to the lower of their fair value and the present value of the minimum lease payments, with an equivalent finance lease liability recognised. The Group recognises lease income and costs relating to operating leases in the statement of comprehensive income on a straight-line basis over the term of the lease, subject to any adjustment for lease incentives or onerous lease contracts.

Housing and other loans classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Pensions

The accounting basis for the Social Housing (Defined Benefit) Pension Scheme changed from 1st April 2018 (see note 31).

New employees are eligible to join the Social Housing Defined Contribution Scheme, managed by The Pensions Trust.

Previously, the Group's employees have been eligible to join the Social Housing Pension Scheme (SHPS) or The Growth Plan, both of which are Defined Benefit, multi-employer, final salary, schemes. Both schemes are now closed to new members. However, benefits continue to accrue in respect of employees who were members at the date the schemes closed to new members.

The Group's share of assets and liabilities in respect of the Social Housing Pension Scheme are assessed by the scheme actuary as at each reporting date, based upon key assumptions including discount rates, mortality rates, inflation, future salary costs and future pension costs. See note 30, for details. Changes in the Group's net asset or net liability in respect of its obligations to scheme members pass through Other Comprehensive Income and have an impact on the Group's financial reserves.

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It is not possible for the Group to obtain sufficient information to enable it to account for Growth Plan as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

Corporation tax

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3.

Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Celtic Horizons Ltd and Harmoni Homes Ltd are subject to Corporation Tax. The Corporation Tax disclosures are included in note 11.

Value added tax

The Association charges Value Added Tax (VAT) on some services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. VAT payable or recoverable at the year end is included as a current liability or asset as appropriate.

Celtic Horizons Ltd and Harmoni Homes Ltd are subject to VAT.

Deferred tax

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of such timing differences which have arisen but not reversed by the date of Statement of Financial Position, except as otherwise required by Section 29 of FRS102.

Related Party transactions

See Note 8 for details of related party transactions. In accordance with paragraph 33.1A of FRS102, transactions between the Group's wholly owned subsidiaries, Celtic Horizons Ltd, Harmoni Homes Ltd and other members of the Group have not been separately disclosed in these financial statements.

3. Turnover, operating costs and operating surplus

| GROUP | 2020 | | | 2019 | | |
|--------------------------------------|-------------------------------|---|-------------------------------|-------------------|-----------------------------|-------------------------------|
| | Turnover £'000 (note 4) | Operating costs £'000 (note 5) | Operating surplus £'000 | Turnover £'000 | Operating costs £'000 | Operating surplus £'000 |
| Social Housing | | | | | | |
| Social housing lettings | 36,517 | (25,466) | 11,051 | 34,385 | (23,567) | 10,818 |
| TOTAL FROM SOCIAL HOUSING | 36,517 | (25,466) | 11,051 | 34,385 | (23,567) | 10,818 |
| Non social housing activities | | | | | | |
| Lettings | 469 | (73) | 396 | 462 | (141) | 321 |
| Other activities | 595 | (383) | 212 | 1,553 | (936) | 617 |
| TOTAL | 37,581 | (25,922) | 11,659 | 36,400 | (24,644) | 11,756 |
| ASSOCIATION | | | | | | |
| 2020 | | | | | | |
| | Turnover £'000 (note 4) | Operating costs £'000 (note 5) | Operating surplus £'000 | Turnover £'000 | Operating costs £'000 | Operating surplus £'000 |
| Social Housing | | | | | | |
| Social housing lettings | 36,517 | (25,647) | 10,870 | 34,385 | (23,705) | 10,680 |
| TOTAL FROM SOCIAL HOUSING | 36,517 | (25,647) | 10,870 | 34,385 | (23,705) | 10,680 |
| Non social housing activities | | | | | | |
| Lettings | 469 | (73) | 396 | 462 | (141) | 321 |
| Other activities | 613 | (373) | 240 | 582 | (304) | 278 |
| TOTAL | 37,599 | (26,093) | 11,506 | 35,429 | (24,150) | 11,279 |

