

Co-operative and Community Benefit Societies Act Registration Number: 21194R



## **Annual Report and Financial Statements**

**For the year ended 31 March 2024**

## **REPORT AND FINANCIAL STATEMENTS 2024**

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**LEGAL AND ADMINISTRATIVE DETAILS**

**REGISTERED OFFICE**

Tŷ Silyn  
Ffordd Llanllyfni  
Penygroes  
LL54 6LY

**MANAGEMENT BOARD MEMBERS**

Tim Jones	Chair	(appointed September 2023)
Carys Edwards	Chair	(resigned September 2023)
Siôn Fôn	Vice Chair (appointed September 2023)	
Elen Llwyd Williams	Vice Chair	(resigned September 2023)
Dafydd Lewis		(resigned September 2023)
Llinos Iorwerth		
Mike Corfield		
Jane Lewis		
John Antony Jones		(resigned November 2023)
Geraint Wyn George		(resigned December 2023)
David Lloyd		
Nigel Finney		
Ken Beech		(co-opted July 2023)
Tony Oakley		(co-opted July 2023)
Delyth Lloyd		(co-opted December 2023)
Paul Robinson		(co-opted December 2023)
Sally Baxter		(co-opted December 2023)

**MANAGEMENT TEAM**

Melville Evans	Chief Executive
Nia Rhian Owen	Interim Group Director of Resources

**COMPANY SECRETARY**

Helen Wyn Jones

**BANKERS**

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

**AUDITOR**

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

**LEGAL STATUS**

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

## MANAGEMENT BOARD REPORT

Grŵp Cynefin's 2019-2024 Corporate Plan, sets the strategic direction, as follows:

## VISION:

*Making a positive difference to lives and communities*

## MISSION STATEMENT

Grŵp Cynefin will:

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

## VALUES

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

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

## CULTURE

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

## STRATEGIC AIMS 2023-24

In March 2023, Grŵp Cynefin self-reported significant risks and concerns in relation to tenant services and governance, specifically in relation to assurance on compliance, including statutory safety and the Welsh Housing Quality Standard. Regulatory intervention was required to ensure that Grŵp Cynefin addressed the identified concerns, and in line with the regulatory standards. Improvements were required, and the Association worked closely with the Regulator to develop and agree an improvement plan, ('Business Improvement Plan') which included carrying-out independent reviews of its leadership and governance at Executive and Board level, as well as immediate improvements to statutory compliance. Grŵp Cynefin's regulatory judgement was revised (from 'Green Compliant' for both Governance and Tenants Services, and Financial Viability awarded December 2022), to 'Non-compliant Amber' for Governance and Tenant Services' and 'Compliant Yellow' for Financial Viability.

It also entered into a formal Voluntary Undertaking in May 2023.

In May 2024, Grŵp Cynefin had its Regulatory Judgement revised and updated to 'Compliant Yellow' for both Financial Viability and Governance and Tenant Services. This reflected the progress made over the past 13 months on improving the data held on our stock and gaining assurance in relation to asset compliance resulting in positive relationships and collaboration with both the Regulator and our Funders.

In view of the revised regulatory judgement, the Management Board agreed an additional strategic objective for 2023-24, being 'to **Implement our Business Improvement Plan**': *We will have complete, accurate and timely Asset*

## MANAGEMENT BOARD REPORT

*Management information to assist us to comply with landlord health and safety requirements, and to allow effective long term financial planning’.*

The five original strategic aims remain and are supported by a series of agreed action plans and indicators which measure the difference the Corporate Plan will make during the lifetime of the Plan:

- **Implement our Business Improvement Plan:** We will complete, accurate and timely information to assist us in complying with the requirements of the regulatory standards.
- **Quality Homes:** We shall provide high-quality affordable properties that meet the local needs.
- **Excellent Services:** We shall provide services that meet the needs of our tenants and customers consistently across the Group.
- **Improve Lives:** We shall provide support and opportunities for people.
- **Sustain Communities:** We will engage with local communities and will be a catalyst for positive change
- **Strong and Sustainable Growth:** We will demonstrate the best leadership, governance and management practices as a Group.

## DELIVERING THE GRŴP CYNEFIN STRATEGY

### Aim 1. Implement our Business Improvement Plan

During 2023-24, the key focus for Grŵp Cynefin was to deliver the Business Improvement Plan, and to implement the requirements of the Voluntary Undertaking, providing the Regulator with regular updates on progress.

It also involved close discussions with our lenders to keep them notified of progress, potential impact on covenants, and future borrowing requirements.

The driver for implementing the Business Improvement Plan was establishing 5 key workstreams, being;

- Compliance Health and Safety
- Financial Resilience and Viability
- Governance
- People and Culture
- Tenant Engagement

Specialised interim staff were brought into the business to help drive forward the improvements required, and systems and procedures were reviewed.

As part of the Voluntary Undertaking, we agreed to undertake three strategic reviews, being i). Financial Viability, ii). Business Modelling, and iii) Governance. All three reviews were set at a strategic level, and undertaken by an external company (David Tolson Partnerships, namely DTP), following an open tender process. The reviews were completed, and reports and recommendations presented to Board in October 2023 (Financial Viability), and January 2024 (Business Modelling and Governance).

In January 2024, and following implementing the Business Improvement Plan, and most of the requirements of the Voluntary Undertaking, Grŵp Cynefin undertook a self-evaluation process against the requirement of the regulatory standards. The process led to a revised judgement of becoming compliant (‘Yellow’) in both Governance and Tenant Services, and Financial Viability in May 2024.

The Voluntary Undertaking remains until we complete two strategic reviews, and implement any recommendations arising from them, the two reviews being i). Risk Management leading to the development of a Board Assurance Framework, and ii) a review of the ‘More than Housing’ services and projects to provide the Board with information to facilitate future business decisions.

During the year, there were changes to the Management Board, where some members’ 9-year term came to force, and some stood down. In July 2023, two Board Members were co-opted specifically for their treasury, financial and governance expertise, and in September, a new Chair was appointed following a recruitment campaign, led by external

## MANAGEMENT BOARD REPORT

consultants. Three additional Board members were co-opted in December 2023, again via a recruitment campaign, and with consideration given to the Board skills map and succession Plan.

In May 2024, the permanent Chief Executive Officer was appointed, following an open recruitment process facilitated by an external provider. The senior leadership structure will be recruited during 2024/25 and will consist of a Director of People, Director of Property & Investment, Director of Neighbourhoods and Director of Resources.

### Aim 2: Quality Homes

The key focus during 2023-24 was to improve data records to provide assurance around health and safety compliance. A timeframe was established and agreed with the Board and Regulator to achieve compliance in key areas including fire safety, gas, Electrical Installation Condition Report (EICR), legionella, radon and lifts. Monthly progress and performance reports ('Compliance Dashboards') showed continued improvements towards compliance, which is detailed below. This remains a key priority.

Another key focus was to undertake a comprehensive programme of completing stock condition surveys of all our properties, with a target of achieving 100% (by the end of July 2024). 82% of our stock has been surveyed, and our Asset Management system populated, having undergone quality assurance data checks by an external company. We are anticipating approx 15% of properties will not be surveyed due to issues around gaining access to complete the survey. However, we are proactively managing this with our housing and communications teams to ensure we get access to as many properties as possible. Those properties where gaining access to complete the surveys that continue to be problematic will form part of the initial tranche of an annual 20% rolling survey programme.

Grŵp Cynefin delivers services which meet the diverse needs of tenants and other service users. It has a range of housing options available, such as social housing with properties ranging from flats, bungalows and a range of various size bedroom properties, sheltered accommodation, extra care schemes, and affordable homes with various shared equity options including the Home-buy scheme.

The extension construction of the Extra Care scheme at Llys Awelon in Ruthin will include 35 new units and was completed at the end of August 2024.

This year, Grŵp Cynefin added 18 new units to its stock, disposed of 2 units, bringing the total number of units under management to 4,255 (as per note 5 of the accounts), there are also an additional 760 intermediate homes which are not included within the note, bringing the total to 5,015.

The 5,015 units are made up of the 4,238 rented units which are either owned by Grŵp Cynefin or leased from the Welsh Housing Partnership, but are also managed by Grŵp Cynefin; 760 intermediate market units ('Homebuy' and 'Shared Equity' units) in which Grŵp Cynefin has an interest, as well as 17 units which are owned by Almshouse Charities, but are managed by Grŵp Cynefin.

Grŵp Cynefin secured a Welsh Government Optimised Retrofit Programme (ORP) funding grant of £1.4m in 2022/23, with additional funding of £1.6m in 2023/24 and £1.6m in 2024/25. The main themes of the Optimised Retrofit Programme (ORP) programme are: Affordable Warmth, Decarbonisation and understanding the best pathway to better energy efficiency for our homes and residents. Grŵp Cynefin have appointed Cyd Innovation as a managing agent to support the appointment of a principal contractor for the delivery of the Optimised Retrofit Programme (ORP) programme for 12 months and for carrying out retrofit works to properties using ECO 4 funding. Property assessments are continuing on a regular basis, and once retrofit work is completed, the funding will be made available (during 24/25).

All of the Optimised Retrofit Programme (ORP) funding and installation process requires to be completed and executed by March 31st 2025 in accordance with recent Welsh Government information.

Grŵp Cynefin appointed two new roles, being the Energy and Retrofit Manager and Project Manager who work in partnership regarding the delivery of the programme.

## MANAGEMENT BOARD REPORT

During 2023-24:

- **Wal-Lag are our appointed contractor on this scheme and have completed 20 retrofit installations with energy efficiency measures which include solar PV, ASHP heating systems and insulation.**
- **We have a further 9 confirmed installation dates**
- **6 properties are currently viewed as a ‘work in progress’ – currently on site, scaffold in place, insulation/installation preparation.**
- **We have 15 properties awaiting installation dates to be confirmed.**
- **The Optimised Retrofit Programme (ORP) scheme must be completed by March 31<sup>st</sup> 2025 in accordance with Welsh Government requirements. The intention is that circa 150 of our properties will have received these measures by this date.**

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

### Aim 3: Excellent Services

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

The Tenant Engagement Strategy (approved September 2022) and Skills and Employment Strategy and action plan (approved March 2023) provide additional services to our tenants and the wider community, such as the Energy Wardens to obtain the best practices and prices on energy costs and use, and specific community regeneration projects under our ‘More than Housing’ strapline. During 2022/23, Grŵp Cynefin commissioned TPAS Cymru to undertake a ‘Tenant Engagement Standards Assessment’ against the regulatory requirements, and the recommendations were fed into the Tenant Participation work-stream set up in accordance with the delivery of the Voluntary Undertaking. The Tenant Engagement Workstream, TESA Action Plan and Tenant Engagement Action Plan were all combined and presented to the Tenant’s Action Group in December 2023. A new tenant’s Task and Finish Group was established and met in January and February 2024 to codesign a new Action Plan for 2024/25.