4. Group and Association - Income from social housing lettings

| TURNOVER | General needs housing £'000 | Supported housing £'000 | 2020 | 2019 |
|---|--------------------------------|----------------------------|----------------|----------------|
| | | | Total £'000 | Total £'000 |
| Rents receivable net of voids | 24,275 | 4,305 | 28,580 | 27,262 |
| Service charge income | 2,903 | 1,184 | 4,087 | 3,663 |
| Amortisation of Social Housing Grant and other grants | 1,797 | 374 | 2,171 | 2,055 |
| Grant receivable | 146 | 1,533 | 1,679 | 1,405 |
| Turnover from social housing lettings | 29,121 | 7,396 | 36,517 | 34,385 |
| Rent losses from voids (memorandum note) | (361) | (119) | (480) | (397) |

5. Group and Association - Expenditure on social housing lettings

| GROUP | General needs housing £'000 | Supported housing £'000 | 2020 | 2019 |
|--|--------------------------------|----------------------------|----------------|----------------|
| | | | Total £'000 | Total £'000 |
| Management costs | 5,300 | 2,391 | 7,691 | 6,655 |
| Service charge costs | 2,364 | 1,048 | 3,412 | 3,057 |
| Development administration | 345 | 82 | 427 | 678 |
| Depreciation | 5,579 | 1,134 | 6,713 | 6,307 |
| Rent losses from bad debts | 400 | 41 | 441 | 250 |
| Day to day maintenance and cyclical repairs | 5,686 | 1,096 | 6,782 | 6,620 |
| Operating costs on social housing lettings | 19,674 | 5,792 | 25,466 | 23,567 |
| Operating surplus on social housing lettings | 9,447 | 1,604 | 11,051 | 10,818 |

5. Expenditure on social housing lettings (continued)

| ASSOCIATION | General needs housing £'000 | Supported housing £'000 | 2020 | 2019 |
|--|--------------------------------|----------------------------|----------------|----------------|
| | | | Total £'000 | Total £'000 |
| Management costs | 5,300 | 2,391 | 7,691 | 6,655 |
| Service costs | 2,364 | 1,048 | 3,412 | 3,057 |
| Development administration | 443 | 82 | 525 | 754 |
| Depreciation | 5,579 | 1,134 | 6,713 | 6,307 |
| Rent losses from bad debts | 400 | 41 | 441 | 250 |
| Day to day maintenance and cyclical repairs | 5,769 | 1,096 | 6,865 | 6,682 |
| Operating costs on social housing lettings | 19,855 | 5,792 | 25,647 | 23,705 |
| Operating surplus on social housing lettings | 9,266 | 1,604 | 10,870 | 10,680 |

During the year £3.3m of major repairs expenditure was capitalised (2019 - £3.6m).

6. Auditor's Remuneration

| | 2020 | | 2019 | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Audit of financial statements | 31 | 25 | 33 | 27 |
| Tax advisory fees | 19 | 19 | 25 | 25 |
| | 50 | 44 | 58 | 52 |

7. Group and Association - Key management personnel

| The remuneration paid to the senior executives was: | 2020 £'000 | 2019 £'000 |
|---|-----------------------|---------------|
| Emoluments (including pension contributions and benefits in kind) | 448 | 382 |
| Emoluments (excluding pension contributions) paid to the highest paid senior employee | 139 | 136 |

Total remuneration of £61k was paid to non-employee members of the Board during the year (2019 - £31k, payments made from September 2018). The Chair of the Board is paid £10k, other Chairs £6k and Board members £5k. The emoluments of non-employee Board members and senior employees, including pension contributions, were in the following ranges:

| | 2020 No. | 2019 No. |
|---------------------|---------------------|-------------|
| £1 - £50,000 | 12 | 11 |
| £60,001 - £70,000 | 1 | - |
| £90,001 - £100,000 | 1 | - |
| £110,001 - £120,000 | - | 2 |
| £120,001 - £130,000 | 1 | - |
| £140,001 - £150,000 | - | 1 |
| £150,001 - £160,000 | 1 | - |

The Group Chief Executive is an ordinary member of the pension scheme and no special terms apply. The contribution for the year in respect of the Group Chief Executive's pension fund amounted to £13,204.

8. Interests and related party transactions

During the year the Association provided rented accommodation to one Board member who was a tenant of the Association and charged rent to that member on the Association's standard terms. Board members who are tenants are unable to use their position to their advantage.

The Association also entered into transactions with The Pensions Trust (TPT) in respect of the pensions schemes offered to employees. Details of such transactions are included in Note 30.

9. Employees and employee costs

| | 2020 | | 2019 | |
|-----------------------|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Wages and salaries | 10,287 | 6,311 | 8,749 | 5,386 |
| Social security costs | 962 | 593 | 812 | 510 |
| Pension costs | 551 | 432 | 467 | 450 |
| | 11,800 | 7,336 | 10,028 | 6,346 |

There were no amounts payable to the pension scheme at either the beginning or end of the year. During the year Celtic Horizons Ltd continued to provide the labour associated with the delivery of the responsive, cyclical and planned maintenance service to United Welsh in partnership with Mears.

| | 2020 | | 2019 | |
|--|--------------|--------------------|--------------|--------------------|
| | Group No. | Association No. | Group No. | Association No. |
| The average monthly number of staff (full time equivalent) during the year | 349 | 198 | 327 | 178 |
| The actual number of staff at end of year | 372 | 209 | 355 | 197 |

10. Group and Association - interest payable and similar charges

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| On loans repayable by instalments | 3,442 | 3,606 |
| On loans repayable other than by instalments | 4,862 | 4,877 |
| Capitalised interest | (311) | (130) |
| Finance charge in respect of the defined benefit pension scheme | 130 | 131 |
| | 8,123 | 8,484 |

11. Corporation tax

As referred to in the accounting policy note 2, the Association is not subject to corporation tax. The group tax charge is set out below:

| | 2020 Group £'000 | 2019 Group £'000 |
|--|------------------------|------------------------|
| a) Analysis of the tax charge | | |
| Current tax - UK Corporation tax on profit | - | - |
| Deferred tax - Deferred tax charge | 1 | 1 |
| | 1 | 1 |

b) Deferred tax

| Provided and unprovided deferred tax comprises the following: | 2020 | | 2019 | |
|---|-------------------|------------------------------|-------------------|------------------------------|
| | Provided £'000 | Group Unprovided £'000 | Provided £'000 | Group Unprovided £'000 |
| Losses | - | - | - | - |
| Fixed asset timing differences | 8 | - | 8 | - |
| Other short term timing differences | - | - | - | - |
| | 8 | - | 8 | - |

| | 2020 Group £'000 | 2019 Group £'000 |
|---|------------------------|------------------------|
| Reconciliation of effective tax rate | | |
| Surplus before taxation | 3,677 | 3,905 |
| Effects of: | | |
| Tax using the UK corporation tax rate of 19% (2019:19%) | (703) | (748) |
| Non-taxable surpluses (due to charitable status) | 669 | 652 |
| Gift aid relief | 33 | 95 |
| Tax on surplus | (1) | (1) |

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Group's future tax charge accordingly. The deferred tax liability at 31 March 2020 has been calculated at 19% (2019: 17%)

12a. Housing properties

| GROUP | Social Housing properties held for letting £'000 | Housing properties in the course of construction £'000 | Total social housing properties £'000 |
|---------------------------|---|---|--|
| Cost or Valuation | | | |
| At beginning of year | 456,078 | 26,487 | 482,565 |
| Transferred on completion | 41,428 | (41,428) | - |
| Additions during the year | 2,912 | 38,460 | 41,372 |
| Disposals during the year | (313) | - | (313) |
| Components replaced | (379) | - | (379) |
| At end of year | 499,726 | 23,519 | 523,245 |
| Depreciation | | | |
| At beginning of year | 38,946 | - | 38,946 |
| Charge for the year | 6,176 | - | 6,176 |
| Disposals during the year | (49) | - | (49) |
| Components replaced | (379) | - | (379) |
| At end of year | 44,694 | - | 44,694 |
| Net book value | | | |
| At end of year | 455,032 | 23,519 | 478,551 |
| At beginning of year | 417,132 | 26,487 | 443,619 |