The Digital Transformation Strategy has delivered a new tenant-facing systems, such as the tenant portal, ‘Cynefin App’ for tenants to access information easier and faster, also a new ‘chat’ facility via our new website, launched in April 2022. The performance information for 2023/24 are as follows:

• <i>Number of calls received</i>	37,338
• <i>% answer rate</i>	88%
• <i>Calls answered within 60 seconds</i>	63%
• <i>Number of live chats</i>	840
• <i>Number of emails to post@Grwpcynefin</i>	12,228

A strategic aim set for 2024-25 has been set to establish priorities for a new Group Digital Transformation Strategy, and we will be commissioning an external provider to facilitate this work.

In October 2023 tenants took part in the Welsh Government standard satisfaction survey, published by Welsh Government in June 2024.

Here are some of the key findings:

How satisfied are you with the service provided?	81%
How satisfied are you with the overall quality of your home?	70%

## MANAGEMENT BOARD REPORT

Generally, how satisfied are you with the way Grwp Cynefin deals with repairs and maintenance?	73%
How satisfied are you with your neighbourhood as a place to live?	81%
How satisfied are you that your rent provides value for money?	79%
How satisfied are you that your service charges provide value for money?	42%
How satisfied are you that Grwp Cynefin listens to your views and acts upon them?	61%
Thinking about your home specifically, how satisfied are you that your home that is safe and secure?	86%
How satisfied are you with the way Grwp Cynefin deals with anti-social behaviour?	12%
How satisfied are you with opportunities given to you to participate in decision making processes?	56%
How satisfied are you that Grwp Cynefin gives you a say in how services are managed?	56%
To what extent do you agree with the following statement "I trust Grwp Cynefin".	77%

**We have set a strategic aim for 2024-25 to review the Tenant Satisfaction Survey, and during 2025-26, we will undertake a comprehensive satisfaction survey (based on STAR principles) so as to provide a clear picture of tenant's satisfaction.**

Grŵp Cynefin was awarded a 'Customer Service Excellence' accreditation (4 elements reaching 'Compliance Plus'), in accordance with the requirements of the Cabinet Office's Customer Service Excellence Standards in July 2021, which is reviewed annually. The accreditation was met again in July 2023, with a full review delayed to 2025.

*Repairing and improving homes Key Performance Indicators:*

	2024	2023
Repairs completed within target time	82%	84%
Emergency work completed within 24 hours	99%	99%

Grŵp Cynefin ended the year with 100% Gas Safety compliance.

*Letting and managing property:*

During the period April – March 2024, 242 properties were let, 18 new lets and 224 re-lets.

The number of re-lets has decreased slightly this year when compared with the same period last year. This however, was expected, while we reviewed our procurement process to achieve greater value for money. It is expected that following this review and the active Transitional Accommodation Capital Program (TACP) in place, that the number of re-lets will increase in the next financial year.

Loss of income due to empty properties at the end of March was £377,894. When comparing with the same period the previous year this figure was £321,902. The Association has been successful in receiving a Transitional Accommodation Capital Program (TACP) grant to improve the number of empty properties and reduce the loss of income against longer term void properties. We also undertook an internal 'LEAN' review looking to improve our void process, which should contribute positively to turning properties around quicker, resulting in less rent loss moving forward.

	2024	2023
<b>Arrears</b> as a % of rent collectable (as at year end)	2.69%	2.59%
<b>Rent loss – empty properties</b> as a % of rent collectable (in the year)	1.74%	1.45%
<b>Days taken to let</b> (including relets and new properties) (average in the year) *	47	23
<b>Number of ASB cases during the year:</b> These cases range from category one cases which includes threatening behaviour and assaults, to category three which would include noise nuisance, untidy gardens etc.	443	364



## MANAGEMENT BOARD REPORT

\*The decision to review procurement process to achieve greater value for money has impacted on the number of days taken to re let our properties for this financial year. However, procuring through frameworks moving forward will see efficiencies across the board.

### Aim 4: Improve Lives

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

The Welfare team has assisted a total of 491 tenants over the year, with 1,958 new cases opened for various elements for the tenants. A total of continuous earnings of £1,637,488.40 was secured, which is on average £3,335.01 for each tenant seen by the Team. This is an increase of £393,984 to last year's figures.

The association supported 20 tenants in gaining employment and development skills, and a total of £2k 'Steps to Employment Grants' was awarded to 11 individuals during the year. The Community Initiatives Team became 2<sup>nd</sup> in the TPAS awards in July 2022 for their 'Steps to Employment' programme.

Our subsidiary companies, Canllaw (Eryri) cyf (Gwynedd and Angelsey) and Gofal a Thrwsio Conwy a Sir Ddinbych, Both subsidiaries helped 10,316 clients in 2023/24 by completing a total of over £1.8m home improvements, repairs or adaptations on their behalf. They assisted to maximise their clients income through welfare benefits uptake to a value of over £2.5m. They had an overall clients satisfaction rate of 96% for their services with 97% stating they would recommend their services to others.

'Gorwel' offers a cross-section of schemes in terms of supporting children, young people, adults and older people. It supports, on average between 750 – 800 people per week and has 62 FTE paid members of staff. Grants form 80% of Gorwel's income.

Gorwel received confirmation in July 2023 that they had met the 'Leading Lights' accreditation for its 'IDVA' (independent domestic violence advisor) programme, which recognises and rewards good and safe practice in community based domestic abuse services across the UK. The programme offers services, partner agencies and commissioners a set of standards for supporting victims of domestic abuse through a risk led response and is designed to ensure that survivors of domestic violence receive the same level of service, regardless of where they are in the country. Post year-end, and following close discussions with the commissioner, the IDVA service was transferred to an external provider.

Grŵp Cynefin's new Equality, Diversity and Inclusion Strategy was approved by the Management Board in July 2023, with additional resources directed towards achieving agreed actions during 2024/25.

### Aim 5: Sustain Communities

Grŵp Cynefin have a range of services and projects that supports and regenerates the communities in which we work, and which explains the purpose of 'More than Housing' (see more details below page 11 and 12).

An example of working in partnership to be a catalyst for positive change is the Dwyfor Pilot Project, working with the Welsh Government's affordable housing pilot in Dwyfor looking for solutions to alleviate the housing pressures experienced in Welsh speaking rural communities *This three-year project, is tasked with creating housing co-operative projects similar to a community trust, working with other registered social landlords and Gwynedd Council to try and meet the area's local housing needs and promoting community-led housing as a possible solution. Some of the key milestones for this project include:*

- Looking at barriers facing Housing Associations looking to develop in rural areas and engaging with the Welsh Government to highlight key issues. Grwp Cynefin are currently looking to bring forward 4 sites in the Dwyfor area with an additional site potentially receiving additional funding assistance through the Welsh Government.
- Assisting with promoting Gwynedd Council's Homebuy Scheme which has received significant investment by the Welsh Government due to the Pilot Scheme. The scheme is administrated by Tai Teg and was promoted through conducting information sessions with local councillors, community councils, Estate Agents and during

## MANAGEMENT BOARD REPORT

various open days and housing events. The Scheme assists individuals to purchase a property in their local area using an interest free loan.

- Presenting a business case to the Welsh Government for a Deposit Scheme on behalf of the Pilot Scheme Partners (Grwp Cynefin Gwynedd Council, Eryri National Park, Adra ). The scheme is designed similarly to the Homebuy Scheme to assist those in need of a deposit to purchase a property. We expect to receive a response from the Welsh Government in the coming weeks.
- Assisting Communities in the Dwyfor area that wish to purchase houses and rent them out to members of the community. We have conducted a Community Led Housing Open Day with various partners such as Cwmpas and the Rural Housing Enablers - this allowed Groups in the area to network (the Rural Housing Enablers have carried out 4 community led housing needs assessment in the Dwyfor area to date). Assistance was also given to three community Groups that required funding to continue with their projects, with the Pilot Scheme able to co-ordinate and assist with funding streams.

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

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

Total number of units nominated via Tai Teg to date

Year	No of units
2018.2019	200
2019.2020	300
2020.2021	352
2021.2022	542
2022.2023	367
2023.2024	414
<b>Total</b>	<b>2,175</b>

Grŵp Cynefin is working in partnership with Cyngor Gwynedd, Betsi Cadwaladr Health Board, and Theatr Bara Caws, in the development of a Health and Wellbeing Project for the Penygroes and Dyffryn Nantlle areas, namely Canolfan Lleu. At its core are the principles of working in stronger partnerships to improve wellbeing and a move towards co-production of good health, but it also includes a core commitment to build a new wellbeing environment, a better public realm for the area and a sustainable housing offer based on identified local needs. A necessary change to the original scheme masterplan resulted in a pause in developing the scheme further to undertake a feasibility review on potential new masterplan. The proposed changes are currently being assessed on its affordability against the grants that have been recognised to date for the project.

During 2024/25 a independent review will be commissioned to review all of Grwp Cynefin's 'More than Housing' projects and services. 'More than Housing' is a generic term which Groups a number of services, projects and assets administered and managed by Grwp Cynefin. They are varied in their nature and are 'additional' to our core landlord services. The review is in response to a recommendation arising from the 'Business Modelling' review undertaken as part of the Voluntary Undertaking to inform future strategic direction.

## MANAGEMENT BOARD REPORT

### Aim 6: Strong and Sustainable Growth

Grŵp Cynefin reported to the June 2023 Governance Committee that it fully met 82% of the requirements of the CHC Code of Governance, with some areas to strengthen and improve, those actions being included within the Governance Improvement Plan to work towards being fully compliant. However, as mentioned, a comprehensive governance review was undertaken by an external provider, with the report and recommendations approved by the Board in January 2024. The recommendations were fed into a revised Governance Improvement Plan, and it was reported to the Board and the Remuneration and Governance Committee that progress against the recommendations was good, in that 33% had been implemented.

A review of the Investors in People (IIP) accreditation was also undertaken in the autumn of 2022, where Grŵp Cynefin regained the 'Silver award'. This is the third Investors in People (IIP) Insights assessment for Grŵp Cynefin, which came at an exceptionally challenging time for the organisation, e.g. post covid, a context of uncertainty/cost of living/increased mental health awareness, and staff shortages in key areas.

During 2023-24, an external consultant was appointed to undertake an independent market pay and benefits review for all posts within Grŵp Cynefin. The pay review was based on salaries for the financial year 2023/2024. The purpose of the review was to provide Grŵp Cynefin with appropriate and relevant guidance denoting market data to compare the current level of pay and reward and thus enable the organisation to make informed decisions and recommendations regarding the pay and terms and conditions package for all post holders. The report was presented to the Remuneration and Governance Committee in January 2024.

A new 'People Strategy and Plan 2024-2027' was also approved by the Board in April 2024, which was a strategic aim. The development of this new strategy and plan is key to achieving 'Sufficient leadership and management (skills / experience / capacity evaluation)', which was a requirement of the Voluntary Undertaking. It was also developed to reflect, our values and our ongoing commitment to Investors in People IIP. It is an ambitious strategy and plan, separated into three key areas of focus, being 'The way we do things', 'How we do things', and 'Getting things done'.