12a. Housing properties

| ASSOCIATION | Social Housing properties held for letting £'000 | Housing properties in the course of construction £'000 | Total social housing properties £'000 |
|---------------------------|---|---|--|
| Cost or Valuation | | | |
| At beginning of year | 456,237 | 26,487 | 482,724 |
| Transferred on completion | 41,428 | (41,428) | - |
| Additions during the year | 2,938 | 38,460 | 41,398 |
| Disposals during the year | (313) | - | (313) |
| Components replaced | (379) | - | (379) |
| At end of year | 499,911 | 23,519 | 523,430 |
| Depreciation | | | |
| At beginning of year | 38,946 | - | 38,946 |
| Charge for the year | 6,176 | - | 6,176 |
| Disposals during the year | (49) | - | (49) |
| Components replaced | (379) | - | (379) |
| At end of year | 44,694 | - | 44,694 |
| Net book value | | | |
| At end of year | 455,217 | 23,519 | 478,736 |
| At beginning of year | 417,291 | 26,487 | 443,778 |

Land and buildings includes land with a carrying value of £93m. The additions under housing properties held for letting comprise improvements to existing properties of £3.3m (2019 - £6m) £2.9m components and a further £0.5m classified as scheme equipment in note 12b.

12b. Other property, plant and equipment

| GROUP | Non-housing properties £'000 | Scheme equipment £'000 | Photovoltaic panels £'000 | Vehicles & office equipment £'000 | 2020 Total £'000 |
|---------------------------|---------------------------------|---------------------------|------------------------------|--------------------------------------|-----------------------------|
| Cost or Valuation | | | | | |
| At beginning of year | 11,466 | 4,801 | 4,329 | 2,028 | 22,624 |
| Additions during the year | (153) | 636 | - | 624 | 1,107 |
| Disposals during the year | - | (35) | - | (2) | (37) |
| At end of year | 11,313 | 5,402 | 4,329 | 2,650 | 23,694 |
| Depreciation | | | | | |
| At beginning of year | 1,452 | 2,058 | 1,246 | 1,489 | 6,245 |
| Charge for the year | 154 | 293 | 174 | 121 | 742 |
| Disposals during the year | - | (34) | - | (2) | (36) |
| At end of year | 1,606 | 2,317 | 1,420 | 1,608 | 6,951 |
| Net book value | | | | | |
| At end of year | 9,707 | 3,085 | 2,909 | 1,042 | 16,743 |
| At beginning of year | 10,014 | 2,743 | 3,083 | 539 | 16,379 |

12b. Other property, plant and equipment

| ASSOCIATION | Non-housing properties £'000 | Scheme equipment £'000 | Photovoltaic panels £'000 | Vehicles & office equipment £'000 | 2020 Total £'000 |
|---------------------------|---------------------------------|---------------------------|------------------------------|--------------------------------------|-----------------------------|
| Cost or Valuation | | | | | |
| At beginning of year | 11,466 | 4,801 | 76 | 2,028 | 18,371 |
| Additions during the year | (153) | 636 | - | 624 | 1,107 |
| Disposals during the year | - | (35) | - | (2) | (37) |
| At end of year | 11,313 | 5,402 | 76 | 2,650 | 19,441 |
| Depreciation | | | | | |
| At beginning of year | 1,452 | 2,058 | 19 | 1,489 | 5,018 |
| Charge for the year | 154 | 293 | 4 | 121 | 572 |
| Disposals during the year | - | (35) | - | (2) | (37) |
| At end of year | 1,606 | 2,316 | 23 | 1,608 | 5,553 |
| Net book value | | | | | |
| At end of year | 9,707 | 3,086 | 53 | 1,042 | 13,888 |
| At beginning of year | 10,014 | 2,743 | 57 | 539 | 13,353 |

12c. Housing and other properties

| | 2020 | | 2019 | |
|---|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Properties at cost: | | | | |
| Freehold | 479,922 | 480,107 | 441,840 | 441,999 |
| Long leasehold | 5,514 | 5,514 | 9,050 | 9,050 |
| Short leasehold | 2,822 | 2,822 | 2,743 | 2,743 |
| | 488,258 | 488,443 | 453,663 | 453,792 |
| Represented by: | | | | |
| Social housing properties | 478,551 | 478,736 | 443,619 | 443,778 |
| Non-housing properties | 9,707 | 9,707 | 10,014 | 10,014 |
| | 488,258 | 488,443 | 453,633 | 453,792 |
| | | | 2020 | 2019 |
| | | | No. | No. |
| Properties owned and managed | | | | |
| General needs housing properties in management | | | 4,915 | 4,709 |
| Supported housing bed spaces - agency managed | | | 754 | 740 |
| Supported housing bed spaces - directly managed | | | 132 | 132 |
| Homebuy/LCHO | | | 282 | 243 |
| Other properties | | | 65 | 55 |
| | | | 6,148 | 5,879 |

Fixed charges have been granted on the Association's housing properties to secure SHG.

13. Group and Association: Investment properties

| | 2020 £'000 |
|------------------------|---------------|
| At beginning of year | 590 |
| Movement in fair value | (115) |
| At end of year | 475 |

The existing freehold investment properties, comprising one office and one shop, were valued by Savills, an independent valuer, with a recognised and relevant professional qualification in March 2020. The basis of the valuation was market value.

14. Group and Association - Investments: Homebuy and LCHO loans receivable

| | | | 2020 |
|---------------------------|------------------|---------------|------------------------|
| | Homebuy £'000 | LCHO £'000 | Total £'000 |
| At beginning of year | 1,424 | 8,955 | 10,379 |
| Additions during the year | - | 2,729 | 2,729 |
| Disposals during the year | - | (206) | (206) |
| At end of year | 1,424 | 11,478 | 12,902 |

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

15. Group and Association - Investments: other

| | 2020 £'000 | 2019 £'000 |
|---------------|-----------------------|---------------|
| Value of Gilt | 2,022 | 2,042 |

This represents the Group and Association's investment in UK Government Bonds (4.5% 2042 issue) with a nominal value of £1,466,400. The Gilt is a basic financial instrument held at amortised cost.

The Association owns 100% of the ordinary share capital of Celtic Horizons Ltd and Harmoni Homes Ltd, companies incorporated in the United Kingdom. The principal activity of Celtic Horizons Ltd is associated housing activities and the principal activity of Harmoni Homes Ltd is property development. The cost of the Association's investment in each entity is £1.

16. Debtors

| | 2020 | | 2019 | |
|--|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Arrears of tenant rent and service charges | 1,624 | 1,624 | 1,503 | 1,503 |
| Provision for bad and doubtful debts | (1,435) | (1,435) | (1,181) | (1,181) |
| | 189 | 189 | 322 | 322 |
| Other rental debtors | 316 | 316 | 276 | 276 |
| Other debtors and prepayments | 2,246 | 1,900 | 1,037 | 771 |
| Loans under the Empty Homes Initiative | 26 | 26 | 73 | 73 |
| Housing Finance Grant | 13,214 | 13,214 | 13,195 | 13,195 |
| Interest reserve fund cash deposit | 1,017 | 1,017 | 973 | 973 |
| Intercompany account | - | 310 | - | 632 |
| Finance lease contracts | - | 3,448 | - | 3,567 |
| | 17,008 | 20,420 | 15,876 | 19,809 |
| Amounts falling due after one year included above: | | | | |
| Housing Finance Grant | 12,923 | 12,923 | 12,947 | 12,947 |
| Finance lease contracts | - | 3,322 | - | 3,448 |
| | 12,923 | 16,245 | 12,947 | 16,395 |

Housing Finance Grant is paid by the Welsh Government as a contribution towards the costs of housing assets. The grant is payable over a period of 30 years. Housing Finance Grant of £291k (2019 - £248k) is due within one year and £12,923k (2019 - £12,947k) is due in over one year.

At the end of the year the Association had invested £4.3m (note 12b) in photovoltaic panels for the purpose of letting under lease contracts. Fees during the year from lease contracts amounted to £221,000 (2019 - £228,000). The investment in lease contracts in the Association includes £3.6m (2019 - £3.6m) of which £126,000 (2019 - £119,000) is due within one year and £3.4m (2019 - £3.5m) is receivable in over one year. These assets are leased to the Association's subsidiary Celtic Horizons Ltd.