### GRŴP CYNEFIN PRINCIPAL ACTIVITIES

As a registered social landlord, Grŵp Cynefin:

- Manages more than 5,000 homes across North Wales and North Powys
- Provides landlord services through a network of local offices in Bala, Denbigh, Llangefni and Penygroes. Encourages tenants to influence performance and improve the services they and their communities are receiving
- Develops homes of all types in response to local needs: for families, single people, older people and vulnerable persons with support needs
- During 2023/24 Grŵp Cynefin invested over £7.7m (2023 - £7.3m) in its housing stock. This included investment in routine maintenance, planned, inspecting and maintenance work.
- Over the three-year period of the Corporate Plan, a total of 208 units have been completed, against a target of 358. The Board approved to 'pause' any new development commitments during the year, so that resources could be focused to deal with the voluntary undertaking requirements.
- Has an interest in, part-owned properties or has facilitated over 1000 intermediate market homes for people who cannot buy a suitable home on the open market
- Administers Affordable Housing Registers on behalf of local partners in North Wales
- Supports Rural Housing Enablers that support community efforts to increase the supply of housing for local people
- Has invested in the Welsh Housing Partnership (WHP), (a joint venture with three other housing Groups), that has provided over 2,000 additional intermediate rent homes since its formation in 2011. Grwp Cynefin total stock for WHP is 142.

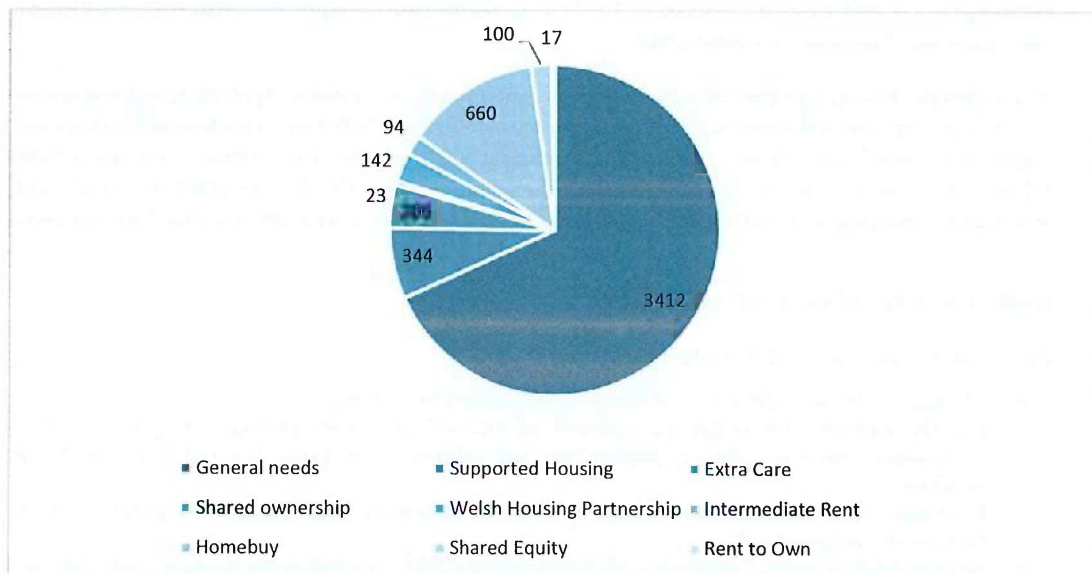
As mentioned above, as a Group of social businesses Grŵp Cynefin also provides community-based projects and services, branded under the strapline of 'More than Housing' by:

**MANAGEMENT BOARD REPORT**

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

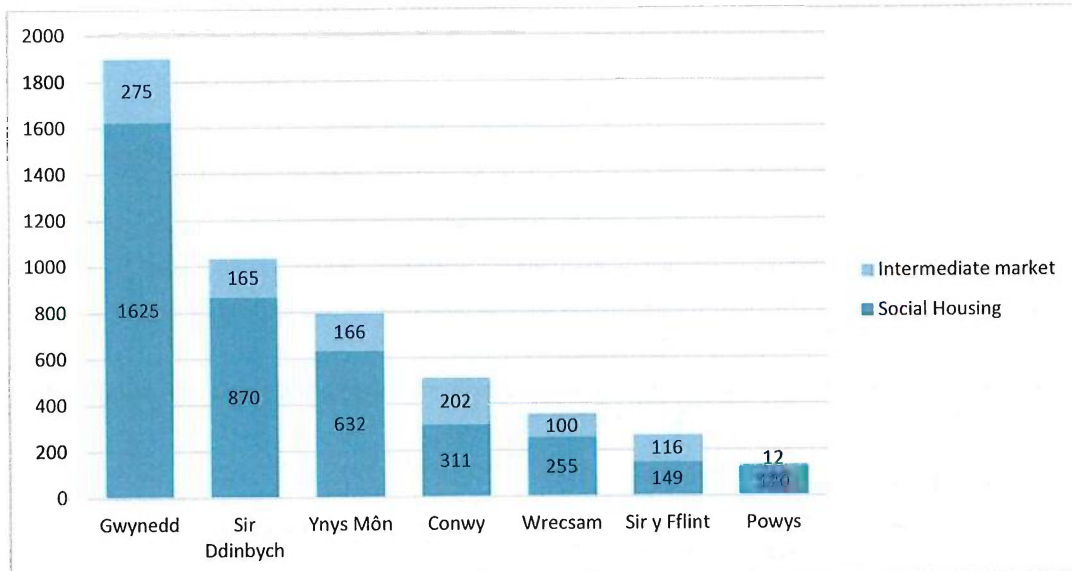
Grŵp Cynefin is one of a few Housing Association throughout Wales conducting its internal business completely through the medium of Welsh and is extremely proud of this unique characteristic.

**Graph 1: Housing Stock @ 31/03/24 – By Type of property**



## MANAGEMENT BOARD REPORT

**Graph 2: Housing Stock @ 31/03/24 – By Local Authority**



### Financial and Treasury matters

Grŵp Cynefin has adopted a robust Treasury Management Policy and the Board approves a Treasury Strategy on an annual basis. Treasury reports are presented to the Finance and Growth Committee which demonstrates that Grŵp Cynefin continually complies with its Treasury Management Policy. A review of the Treasury Management Strategy was approved in May 2024.

The year ending 31 March 2024, Grwp Cynefin's loan portfolio shows that the Association have outstanding loans of £130m with c.90% of these being on fixed interest rate agreements. This complies with Grŵp Cynefin's Treasury Management policy that states the need for at least 60% of loans to be on fixed interest rate agreements. At the year end, Grŵp Cynefin's had adequate liquidity in place for approximately 24 months. Post year-end, Grwp Cynefin has secured additional funding to support the 2023-2052 Business Plan.

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

Grwp Cynefin had its Regulatory Judgement revised and updated to 'Compliant Yellow' for Financial Viability in May 2024. The exceptional costs incurred within the year have been excluded from the EBITDA-MRI covenant with two of our lenders and has been detailed in Note 30.

The Group turnover for the year was £35m (2023- £33m) of which £25m (2023- £24m) was rental and service charge income. The Group's surplus for the year amounted to £1.3m (2023- £1.7m) and following the defined benefit pension adjustment that was required during the year showing actuarial losses of £1.2m (2023 – losses of £1m), the revenue reserves stood at £32.7m (2023 - £32.5m) at the year-end. The Management Board considers this a positive result for the year. Housing properties stood at a net book value of £327m at the year-end (2023- £312m).

### General Performance

Supporting our tenants remained a high priority for Grŵp Cynefin for 2023-24. The arrears performance at year end being 2.69% (2.59% 22/23) against a target of 2.50% (2.50% 22/23) as set by the Customer and Communities Committee. This corresponds to arrears of £977k compared with the total rent collected of £23,270,129.

1462 (38%) (an increase of 1% since last year) of tenants are now receiving Universal Credit. Grŵp Cynefin receive direct payments from the Department for Work and Pensions for 627 (43%) of these tenants.

## MANAGEMENT BOARD REPORT

Grŵp Cynefin set a strategic aim for 2024-25 to increase the hardship funds to tenants by £75k, and will be reporting to Customers and Communities Committee on how the fund is utilised. This is an increase of £50k compared to 2022-23 (25k).

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

Grŵp Cynefin produced its ESG Criteria Compliance Certificate under the provisions of its loan agreements, which showed the performance as of 31 March 2024, against the three-performance target set, as follows:

- i. The Energy Performance criteria on New Build properties was Average 101 EPC (against a target of 86) and
- ii. The Energy Performance criteria on existing stock was Average 70 EPC (against a target of 70); and
- iii. 36 people (who were, immediately prior to that, unemployed) were supported towards employed work, or self-employed work (against a target of 36).

In addition, to the 36 individuals supported above, Grŵp Cynefin has also provided Vocational Training to 69 individuals and supported 27 tenants into volunteering work.

### The Operating Environment

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

2023-24 proved to be yet another challenging year, with increased business costs due to increasing building material and labour costs, increasing utility costs and increased interest rates throughout the year. A new Social Rent Setting Policy became operational on 1 April 2022 and was developed in accordance with the Welsh Government's social rent policy 2020 – 2025. The policy was aimed at improving the affordability measures for current and future social housing residents through demonstrating that our homes and services represented value for money whilst ensuring our properties remain sustainable for the long term. The requirements of the Act however, saw the sector being caught up in legal obligations around the issuing of Electrical Installation Condition Report (EICR)/Electrical Installation Certificate (EIC) to tenants, and specifically, in connection with its communal areas. Grŵp Cynefin received legal advice in connection with communal areas however, in order to avoid non-compliance ensured that the certificates were issued.

A number of additional operational processes have been put in place to avoid any future non-compliance.

The need continues for good quality and affordable housing, more so in some rural locations in Wales due to the housing crisis, and the second homes boom. Welsh Government has set an ambitious target to provide 20,000 new low carbon social homes for social rent during this five-year Senedd term, to 2026.

There is a slow re-emergence from cost-of-living crisis but the cost of basic essentials remains high, despite annual inflation rate falling to 2.3% for April 2024 after reaching 11.1% in October 2022, which was a 41-year high. Over the last two years food prices have risen by 22.5%, this is the same increase as the previous twelve years prior and living standards have therefore stagnated with the typical income growing on average just £140 since 2010. From information gained from Community Housing Cymru:

- Almost 7,500 tenants received support from Housing Association's between January and March 2024, with 35,000 tenants supported since January 2023
- Housing Associations maximised tenants' income by over £17.4m between July 2023 and March 2024. As mentioned previously (page 9), Grŵp Cynefin's Welfare Team provided a total of continuous earnings of £1,637,488.40 during 2023-24.
- 95% of housing associations are offering hardship funds, and we have previously stated that Grŵp Cynefin has increase its fund to £75k for 2024/25,

The July 2024, the General Election saw Labour win with a significant majority, and in Wales, Labour again won the most seats (27), followed by Plaid Cymru (4), and the Liberal Democrats (1 seat), with no seats for the Conservatives. With very recent news of the Wales First minister announcing his resignation after three of his Welsh government

## MANAGEMENT BOARD REPORT

ministers and his legal adviser resignation statements calling for him to stand down. Eluned Morgan became First Minister of Wales on 6<sup>th</sup> August 2024, and Julie Bryant has been appointed cabinet secretary for housing, local government and planning following Julie James' resignation.