17. Stock

| | 2020 | | 2019 | |
|--------------------|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| LCHO held for sale | 6,363 | 6,363 | 837 | 837 |

18. Creditors: amounts falling due within one year

| | 2020 | | 2019 | |
|---|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Maintenance and other supplies | 1,784 | 1,492 | 1,176 | 1,071 |
| Capital expenditure on housing properties | 2,678 | 2,445 | 2,517 | 2,384 |
| Inter company | - | 216 | - | - |
| Housing loans (note 20) | 2,146 | 2,146 | 2,064 | 2,064 |
| Social Housing Grant and other grants (note 21) | 2,173 | 2,173 | 2,070 | 2,070 |
| Other government funding | - | - | 1,255 | 1,255 |
| Pension scheme deficit recovery plan | 3 | 3 | 3 | 3 |
| Accruals and deferred income | 1,959 | 1,959 | 1,942 | 1,942 |
| Prepayments of rents and service charges | 673 | 673 | 606 | 606 |
| Recycled Capital Grant fund (note 22) | 508 | 508 | 439 | 439 |
| Disposal Proceeds Fund (note 23) | 215 | 215 | 280 | 280 |
| Other capital creditors | 37 | 37 | 123 | 123 |
| Tax and social security | 158 | 158 | 141 | 141 |
| | 12,334 | 12,025 | 12,616 | 12,378 |

19. Group and Association – Creditors: amounts falling due after more than one year

| | 2020 £'000 | 2019 £'000 |
|---|-----------------------------|---------------|
| Housing loans (note 20) | 204,796 | 207,039 |
| Social Housing Grant and other grants (note 21) | 290,902 | 272,002 |
| Other government funding | 4,125 | - |
| Pension scheme deficit recovery plan | 13 | 17 |
| Recycled Capital Grant fund (note 22) | 620 | 459 |
| Disposal Proceeds Fund (note 23) | 61 | - |
| Other long term creditor | 782 | 833 |
| Deferred creditor | 8,273 | 8,640 |
| | 509,572 | 488,990 |

Housing loans are held at amortised cost and are secured by fixed charges on housing properties.

20. Group and Association - Housing loans

| | 2020 £'000 | 2019 £'000 |
|---|----------------|---------------|
| Loans repayable by instalments fall due as follows: | | |
| In five years or more | 88,173 | 90,680 |
| Between two and five years | 9,383 | 8,896 |
| Between one and two years | 2,702 | 2,993 |
| | 100,258 | 102,569 |
| In one year or less | 2,299 | 2,211 |
| | 102,557 | 104,780 |
| Loans repayable other than by instalments fall due as follows: | | |
| In five years or more | 106,500 | 99,500 |
| Between two and five years | - | 7,000 |
| | 106,500 | 106,500 |
| Total housing loans | 209,057 | 211,280 |
| Amortised costs due within one year | (153) | (147) |
| Amortised costs due after one year | (1,962) | (2,030) |
| Total net loans | 206,942 | 209,103 |

The interest rates are between 1.96% and 11.21% for fixed rate loans and between 0.25% and 1.45% (plus 3 Month LIBOR) for variable rate loans.

On 6 May 2020 United Welsh entered into a 30 year loan agreement with Scottish Widows for £50m to fund new developments.

21. Group and Association - Social Housing Grant and other grants

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------------|---------------|
| At beginning of year | 274,072 | 261,497 |
| Grant amortised during the year | (2,181) | (2,055) |
| Amortisation credit written back on disposal | 10 | - |
| Grant receivable | 21,465 | 15,020 |
| Grant transferred to Recycled Grant Fund (Note 22) | (230) | (390) |
| Grant transferred to Disposals Proceeds Fund (Note 23) | (61) | - |
| At end of year | 293,075 | 274,072 |
| Amount due within one year (Note 18) | 2,173 | 2,070 |
| Amount due after one year (Note 19) | 290,902 | 272,002 |
| At end of year | 293,075 | 274,072 |

Total Social Housing Grant received to date is £310,322k (2019 £288,858k).

22. Group and Association - Recycled Capital Grant Fund

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------------|---------------|
| At beginning of year | 898 | 508 |
| Grant recycled in the year (Note 21) | 230 | 390 |
| At end of year | 1,128 | 898 |
| Amount due for repayment to Welsh Government within one year (Note 18) | 508 | 439 |
| Amount due for repayment to Welsh Government after one year (Note 19) | 620 | 459 |

23. Group and Association - Disposal Proceeds Fund

| | 2020 £'000 | 2019 £'000 |
|--|-----------------------------|---------------|
| At beginning of year | 280 | 280 |
| Grant recycled in the year | 61 | - |
| Grant allocated | (65) | - |
| At end of year | 276 | 280 |
| Amount due for repayment to Welsh Government within one year (Note 18) | 215 | 280 |
| Amount due for repayment to Welsh Government after one year (Note 19) | 61 | - |

The addition to the disposals proceed fund relates to a right to acquire that completed during the year but commenced before the scheme was closed.

24. Group and Association - Share capital

| | 2020 £ | 2019 £ |
|---------------------------------|-------------------------|-----------|
| Shares of £1 each fully paid: | | |
| At beginning of year | 26 | 26 |
| Issued during the year for cash | - | 1 |
| Cancelled during the year | (2) | (1) |
| At end of year | 24 | 26 |

Shareholders have no equity interest in the Association. There are voting rights attached to the shares. The shares carry no rights to dividend payments or distribution on winding up and there is no provision for redemption. Shares cancelled are written back to reserves.

25. Obligations under leases

Finance Lease Agreements with the Association as Lessor

The Association leases solar PV generators to its subsidiary Celtic Horizons Ltd under a finance lease. Future minimum rentals under non-cancellable finance leases are as follows:

| | 2020 £'000 | 2019 £'000 |
|----------------------------|-----------------------------|---------------|
| Within one year | 126 | 119 |
| Between two and five years | 585 | 552 |
| Over five years | 2,737 | 2,896 |
| | 3,448 | 3,567 |

Operating Lease Agreements with the Association as Lessor

The Association leases its housing stock under various forms of tenancy, all of which allow the tenant to terminate the agreement on 28 days notice. Additionally, the Association leases some non-housing properties to third parties for uses that benefit the local community and some retail and office properties under standard commercial leases. The operating leases have remaining terms of between 1 and 29 years. Future minimum rentals receivable under operating leases are as follows:

| | 2020 £'000 | 2019 £'000 |
|----------------------------|-----------------------------|---------------|
| Within one year | 2,975 | 2,520 |
| Between two and five years | 1,097 | 1,107 |
| Over five years | 4,654 | 4,686 |
| | 8,726 | 8,313 |

26. Group and Association - Capital commitments

| | 2020 | | 2019 | |
|---------------------------|----------------|----------------------|----------------|----------------------|
| | Group £'000 | Association £'000 | Group £'000 | Association £'000 |
| Contracted less certified | 23,927 | 6,417 | 26,253 | 13,178 |

The capital commitments will be funded by a combination of SHG, other grants and private finance.

27. Group and Association - Contingent liabilities

There were no contingent liabilities at either the beginning or the end of the year.

28. Post balance sheet events

There were no events requiring reporting between the balance sheet date and the date on which these financial statements were approved.

29. Group information

United Welsh Housing Association is the parent of both Celtic Horizons Ltd and Harmoni Homes Ltd, holding 100% of the ordinary share capital of both entities. All entities are incorporated in Great Britain and registered in England and Wales. Celtic Horizons Ltd principal activity is the provision of associated housing services and Harmoni Homes Ltd principal activity is property development.

30. Group and Association - Pension costs

During the year the Group participated in 2 defined benefit pension schemes, the Social Housing Pension Scheme (SHPS) 60th and The Growth Plan, both of which are multi-employer, final salary, schemes. Both schemes are now closed to new members. However, benefits continue to accrue in respect of employees who were members at the date the schemes closed to new members.

After consultation the decision was taken to close the SHPS 60th final salary scheme, and from the 1st April 2020 the remaining members transferred to the SHPS career average revalued earnings (CARE) 80th scheme, and from May 2020 this scheme will also become available to new members.

The Group's share of assets and liabilities in respect of the Social Housing Pension Scheme are assessed by the scheme actuary as at each reporting date, based upon key assumptions including discount rates, mortality rates, inflation, future salary costs and future pension costs. Changes in the Group's net asset or net liability in respect of its obligations to scheme members pass through Other Comprehensive Income and have an impact on the Group's financial reserves.

It is not possible for the Group to obtain sufficient information to enable it to account for Growth Plan as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The Group's current liability in respect of the Growth Plan is £16,000.