### Decarbonisation Agenda

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

As mentioned above, Grŵp Cynefin also developed a Group wide Sustainability Strategy which was approved by the Management Board in February 2022. Grŵp Cynefin appointed the Carbon Trust to facilitate this work, who also facilitated consultation sessions with staff, tenants and the Leadership Team. Strategic workshops were also held with Management Board Members and the strategy and action plan was presented to the Customers and Communities Committee to discuss key priorities. We have secured grant funding for £4.9m over 3 years to invest in our properties and this work is progressing under the guidance of the newly appointed Asset Manager. With a revived Management Board and Grwp Cynefin structure we will review our Corporate Strategy and Objectives which will encompass the requirements of our sustainability strategy. From this a Program board approach will be established to deliver the action plans required to meet the business objectives.

### Welsh Housing Quality Standard (WHQS)

Grŵp Cynefin are committed to providing quality homes for our tenants and we have long recognised the vital role that the Welsh Housing Quality Standard (WHQS) plays in guiding our efforts. Introduced by the Welsh Government in 2002, the Welsh Housing Quality Standard (WHQS) emerged in response to the pressing need to address the poor condition of much of the social housing stock in Wales. It established a clear framework of criteria aimed at ensuring that all social housing would meet acceptable standards of quality and comfort by 2020.

The Welsh Housing Quality Standard (WHQS) aligns with our mission to improve living conditions, enhance safety, promote energy efficiency, modernise facilities, and support tenant well-being. These objectives ensure homes are well-maintained, safe, energy-efficient, and equipped with modern kitchens and bathrooms, accommodating tenants' specific needs.

Our commitment to meeting and exceeding the Welsh Housing Quality Standard (WHQS) has been unwavering. With the Welsh Government's publication of new standards, Welsh Housing Quality Standard 2023 (WHQS 2023), we are excited to embrace these updates, which reflect evolving priorities such as environmental sustainability and the changing needs of our tenants, building on the foundation set by the previous standards. Key new aspects include;

1. Enhanced Energy Efficiency
2. Digital Connectivity
3. Health and Well-being
4. Adaptability and Accessibility
5. Safety and Security
6. Resident Engagement

The new standards apply from 1st April 2024, and as of 31 March 2024, we are proud to report that we are 100% compliant with Welsh Housing Quality Standard (WHQS), subject to acceptable fails. This achievement highlights our commitment to maintaining high standards and pursuing continuous improvement. Additionally, we are dedicated to reducing acceptable fails through a strategic approach and active tenant engagement in the development of the new strategy and plan to meet the new standards.

We are currently in the midst of a comprehensive whole stock assessment, which is 82% complete. This assessment is crucial for identifying areas that need improvement and ensuring that we can meet the new standards effectively. Additionally, we have introduced new systems designed to support the generation of target energy pathways, aligning with our commitment to sustainability and energy efficiency. The insights gained from this stock assessment will inform our new 30-year business and investment plans and establish a new strategic asset management plan.

## MANAGEMENT BOARD REPORT

### Health and Safety

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

Extensive investment and progress was made, including:

- Establishing a specialist interim Compliance Team in areas such as fire safety, asbestos, maintenance, data analyst and IT software programme specialist. Over the year, the interim team have been replaced by qualified permanent staff.
- Commissioning an external specialist to undertake a full stock condition surveys by the end of July 2024 with an additional 20% to be completed annually thereafter.
- Commissioning specialist software systems to manage stock condition, fire safety, and asbestos data and to manage compliance certificates.
- Developing a new Compliance Dashboard, which were presented to Board and Regulator on a monthly basis.
- To develop and complete the asbestos programme of works for dwellings and non-dwellings.
- Appointed Savills to undertake Fire Risk Assessment (FRAs) in all of our communal areas of blocks of flats and shared accommodation/housing.

### Safeguarding and domestic violence

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

### Grŵp Cynefin staff

As at the end of March 2024, the key staff performance indicators were as follows:

	2024	Reclassified 2023
Number of staff at year end	316	323
Full time equivalent	277	278
Split between Male/Female employees	89 Male 227 Female	90 Male 233 Female

Grŵp Cynefin as a whole has a gender pay gap of 16.9% in comparison to 12% to the previous year, due to an increase in the support services roles within the year. There is a 0% pay gap in the mid-tier bands up to the Senior Leadership Team. This is due to the fact that an equal number of male and female colleagues perform roles that attract similar salaries. Grŵp Cynefin recognises that roles within the structure for our support services increases our gender pay gap due to the nature of the roles being female dominant, as is true of the sector. Grŵp Cynefin's Governance and Remuneration Committee recognises the need to improve the pay gap by attracting more men to these supporting roles where possible.

Grŵp Cynefin has talented and motivated staff who are committed to ensuring that the organisation delivers the objectives of its Corporate Plan, and delivers the best services to its customers.

### Approach to risk management and risk appetite

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

Headline risks include; lack of financial viability, failure to comply with laws and regulations, failure to provide effective services to tenants or service users, failure to run an effective business, and damage to reputation. All of the risks identified have controls in place to mitigate or manage their impact on the Group, as well as future actions which aim to bring the risks down to its preferred target score.



## MANAGEMENT BOARD REPORT

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

- A robust Treasury Management Policy and arrangements, with Policy reviewed annually by the Board
- Regular Treasury Management reporting to the Finance and Growth Committee
- Regular reporting of performance against its 'golden rules'
- Regular review of all approved counterparties credit ratings
- Weekly monitoring of rent arrears performance
- Weekly monitoring of 36-month cash flow forecast
- Comprehensive treasury and legal advice / support from consultants and legal advisors

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

However, as mentioned previously, we have commissioned an external provider to review our risk management arrangements, with a view of supporting us to develop a Board Assurance Framework by the end of September 2024. The review includes working with risk owners (members of the Leadership Team, and Managers) to identify required controls and assurances, and to undertake a Group-wide risk appetite, that will feed into the proposed new corporate plan. This review derived from the Governance Review undertaken under the requirements of the Voluntary Undertaking. Currently, a comprehensive review of the risk register is taking place including how we present risk reports to Board and Committee. The current strategic risks include:

- Not achieving the EPC requirements of WHQS2: which is currently being managed by analysing the data arising from the stock condition survey programme, and drawing up a Strategic Asset Management Programme in line with the 30-year business plan
- Not issuing of EICR Certificates under the Renting homes (Wales) Act legislation that could lead to potential financial exposure. This is a sector wide issue surrounding the requirements of the act, and we are working closely with sector leaders, and await the outcome of the judicial review of 6 housing associations on the matter, due to finalise in October 2024
- Lack of budgetary control to keep within covenants, given the additional carve out expenditure for 2024/25 and future investment requirements. Regular meetings have been set up with the Assets team to ensure that actual expenditure is being monitored against the agreed budgets for repairs and maintenance and compliance. We are also in the process of recruiting a new Management Accountant role that will give greater assurance around this risk.
- Ineffective risk management processes and culture. As mentioned, we have commissioned an external provider to undertake a review of our strategic processes, and to support us on the development of a Risk Management Framework. An internal audit was also undertaken around the more operational arrangements in May 2024, and work is underway in response to the recommendations
- Insufficient funding and capacity to deliver asset management programme, in line with the 30-year business plan. The Board of Management approved a 30-year Business Plan, which was stress tested and mitigations were identified to alleviate them. The Treasury Strategy was also reviewed and approved in August 2024 on the back of the revised plan.
- Rental income losses due to long-term voids. Transitional Accommodation Capital Program (TACP) grant assists with the refurbishment of 22 long term void properties and a working group is in place to review and improve operational arrangements.

### Internal Financial Control

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

The Management Board procures the services of an independent Internal Auditor, to provide it with an objective evaluation and opinion on the overall adequacy and effectiveness of the Group's risk management and internal control.

## MANAGEMENT BOARD REPORT

The Annual Internal Report for 2023-24 gained an audit opinion of 'Moderate', an improvement from 2022-23 (which was a 'limited' judgement, due to the number of internal audit recommendations outstanding, and a number of audits which gained 'limited' opinions). The current Internal Auditor is Forvis Mazars, and who commenced on 01/04/22 for a period of 3 years.

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

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

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

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

### Going Concern

The Group Board has a reasonable expectation that it has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. The company has reviewed its business plan and carried out stress testing and reviewed its mitigations to ensure it can meet its obligations under various difficult scenarios. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### Corporate Governance

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

#### Amongst its functions shall be:

- defining and ensuring compliance with the organisation's values and strategic objectives
- establishing a framework for approving strategies, policies and plans to achieve those objectives
- satisfying itself as to the integrity of financial information and approving annual budgets and accounts and business plans
- establishing and monitoring a framework for delegation and systems of internal control which are reviewed annually
- establishing a framework for the identification, management and reporting of risk
- taking decisions and agreeing policies on all matters that might create a significant financial or other risk to the organisation or that raise significant issues of principle
- establishing mechanisms for communication and receiving feedback from the organisation's stakeholders and shareholders
- monitoring the organisation's performance and taking timely corrective action if required
- taking overall responsibility for self-assessment and other responsibilities as part of implementing the regulatory framework
- ensuring that the association takes account of any undertaking given by the association to the regulator, or intervention or obligation imposed upon the association by the regulator.

## MANAGEMENT BOARD REPORT

- appointing, managing and dismissing the Chief Executive, or Corporate Directors
- satisfying itself that the organisation's affairs are conducted lawfully and with probity
- establishing a code of conduct for the Management Board
- establishing and operating induction and development programmes and performance appraisal system for the Management Board, and its Sub-committees, the Chair, Vice Chair, and individual Board members
- assuring the effectiveness of governance on a regular basis

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

The Management Board also formally adopted the Community Housing Cymru revised Code of Governance launched in the summer of 2021, and as mentioned previously, undertakes an annual self-appraisals, namely 'apply and explain' in line with the requirements of the code.

The Management Boards of the subsidiaries include appointments by Grŵp Cynefin and independent members elected by the shareholders of the subsidiary for a term of three years, to a maximum of 9 years.

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

- Audit and Risk Committee - consisting of members of the Management Boards of Grŵp Cynefin, Canllaw, Gofal a Thrwsio Conwy a Sir Ddinbych and independent members with knowledge and experience relevant to the Committee's remit.
- Finance and Growth Committee consisting of members of the Management Boards of Grŵp Cynefin, Canllaw (Eryri) Cyf and Gofal a Thrwsio Conwy a Sir Ddinbych; and independent members with knowledge and experience relevant to the Committee's remit.
- Customers and Communities Committee - consisting of members of the Grŵp Cynefin Management Board, tenant members and independent members with knowledge and experience relevant to the Committee's remit.
- Gorwel Committee – consisting of members of the Grŵp Cynefin Management Board and independent members with knowledge and experience relevant to the Committee's remit.
- Remuneration and Governance Committee consisting of the Chairs of each Group Management Board and each Committee, and other Management Board members as necessary. The Committee currently oversees all governance and remuneration matters

The Governance Review undertaken by David Tolson Partnerships (DTP) considered the governance structure, and made recommendations to simplify the structure. The Board Assurance review will make further considerations around the structure and Areas of delegation.

### Group Structure

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

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

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

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

**MANAGEMENT BOARD REPORT**

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

**Subsidiary Companies**

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

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

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

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

**Changes in Fixed Assets**

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

**Reserves**

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

**STATEMENT OF BOARD RESPONSIBILITIES**

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

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

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

In so far as the Management Board is aware:

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

Grŵp Cynefin's Annual General Meeting will be held on the 23<sup>rd</sup> September 2024. At this meeting, the Association's 2023-24 Annual Report will be presented for adoption.

GRŴP CYNEFIN



**MANAGEMENT BOARD REPORT**

**AUDITOR**

We will appoint the group's auditors in line with the requirements of our registered rules

By order of the Management Board

  
Secretary

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

### OPINION

We have audited the financial statements of Grŵp Cynefin ('the Association') and its subsidiaries ('the Group') for the year ended 31 March 2024 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2024 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the Management Board Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

### Matters on which we are required to report by exception

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

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

### Opinion on other matters prescribed by the housing association circular RSL 02/10: Internal Controls and Reporting

With respect to the Board's statement on internal financial controls on page 17, in our opinion:

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

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 19, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the (SORP) Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.

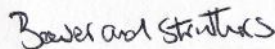
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRŴP CYNEFIN**

- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

**Use of the audit report**

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.



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


Date: 25.09.24




**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2024**

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
<b>TURNOVER</b>	3		<u>35,425</u>		<u>33,372</u>
Operating expenditure		(30,111)		(28,042)	
Cost of Sales		-		-	
Gain on disposal of property, plant and equipment		303		387	
	3		<u>(29,808)</u>		<u>(27,655)</u>
<b>OPERATING SURPLUS</b>	10		5,617		5,717
Share of (loss)/profit in joint venture	15		(39)		(18)
Interest receivable	8		404		117
Refinancing Costs	9		-		-
Interest and financing costs	9		(4,635)		(4,159)
<b>SURPLUS BEFORE TAX</b>			<u>1,347</u>		<u>1,657</u>
Taxation	11		-		-
<b>SURPLUS FOR THE YEAR</b>			<u>1,347</u>		<u>1,657</u>
Other comprehensive income					
Actuarial gain/ (loss) on defined benefit pension scheme	26		(1,217)		(968)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>130</u></u>		<u><u>689</u></u>

These financial statements were approved by the Management Board on 18<sup>th</sup> September 2024  
 Signed on its behalf by:

  
 ..... Management Board Member

  
 ..... Secretary

  
 ..... Management Board Member

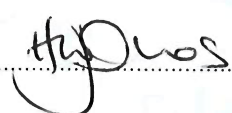
The notes on pages 32 to 63 form part of these financial statements


**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2024**

	Note	2024 £'000	2024 £'000	2023 £'000	Reclassified 2023 £'000
<b>TURNOVER</b>	3a		<u>32,524</u>		<u>30,668</u>
Operating expenditure		(27,286)		(25,528)	
Cost of sales					
Gain on disposal of property, plant and equipment		303		387	
	3a		<u>(26,983)</u>		<u>(25,141)</u>
<b>OPERATING SURPLUS</b>	10		5,541		5,527
Interest receivable	8		380		109
Refinancing costs	9		-		-
Interest and financing costs	9		(4,621)		(4,151)
<b>SURPLUS BEFORE TAX</b>			<u>1,300</u>		<u>1,485</u>
Taxation	11				-
<b>SURPLUS FOR THE YEAR</b>			<u>1,300</u>		<u>1,485</u>
Other comprehensive income: 'Actuarial gain/ (loss) on defined benefit pension scheme'	26		(1,109)		(902)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>191</u></u>		<u><u>583</u></u>

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 ..... Secretary

  
 ..... Management Board Member

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2024**

		2024	Reclassified 2023
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	12	443	554
Housing properties	13	326,559	312,153
Other property, plant and equipment	14	10,222	10,367
Investments	15	31,373	30,379
		<u>368,597</u>	<u>353,453</u>
<b>CURRENT ASSETS</b>			
Stock	16	88	102
Debtors	17	2,934	4,228
Debtors: amounts receivable after more than one year	17a	8,798	9,083
Investments	18	2,926	6,632
Cash		7,061	10,031
		<u>21,807</u>	<u>30,076</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(20,959)</u>	<u>(22,480)</u>
<b>NET CURRENT ASSETS</b>		<u>848</u>	<u>7,596</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>369,445</u>	<u>361,049</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20	(332,036)	(324,035)
Provisions for liabilities and charges	20a	(448)	(503)
Defined benefit pension liability	26	(4,476)	(4,156)
		<u>32,485</u>	<u>32,355</u>
<b>NET ASSETS</b>		<u>32,485</u>	<u>32,355</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		32,460	32,327
Restricted reserve		25	28
<b>TOTAL RESERVES</b>		<u>32,485</u>	<u>32,355</u>

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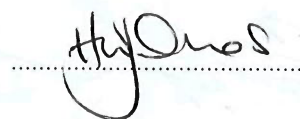
**ASSOCIATION STATEMENT OF FINANCIAL POSITION**  
**At 31 March 2024**

	Note	2024 £'000	Reclassified 2023 £'000
<b>FIXED ASSETS</b>			
Intangible assets	12	443	554
Housing properties	13	326,559	312,153
Other property, plant and equipment	14a	10,172	10,295
Investments	15	32,441	31,409
		<u>369,615</u>	<u>354,411</u>
<b>CURRENT ASSETS</b>			
Stock	16	-	-
Debtors	17	2,619	3,812
Debtors: amounts receivable after more than one year	17a	8,798	9,083
Investments	18	2,926	6,632
Cash		5,944	9,079
		<u>20,287</u>	<u>28,606</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(20,705)</u>	<u>(22,242)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>(418)</u>	<u>6,364</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>369,197</u>	<u>360,775</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20	(332,035)	(324,035)
Provisions for liabilities and charges	20a	(448)	(503)
Defined benefit pension liability	26	(4,094)	(3,808)
		<u>32,620</u>	<u>32,429</u>
<b>NET ASSETS</b>		<u>32,620</u>	<u>32,429</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	-	-
Revenue reserve		32,620	32,429
Restricted reserve		-	-
<b>TOTAL RESERVES</b>		<u>32,620</u>	<u>32,429</u>

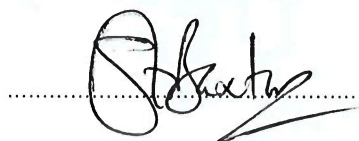
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..... Management Board Member



..... Secretary



..... Management Board Member

The notes on pages 32 to 63 form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2024**

	<b>Hardship Fund (restricted)</b>	<b>Reclassified Revenue Reserve</b>	<b>Reclassified Total 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2023	28	32,327	32,355
Surplus for the year	-	1,347	1,347
Transfer in the Year	(3)	3	0
Other comprehensive income			
• Actuarial losses	-	(1,217)	(1,217)
	-----	-----	-----
Reserves at 31 March 2024	<b>25</b>	<b>32,460</b>	<b>32,485</b>
	=====	=====	=====

	<b>Hardship Fund (restricted)</b>	<b>Revenue Reserve</b>	<b>Total 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2022	8	31,658	31,666
Surplus for the year	-	1,657	1,657
Transfer in the Year	20	(20)	0
Other comprehensive income			
• Actuarial losses	-	(968)	(968)
	-----	-----	-----
Reserves at 31 March 2023	<b>28</b>	<b>32,327</b>	<b>32,355</b>
	=====	=====	=====

The notes on pages 32 to 63 form part of these financial statements

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**  
**At 31 March 2024**

	<b>Revenue Reserve</b>	<b>Reclassified Total 2023</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2023	32,429	32,429
Surplus for the year	1,300	1,008
Other comprehensive income		
• Actuarial losses	(1,109)	(1,109)
	<hr/>	<hr/>
Reserves at 31 March 2024	<b>32,620</b>	<b>32,620</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>Revenue Reserve</b>	<b>Total 2023</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2022	31,846	31,846
Surplus for the year	1,485	1,485
Other comprehensive income		
• Actuarial losses (restated)	(902)	(902)
	<hr/>	<hr/>
Reserves at 31 March 2023	<b>32,429</b>	<b>32,429</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 32 to 63 form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 March 2024**

	Note	2024 £'000	Reclassified 2023 £'000
Net cash generated from operating activities	27	4,976	5,372
<b>Cash flows from investing activities</b>			
Purchase and construction of housing properties		(17,337)	(12,214)
Sale of housing properties		303	690
Social housing grant received		14,852	11,480
Purchase of other fixed assets		(189)	(249)
Component replacements		(661)	(791)
Sale of other fixed assets		836	13
Other fixed assets grant disposals		59	22
Investment in Low-cost home ownership loans		(1,033)	(919)
Interest received		404	117
<b>Net cash from investing activities</b>		<b>(2,766)</b>	<b>(1,851)</b>
<b>Cash flows from financing activities</b>			
Loans received		(67)	4,993
Repayment of borrowings		(4,349)	(369)
Interest paid		(4,470)	(3,927)
<b>Net cash from financing activities</b>		<b>(8,886)</b>	<b>697</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(6,676)</b>	<b>4,218</b>
Cash and cash equivalents at the beginning of year		16,663	12,445
<b>Cash and cash equivalents at end of year</b>		<b>9,987</b>	<b>16,663</b>

The notes on pages 32 to 63 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2024

#### 1. ACCOUNTING POLICIES

##### Legal Status

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

##### General information and basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the (SORP) Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Housing and Regeneration Act 2008.

##### Basis of consolidation

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

##### Acquisitions

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

##### Public benefit entity combinations

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

##### Joint venture

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2024

Depreciation is charged in order to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives.

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

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

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

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

#### Non-housing property, plant and equipment

Non-housing property, plant and equipment are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

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

#### Intangible assets

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

Housing software	10 year
------------------	---------

#### Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2024

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

#### **Social Housing Grant and other Government grants**

Government grants are recognised using the accrual model and are classified as either a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants for revenue expenditure are recognised in comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

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

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

#### **Housing Finance Grant**

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

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

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

#### **Recycling of grants**

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2024

approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

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

#### HomeBuy

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

#### Shared ownership property sales

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

#### Rent to Own and Shared ownership Rent to Own

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

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

#### Restricted reserves

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

#### Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

#### Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024****Taxation**

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

**Pensions**

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

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

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

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

**Defined contribution scheme**

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

**Turnover**

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

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

**Investments**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2024

#### Financial liabilities carried at amortised cost

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

Loans, which are classified as basic financial instruments under FRS102, are measured at amortised cost using the effective interest method, with interest and related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

## 2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

#### **Significant management judgements**

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

#### Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the Statement of Recommended Practice (SORP). An assessment has been made to consider the fair value of the social housing properties, their future cash flows and service potential.