Social Housing Pension Scheme

| Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability) | 31 March 2020 £'000 | 31 March 2019 £'000 |
|--|--------------------------------|------------------------|
| Fair value of plan assets | 18,931 | 18,043 |
| Present value of defined benefit obligation | 21,396 | 23,816 |
| Surplus (deficit) in plan | (2,465) | (5,773) |
| Unrecognised surplus | - | - |
| Defined benefit asset (liability) to be recognised | (2,465) | (5,773) |
| Deferred tax | - | - |
| Net defined benefit asset (liability) to be recognised | (2,465) | (5,773) |

30. Group and Association - Pension costs (continued)

Social Housing Pension Scheme

| Reconciliation of opening and closing balances of the defined benefit obligation | Period ended 31 March 2020 £'000 |
|---|---|
| Defined benefit obligation at start of period | 23,816 |
| Current service cost | 145 |
| Expenses | 15 |
| Interest expense | 561 |
| Member contributions | 235 |
| Actuarial losses (gains) due to scheme experience | (162) |
| Actuarial losses (gains) due to changes in demographic assumptions | 208 |
| Actuarial losses (gains) due to changes in financial assumptions | (2,693) |
| Benefits paid and expenses | (729) |
| Defined benefit obligation at end of period | 21,396 |

| Reconciliation of opening and closing balances of the fair value of plan assets | Period ended 31 March 2020 £'000 |
|---|---|
| Fair value of plan assets at start of period | 18,043 |
| Interest income | 431 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 258 |
| Contributions by the employer | 693 |
| Contributions by plan participants | 235 |
| Benefits paid and expenses | (729) |
| Fair value of plan assets at end of period | 18,931 |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £689,000.

30. Group and Association - Pension costs (continued)

Social Housing Pension Scheme

| Defined benefit costs recognised in Statement of Comprehensive Income (SOI) | Period from 31 March 2019 to 31 March 2020 £'000 |
|--|---|
| Current service cost | 145 |
| Expenses | 15 |
| Net interest expense | 130 |
| Defined benefit costs recognised in statement of comprehensive income | 290 |

| Defined benefit costs recognised in other comprehensive income | Period ended 31 March 2020 £'000 |
|--|--|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss) | 258 |
| Experience gains and losses arising on the plan liabilities - gain (loss) | 162 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | (208) |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss) | 2,693 |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss) | 2,905 |
| Total amount recognised in other comprehensive income - gain (loss) | 2,905 |

30. Group and Association - Pension costs (continued)

Social Housing Pension Scheme

| Assets | 31 March 2020 £'000 | 31 March 2019 £'000 |
|-------------------------------|--------------------------------|------------------------|
| Global equity | 2,769 | 3,036 |
| Absolute return | 987 | 1,561 |
| Distressed opportunities | 365 | 328 |
| Credit relative value | 519 | 330 |
| Alternative risk premia | 1,324 | 1,041 |
| Fund of hedge funds | 11 | 82 |
| Emerging markets debt | 573 | 623 |
| Risk sharing | 639 | 544 |
| Insurance-linked securities | 581 | 518 |
| Property | 417 | 406 |
| Infrastructure | 1,408 | 946 |
| Private debt | 382 | 242 |
| Opportunistic Illiquid Credit | 459 | - |
| Corporate bond fund | 1,079 | 842 |
| Liquid Credit | 8 | - |
| Long lease property | 328 | 265 |
| Secured income | 718 | 646 |
| Liability driven investment | 6,283 | 6,598 |
| Net current assets | 81 | 35 |
| Total assets | 18,931 | 18,043 |

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

30. Group and Association - Pension costs (continued)

Social Housing Pension Scheme

| Key assumptions | 31 March 2020 % per annum | 31 March 2019 % per annum |
|---|---|--------------------------------|
| Discount rate | 2.37% | 2.37% |
| Inflation (RPI) | 2.60% | 3.28% |
| Inflation (CPI) | 1.60% | 2.28% |
| Salary growth | 2.60% | 3.28% |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

| | Life expectancy at age 65 years |
|-------------------------|--|
| Male retiring in 2020 | 21.5 |
| Female retiring in 2020 | 23.3 |
| Male retiring in 2040 | 22.9 |
| Female retiring in 2040 | 24.5 |

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audio or an alternative language.**

If you have any comments on the format or content of this report that could help us improve it for next year please contact Lynda Sagona, Group Chief Executive.