#### Capitalisation of housing property & other development costs

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

#### **Estimation uncertainty**

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

#### Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability (see note 26)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

Components of housing properties and useful lives

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

**GRŴP CYNEFIN**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

**3. CONSOLIDATED TURNOVER AND OPERATING COSTS**

	2024		2023	
	Turnover	Operating Costs	Turnover	Operating Costs
	£'000	£'000	£'000	£'000
Income and expenditure on lettings (Note 4)	28,247	(22,117)	26,420	(20,437)
Income and expenditure on Property sales		6,130		5,983
<b>Other income and expenditure</b>				
Affordable homes team	207	(772)	200	(693)
Conwy Homeless Scheme	41	(41)	39	(39)
Development services	-	(781)	-	(760)
Gorwel	2,657	(2,666)	2,539	(2,560)
HWB	157	(140)	182	(165)
Rural Housing Enablers	183	(180)	196	(174)
Other Income and Expenditure	775	(339)	734	(355)
Enterprise Centre	128	(117)	133	(114)
Energy Wards	59	(55)	57	(50)
Y Shed, Meliden	70	(78)	168	(180)
Canllaw (Eryri) Cyf	1,371	(1,351)	1,210	(1,119)
Gofal a Thrwsio Conwy a Sir Ddinbych	1,530	(1,474)	1,494	(1,395)
<b>Total</b>	<b>35,425</b>	<b>(30,111)</b>	<b>33,372</b>	<b>(28,041)</b>
Gain on disposal of property, plant and equipment		303		387
<b>Operating Surplus</b>		<b>5,617</b>		<b>5,718</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**3a ASSOCIATION TURNOVER AND OPERATING COSTS**

	2024		2023	
	Turnover £'000	Operating Costs £'000	Turnover £'000	Operating Costs £'000
<b>Income and expenditure on lettings (Note 4)</b>				
<b>Income and expenditure on Property sales</b>				
		Operating Surplus/(deficit) £'000		Operating Surplus/(deficit) £'000
		6,130		5,983
		(22,117)		(20,437)
<b>Other income and expenditure</b>				
Affordable homes team	207	(772)	200	(693)
Conwy Homeless Scheme	41	(41)	39	(39)
Development services	-	(781)	-	(760)
Gorwel	2,657	(2,666)	2,539	(2,560)
HWB	157	(140)	182	(165)
Rural Housing Enablers	183	(180)	196	(174)
Other Income and Expenditure	775	(339)	734	(355)
Enterprise Centre	128	(117)	133	(114)
Energy Wards	59	(55)	57	(50)
Y Shed, Meliden	70	(78)	168	(180)
<b>Total</b>	<b>32,524</b>	<b>(27,286)</b>	<b>30,668</b>	<b>(25,527)</b>
<b>Gain on disposal of property, plant and equipment</b>		5,238		5,141
		303		387
<b>Operating Surplus</b>		<b>5,541</b>		<b>5,528</b>

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**4. TURNOVER FROM LETTINGS**

	General Needs £'000	Supported Housing £'000	2024 Total £'000	2023 Total £'000
Rents	21,154	1,738	22,892	21,810
Service charge	2,079	81	2,160	1,931
	23,233	1,819	25,052	23,741
Other Government Grants	451	-	451	-
Amortisation of grant	2,571	173	2,744	2,679
<b>Total income</b>	<b>26,255</b>	<b>1,992</b>	<b>28,247</b>	<b>26,420</b>
<b>Operating costs of lettings</b>				
Services	2,231	175	2,406	2,490
Management	4,598	444	5,042	4,768
Day-to-day maintenance	5,385	408	5,793	4,895
Planned maintenance	3,794	288	4,082	3,376
Community development	539	41	580	697
Depreciation of housing properties	3,792	287	4,079	3,978
Impairment	-	-	-	113
	20,339	1,643	21,982	20,317
<b>Losses from bad debts</b>	<b>135</b>	<b>-</b>	<b>135</b>	<b>120</b>
<b>Total expenditure</b>	<b>20,474</b>	<b>1,643</b>	<b>22,117</b>	<b>20,437</b>
<b>Operating surplus</b>	<b>5,781</b>	<b>349</b>	<b>6,130</b>	<b>5,983</b>
<b>Void Losses</b>	<b>363</b>	<b>57</b>	<b>420</b>	<b>322</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**5. UNITS UNDER MANAGEMENT**

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

	2024	2023
	No.	No.
General needs rented units (including social rented, intermediate rented and 'try before you buy')	3,506	3,489
Supported housing rented units	344	340
Extra care units	206	210
Shared ownership units: rented	23	23
Welsh Housing Partnership units	142	142
Rent to Own	17	18
Managed on behalf of the Charity Elizabeth Owen	7	7
Managed on behalf of the Charity Tai Ellen Glynne	10	10
	<u>4,255</u>	<u>4,239</u>

**6. DIRECTORS' EMOLUMENTS**

The emoluments paid to the highest paid officer, namely the Chief Executive Officer, were £105k excluding pension contributions (2023- £106k). The pension for the Chief Executive (who was an ordinary member of the pension scheme) is on the same basis as for all other employees and amounts to £9k (2023 - £9k); whilst other benefits namely travel provision amounted to £2k (2023 - £5k).

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

	2024	2023
	£'000	£'000
£30,001 - £40,000	1	-
£40,001 - £50,000	-	1
£50,001 - £60,000	1	-
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	2
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
	<u>1</u>	<u>1</u>

The Management Team's emoluments and pension:

	2024	2023
	£'000	£'000
Wages and salaries	276	325
Social security costs	35	40
Pension	23	27
	<u>334</u>	<u>392</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

During the year fees of £59,561 were paid to the Management Board members (2023 – £60,223). In accordance with the Welsh Federation of Housing Associations (WFHA) Code of Conduct, the Board has established a policy and procedure in relation to the payment of expenses to Board members. The Association is prepared to reimburse out of pocket expenses incurred on Association business.

	2024 £'000	2023 £'000
Total Management Board member expenses claimed	<u>2</u>	<u>1</u>

**7. EMPLOYEE INFORMATION**

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

	Group 2024 No.	Group 2023 No.	Association 2024 No.	Association 2023 No.
Administrative staff	247	250	219	221
Wardens	9	10	9	10
Workforce	21	18	6	6
	<u>277</u>	<u>278</u>	<u>234</u>	<u>237</u>
Staff costs were as follows:	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,075	8,597	7,726*	7,391
Social security costs and levy	917	871	800	761
Pension contributions	230	229	137	153
Actuarial adjustments				
	<u>10,222</u>	<u>9,697</u>	<u>8,663</u>	<u>8,305</u>

\* The wages and salaries figure excludes redundancy payments made for loss of office. 2024 total £72k (2023 - £0k.)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**8. INTEREST RECEIVABLE**

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest on bank and money market accounts	403	116	379	108
Other interest	1	1	1	1
	<u>404</u>	<u>117</u>	<u>380</u>	<u>109</u>

**9. INTEREST PAYABLE**

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest on loans	4,517	4,167	4,517	4,167
Interest capitalised	(250)	(262)	(250)	(262)
Interest paid on defined benefit pension liability	175	100	161	92
Other finance charges	193	154	193	154
	<u>4,635</u>	<u>4,159</u>	<u>4,621</u>	<u>4,151</u>

**10. OPERATING SURPLUS**

The operating surplus is stated after charging the following:

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Depreciation - assets owned by the Association	4,376	4,253	4,346	4,224
Amortisation – capitalised grants	(2,744)	(2,679)	(2,744)	(2,679)
External auditor's remuneration (excludnig VAT):				
- In their capacity as auditors	33	26	33	22
- Other services	2	1	2	1
	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>

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

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

**Subsidiary entities**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**12. FIXED ASSETS – INTANGIBLE ASSETS**

	<b>Group and Association</b>	
	<b>Housing Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 April 2023	1,124	1,124
Reclassification	-	-
	<hr/>	<hr/>
At 31 March 2024	1,124	1,124
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 April 2023	570	570
Charge for the year	111	111
	<hr/>	<hr/>
At 31 March 2024	681	681
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 March 2024	443	443
	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2023	554	554
	<hr/> <hr/>	<hr/> <hr/>

**GRŴP CYNEFIN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

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

	Rented housing		Shared o'ship Completed Schemes £'000	Leased properties		Total £'000
	Completed schemes £'000	Schemes under construction £'000		Long lease £'000	Short lease £'000	
<b>Cost</b>						
At 1 April 2023	335,929	8,155	3,958	9,815	72	357,929
Additions	-	17,337	-	-	-	17,337
Schemes completed during the year	4,322	(4,334)	-	12	-	-
Component additions to existing properties	1,337	-	-	15	-	1,352
Components removed	(475)	-	-	(4)	-	(479)
Disposals	(228)	-	-	-	-	(228)
At 31 March 2024	340,885	21,158	3,958	9,838	72	375,911
<b>Depreciation</b>						
At 1 April 2023	42,103	0	779	2,827	67	45,776
Charge for the year	3,817	-	8	166	-	3,992
Components removed	(389)	-	-	(2)	-	(391)
Disposals	(24)	-	-	-	-	(24)
At 31 March 2024	45,507	0	787	2,991	67	49,352
<b>Net book value</b>						
At 31 March 2024	295,378	21,158	3,171	6,947	5	326,559
At 31 March 2023	293,826	8,155	3,179	6,988	5	312,153

The additions to housing properties include capitalised development staff expenditure of £556k (2023 - £603k) and capitalised interest expenditure of £250k (2023 - £262k). The cost of component additions includes capitalised staff costs of £80k (2022 £119k).

Component additions to existing properties include £137k of TACP (Transitional Accommodation Capital Grant Funding Programme), £149k of ORP (Optimised Retrofit Programme) and an additional £74k of improvement grants.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**14. CONSOLIDATED TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS**

	Freehold offices and Community Buildings £'000	Furniture and equipment £'000	Housing capital £'000	Computer equipment £'000	Leasehold office £'000	Motor vehicles £'000	Service charge equipment £'000	Total £'000
<b>Cost</b>								
At 1 April 2023	11,158	573	35	2,157	64	307	170	14,464
Additions	-	5	-	174	-	-	10	189
Disposals	(86)	(130)	-	(528)	-	(89)	(3)	(836)
At 31 March 2024	11,072	448	35	1,803	64	218	177	13,817
<b>Depreciation</b>								
At 1 April 2023	1,170	572	35	1,909	64	258	89	4,097
Charge for the year	113	2	-	125	-	18	15	273
Disposals	(25)	(131)	-	(528)	-	(89)	(2)	(775)
Impairment	-	-	-	-	-	-	-	-
At 31 March 2024	1,258	443	35	1,506	64	187	102	3,595
<b>Net book value</b>								
At 31 March 2024	9,814	5	-	297	-	31	75	10,222
At 31 March 2023	9,988	1	-	248	-	49	81	10,367

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**14 a. ASSOCIATION TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS**

	Freehold offices and Community Buildings £'000	Furniture and equipment £'000	Housing capital £'000	Computer equipment £'000	Leasehold office £'000	Motor vehicles £'000	Service charge equipment £'000	Total £'000
<b>Cost</b>								
At 1 April 2023	11,158	498	35	2,065	64	212	170	14,202
Additions	-	5	-	167	-	-	10	182
Disposals	(86)	(130)	-	(528)	-	(85)	(3)	(832)
Reclassification	-	-	-	-	-	-	-	-
At 31 March 2024	11,072	373	35	1,704	64	127	177	13,552
<b>Depreciation</b>								
At 1 April 2023	1,170	498	35	1,839	64	212	89	3,907
Charge for the year	113	1	-	115	-	-	14	243
Disposals	(24)	(131)	-	(528)	-	(85)	(2)	(770)
Impairment	-	-	-	-	-	-	-	-
At 31 March 2024	1,259	368	35	1,426	64	127	101	3,380
<b>Net book value</b>								
At 31 March 2024	9,813	5	-	278	-	-	76	10,172
At 31 March 2023	9,988	-	-	226	-	-	81	10,295



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**15. FIXED ASSETS - INVESTMENTS**

	Low-cost home ownership loans (note 25) £'000	Interest in Joint venture £'000	Total £'000
<b>Consolidated</b>			
At 1 April 2023	25,907	4,472	30,379
Additions	1,600	-	1,600
Disposals	(567)	-	(567)
Share in joint venture	-	(39)	(39)
	<u>26,940</u>	<u>4,433</u>	<u>31,373</u>
At 31 March 2024	<u>26,940</u>	<u>4,433</u>	<u>31,373</u>
<b>Association</b>			
At 1 April 2023	25,907	5,502	31,409
Additions	1,600	-	1,600
Disposals	(567)	-	(567)
	<u>26,940</u>	<u>5,502</u>	<u>32,442</u>
At 31 March 2024	<u>26,940</u>	<u>5,502</u>	<u>32,442</u>

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

The issued and paid-up share capital at 31 March 2024 is as follows:

	Original WHP shares	WHP Trf to Reserves	WHP Shares	WHP2 Shares	Equity %
Hendre Ltd (Hendre Group)	8,880	(3,989)	4,891	7,625	30%
Pennant Housing Association Ltd (Coastal Group)	8,880	(3,989)	4,891	7,625	30%
Pobl Group Limited	8,880	(3,989)	4,891	7,625	30%
Grŵp Cynefin	2,960	(1,330)	1,630	2,542	10%
	<u>29,600</u>	<u>(13,297)</u>	<u>16,303</u>	<u>25,417</u>	<u>100%</u>
At 31 March 2024	<u>29,600</u>	<u>(13,297)</u>	<u>16,303</u>	<u>25,417</u>	<u>100%</u>

The WHP and WHP2 have a 31<sup>st</sup> December financial year-end and have published their latest audited financial statements for the year ended 31 December 2023. The share in the losses in the joint venture of 39k is based upon the draft financial statements for the year ended 31 December 2023 which show a loss after tax in WHP of £28k (2023 – £1k) and a loss after tax in WHP2 of £419k (2023 – £180k). During the year, Grŵp Cynefin and the associated partners within WHP did not invest further in WHP2 Limited (WHP2).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

	WHP £'000	WHP2 £'000	Total £'000
<b>Consolidated</b>			
At 1 April 2023	1,901	2,571	4,472
Additions	-	-	-
Share of loss	3	(42)	(39)
	<u>1,904</u>	<u>2,529</u>	<u>4,433</u>
At 31 March 2024	<u>1,904</u>	<u>2,529</u>	<u>4,433</u>
<b>Association</b>			
At 1 April 2023	2,960	2,542	5,502
Additions	-	-	-
	<u>2,960</u>	<u>2,542</u>	<u>5,502</u>
At 31 March 2024	<u>2,960</u>	<u>2,542</u>	<u>5,502</u>
Cost per share (each share carries one vote)	£1	£1	£1

All borrowings within WHP are on fixed rates, whereas borrowings within WHP2 are currently on variable rates. Future rises in interest rates may adversely affect the profitability of WHP2. Post year-end, the Company has refinanced to longer term fixed rate debt in order to alleviate this risk. As at 31 March 2024, Grŵp Cynefin had prepaid £107,891 (2023-£104,210) of lease payments to the WHP and WHP2.

No transfer was made from WHP's share capital to their reserves in their year ending 31 December 2023 (2022 – nil), at the same time no distribution was made to their shareholders (2022 – nil).

FRS 102 requires the treatment of jointly controlled entities to follow equity accounting principles in Group accounts, so the consolidated financial statements show a loss £391k (2023- (£181k)) in the Statement of Comprehensive Income comprising Grŵp Cynefin's percentage share in the Welsh Housing Partnership's loss for the year and a loss of £39k (2023- (£18k)) comprising Grŵp Cynefin's percentage share in WHP2.

**16. STOCK**

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Properties for sale	-	-	-	-
Other stock	88	102	-	-
	<u>88</u>	<u>102</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**17. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent debtors: Debit balances	977	884	977	884
Bad debt provision	(903)	(809)	(903)	(809)
	<u>74</u>	<u>75</u>	<u>74</u>	<u>75</u>
Staff loans	25	42	25	42
Prepayments and accrued income	757	531	750	512
Loans to First Time Buyers from Flintshire Co. Council	100	100	100	100
Other debtors	1,978	3,480	1,670	3,083
	<u>2,934</u>	<u>4,228</u>	<u>2,619</u>	<u>3,812</u>

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

	<b>Group and Association</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Capital grants	<u>8,798</u>	<u>9,083</u>

**18. CURRENT ASSET INVESTMENTS**

	<b>Group and Association</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Money in short-term deposit accounts	<u>2,926</u>	<u>6,632</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**19. CREDITORS: AMOUNTS PAYABLE WITHIN ONE YEAR**

	Group		Association	
	Reclassified		Reclassified	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Housing loans (note 21)	625	4,396	625	4,396
Rent received in advance	601	550	601	550
Trade creditors	2,514	2,035	2,442	1,894
Capital grants in advance	11,610	9,190	11,456	9,097
Deferred Income	1,219	1,334	1,219	1,334
Taxation and social security	200	205	200	205
Mortgage and loan interest accrued	623	738	623	738
Accruals	816	1,336	788	1,332
Social Housing and other Government Grants (note 22)	2,751	2,696	2,751	2,696
	<u>20,959</u>	<u>22,480</u>	<u>20,705</u>	<u>22,242</u>

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

	Group and Association	
	2024	2023
	£'000	£'000
Right to buy reserves	83	83
Recycled capital grant fund	8,162	7,612
Conwy Council recycled grant reserve	1	1
Housing loans (note 21)	128,451	128,989
Loan from Flintshire County Council – First Time Buyer Agreement	100	100
Deferred Income	829	889
Social Housing and other Government grants (note 22)	194,410	186,361
	<u>332,036</u>	<u>324,035</u>

Housing loans are repayable to various building societies, banks, The Housing Finance Corporation Limited and the Affordable Housing Finance PLC. The interest rate payable and the amounts repayable are analysed

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

below. The average interest rate payable during the year was 3.62% (2023 – 3.45%). Security offered for the loans is housing land and buildings.

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

	Additional property sale costs £'000	Major renovation £'000	Total £'000
At 1 April 2023	435	68	503
Utilised in the year	(16)	(39)	(55)
Provided for in the year	(20)	20	-
	<u>399</u>	<u>49</u>	<u>448</u>
At 31 March 2024	<u>399</u>	<u>49</u>	<u>448</u>

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

**21. ANALYSIS OF HOUSING LOANS**

	<b>Group and Association</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
The debt is repayable as follows:		
Due between one and two years	1,651	422
Due between two and five years	1,624	2,639
After five years	126,311	127,103
Loan fees	(1,136)	(1,175)
	<u>128,450</u>	<u>128,989</u>
Due within one year (note 19)	625	4,396
	<u>129,075</u>	<u>133,385</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**22. GOVERNMENT GRANTS**

	Group and Association			
	Housing Properties £'000	Other Fixed Assets £'000	Investments £'000	Total £'000
<b>Deferred income - Grants</b>				
At 1 April 2023	192,284	4,286	29,487	226,057
Grants receivable	10,021	-	1,465	11,486
Grant disposals	(79)	-	(567)	(646)
At 31 March 2024	<u>202,226</u>	<u>4,286</u>	<u>30,385</u>	<u>236,897</u>
<b>Amortisation</b>				
At 1 April 2023	36,573	427	-	37,000
Amortisation	2,702	43	-	2,744
Grant disposals	(9)	-	-	(10)
At 31 March 2024	<u>39,266</u>	<u>470</u>	<u>-</u>	<u>39,736</u>
<b>Net book value</b>				
At 31 March 2024	<u>162,960</u>	<u>3,816</u>	<u>30,385</u>	<u>197,161</u>
At 31 March 2023	<u>155,711</u>	<u>3,859</u>	<u>29,487</u>	<u>189,057</u>
Due within one year				<u>2,751</u>
Due after one year				<u>194,410</u>

	Right to Acquire		Total £'000
	RCG* £'000	RCG* £'000	
<b>Consolidated and Association</b>			
At 1 April 2023	7,612	83	7,695
Additions	705	-	705
	<u>8,317</u>	<u>83</u>	<u>8,400</u>
Recycled: new build	-	-	-
Recycled: homebuy	(155)	-	(155)
At 31 March 2024	<u>8,162</u>	<u>83</u>	<u>8,245</u>

\* RCG = Recycled Capital Grant fund

**23. SHARE CAPITAL**

	Group and Association	
	2024	2023
Allotted, issued and fully paid, ordinary shares of £1 each	£	£
At 1 April 2023	52	49
Additions	5	3
Deductions	(13)	-
At 31 March 2024	<u>44</u>	<u>52</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**24. CAPITAL COMMITMENTS**

	<b>Group and Association</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided for in the financial statements	8,774	10,741
Expenditure authorised but has not yet been contracted for	10,377	5,199
	<u>19,151</u>	<u>15,940</u>

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

**Operating leases**

<b>Amounts payable in respect of leases in the following periods for:</b>	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Office rental:</b>				
Within 12 months	47	47	-	-
One to two years	42	47	-	-
Two to five years	-	42	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Office equipment rental:</b>				
Within 12 months	10	11	7	9
One to two years	5	8	3	7
Two to five years	3	8	-	3
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Vehicle leases:</b>				
Within 12 months	109	30	46	-
One to two years	106	19	46	-
Two to five years	112	17	50	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

These represent long-term loans provided to individuals purchasing properties under the 'HomeBuy Scheme'. They are mainly funded by Social Housing Grant with and the balance being funded by Grŵp Cynefin as at 31 March 2024. They become repayable on a subsequent disposal of the property.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**26. PENSION**
**Social housing pension scheme (SHPS)**

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

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

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

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

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

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

	31 March 2024	31 March 2023
Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)	(£000s)	(£000s)
Fair value of plan assets	18,431	18,593
Present value of defined benefit obligation	22,907	22,749
Deficit in plan	(4,476)	(4,156)
<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>		
		<b>Year ending</b>
		<b>31 March 2024</b>
		<b>(£000s)</b>
Defined benefit obligation at start of period		22,749
Expenses		21
Interest expense		1,088
Actuarial losses due to scheme experience		241
Actuarial gains due to changes in demographic assumptions		(222)
Actuarial gains due to changes in financial assumptions		(321)
Benefits paid and expenses		(649)
Defined benefit obligation at end of period		22,907



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>Year ending 31 March 2024 (£000s)</b>
Fair value of plan assets at start of period	18,593
Interest income	913
Experience on plan assets (excl. amounts included in interest income) - loss	(1,518)
Contributions by the employer	1,092
Benefits paid and expenses	(649)
Fair value of plan assets at end of period	18,431
The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£606,000).	

<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>	<b>Year ending 31 March 2024 (£000s)</b>
Expenses	21
Net interest expense	175
Defined benefit costs recognised in statement of comprehensive income (SOCl)	196

<b>Defined benefit costs recognised in other comprehensive income</b>	<b>Year ending 31 March 2024 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) - loss	(1,519)
Experience gains and losses arising on the plan liabilities - loss	(241)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	222
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	321
Total amount recognised in other comprehensive income - loss	(1,217)

<b>Assets</b>	<b>31 March 2024 (£000s)</b>	<b>31 March 2023 (£000s)</b>
Global Equity	1,837	347
Absolute Return	720	202
Distressed Opportunities	650	562
Credit Relative Value	604	702
Alternative Risk Premia	585	35
Fund of Hedge Funds	-	-
Emerging Markets Debt	239	100
Risk Sharing	1,079	1,368
Insurance-Linked Securities	95	470
Property	740	801
Infrastructure	1,862	2,124
Private Equity	15	-
Private Debt	725	827
Opportunistic Illiquid Credit	720	795
High Yield	3	65
Opportunistic Credit	-	1
Cash	363	134
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	119	561
Secured Income	550	853
Liability Driven Investment	7,501	8,563
Currency Hedging	(8)	36

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

Net Current Assets	32	47
Total assets	18,431	18,593

None of the fair values of the assets shown on page 56 includes any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions	31 March 2024 % per annum	31 March 2023 % per annum
Discount Rate	4.92%	4.84%
Inflation (RPI)	3.11%	3.17%
Inflation (CPI)	2.79%	2.79%
Salary Growth	3.79%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

**Sensitivity analysis**

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

Change in assumptions at 1 March 2024	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	13.94%	673
0.1% increase in the salary increase rate	7.69%	346
0.1% increase in CPI and RPI	12.25%	580

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**ASSOCIATION SOCIAL HOUSING PENSION SCHEME (SHPS)**

<b>Present values of defined benefit obligation, fair value of assets and defined benefit liability</b>	<b>31 March 2024 (£000s)</b>	<b>31 March 2023 (£000s)</b>
Fair value of plan assets	16,896	17,064
Present value of defined benefit obligation	20,990	20,872
Deficit in plan	(4,094)	(3,808)

<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>Year ending 31 March 2024 (£000s)</b>
Defined benefit obligation at start of period	20,872
Expenses	17
Interest expense	998
Actuarial losses due to scheme experience	229
Actuarial gains due to changes in demographic assumptions	(205)
Actuarial gains due to changes in financial assumptions	(299)
Benefits paid and expenses	(622)
Defined benefit obligation at end of period	20,990

<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>Year ending 31 March 2024 (£000s)</b>
Fair value of plan assets at start of period	17,064
Interest income	837
Experience on plan assets (excl. amounts included in interest income) - loss	(1,384)
Contributions by the employer	1,001
Benefits paid and expenses	(622)
Fair value of plan assets at end of period	16,896
The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£547,000).	

<b>Defined benefit costs recognised in statement of comprehensive income (SOC1)</b>	<b>Year ending 31 March 2024 (£000s)</b>
Expenses	17
Net interest expense	161
Defined benefit costs recognised in statement of comprehensive income (SOC1)	178

<b>Defined benefit costs recognised in other comprehensive income</b>	<b>Year ending 31 March 2024 (£000s)</b>
Experience on plan assets (excluding amounts included in net interest cost) – loss	(1,384)
Experience gains and losses arising on the plan liabilities - loss	(229)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	205
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	299
Total amount recognised in other comprehensive income - loss	(1,109)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

Assets	31 March 2024	31 March 2023
	(£000s)	(£000s)
Global Equity	1,684	318
Absolute Return	660	185
Distressed Opportunities	596	516
Credit Relative Value	554	644
Alternative Risk Premia	536	32
Fund of Hedge Funds	-	-
Emerging Markets Debt	219	92
Risk Sharing	989	1,256
Insurance-Linked Securities	87	431
Property	678	735
Infrastructure	1,707	1,949
Private Equity	14	-
Private Debt	665	759
Opportunistic Illiquid Credit	660	730
High Yield	3	60
Opportunistic Credit	-	1
Cash	333	123
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	109	515
Secured Income	504	783
Liability Driven Investment	6,876	7,859
Currency Hedging	(7)	33
Net Current Assets	29	43
<b>Total assets</b>	<b>16,896</b>	<b>17,064</b>

None of the fair values of the assets shown on page 58 include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions	31 March 2023	31 March 2023
	% per annum	% per annum
Discount Rate	4.92%	4.84%
Inflation (RPI)	3.11%	3.17%
Inflation (CPI)	2.79%	2.79%
Salary Growth	3.79%	3.79%
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

**Sensitivity analysis**

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

Change in assumptions at 1 March 2024	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in real discount rate	13.81%	610
0.1% increase in the salary increase rate	7.51%	309
0.1% increase in CPI and RPI	12.12%	525

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**27. CONSOLIDATED STATEMENT OF CASH FLOWS**

	2024 £'000	2023 £'000
<b>Cash flows from operating activities</b>		
Surplus for the financial year	1,347	1,657
<b>Adjustments for non-cash items:</b>		
Pension costs less contributions paid	(1,072)	(1,016)
Depreciation of property plant and equipment	3,201	3,939
Impairment of housing properties	-	113
Amortisation of grants	(2,734)	(2,666)
Surplus share in joint venture	39	18
Revaluation loss on investment property	-	-
(Increase)/Decrease in trade debtors and other receivables	478	(691)
Decrease in stock	14	249
Decrease/(Increase) in trade creditors	(225)	114
<b>Total non-cash adjustments</b>	<b>(299)</b>	<b>60</b>
<b>Adjustments for investing or financing activities:</b>		
Profit on disposal of property, plant and equipment	(303)	(387)
Refinancing costs	-	-
Interest payable	4,635	4,159
Interest receivable	(404)	(117)
<b>Total investing or financing activities</b>	<b>3,928</b>	<b>3,655</b>
<b>Cash generated by operations</b>	<b>4,976</b>	<b>5,372</b>
	<b>2024</b>	<b>2023</b>
<b>Increase in cash and cash equivalents</b>	<b>£'000</b>	<b>£'000</b>
Cash	7,061	10,031
Investments	2,926	6,632
	<b>9,987</b>	<b>16,663</b>

**NET DEBT RECONCILIATION**

	1 April 2023 £'000	Cash flows £'000	31 March 2024 £'000
<b>Cash and cash equivalents</b>			
Cash	10,031	(2,970)	7,061
Investments	6,632	(3,706)	2,926
	16,663	(6,676)	9,987
<b>Borrowings</b>			
Debt due within one year	(4,396)	3,771	(625)
Debt due after one year	(130,164)	578	(129,586)
	(134,560)	4,349	(130,211)
	<b>(117,897)</b>	<b>(2,327)</b>	<b>(120,224)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**
**FREE CASH FLOW**

	2024	Reclassified 2023
	£'000	£'000
<b>Net cash generated from operating activities</b>	<b>4,976</b>	<b>5,372</b>
Interest paid	(4,635)	(4,159)
Interest received	404	117
<b>Adjustments for reinvestment in existing properties</b>		
Components replaced	(661)	(791)
Purchase of other replacement fixed assets	(20,529)	(15,032)
Component replacement grant received	-	-
	<hr/>	<hr/>
<b>Free cash consumed before loan repayments</b>	<b>(20,445)</b>	<b>(14,493)</b>
Loans repaid (excluding revolving credit and overdraft)	(4,349)	(369)
	<hr/>	<hr/>
<b>Free cash consumed after loan repayments</b>	<b>(24,794)</b>	<b>(14,862)</b>

**28. RELATED PARTY TRANSACTIONS**

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

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

The Association also acts as the Corporate Trustee for two Alms-house Charities; The Charity of Elizabeth Owen, Llanfair Dyffryn Clwyd and Ellen Glynne Homes, Llandwrog. The Alms-houses are separate entities registered with the Charity Commission under charity numbers 237078 and 219790 respectively. All transactions with the Alms-houses are conducted on an arm's length basis. Grŵp Cynefin has charged housing management services to the Alms-houses during the year to the value of £2k (2023 - £7,516). The financial statements of the Alms-houses are not consolidated within the financial statements of Grŵp Cynefin as an exemption from Group accounts was received from the FCA in May 2022.

**29. WHOLLY OWNED SUBSIDIARY UNDERTAKINGS**

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

<b>Organisation</b>	<b>Status</b>	<b>Country of Registration</b>	<b>Principal Activity</b>
Canllaw (Eryri) Cyf	Company Limited by guarantee, a registered charity and is registered with the Welsh Government.	Wales	Care and Repair Agency and a Social Enterprise

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2024**

Gofal a Thrwsio Conwy a Sir Ddinbych	Company Limited by guarantee and a registered charity.	Wales	Care and Repair Agency and a Social Enterprise
Cywaith Cyf	Dormant Company, Limited by guarantee.	Wales	Community Regeneration

As Cywaith Cyf is a dormant company, no significant transactions have been made by Grŵp Cynefin on its behalf. We continue to retain Cywaith cyf as there may be an option to utilise it again in the future.

Gofal a Thrwsio Conwy a Sir Ddinbych is not a Registered Social Landlord, and there has been no significant apportionments, recharges or allocation of turnover, costs, assets and liabilities between Grŵp Cynefin or Canllaw (Eryri) Cyf (as the Registered Social Landlord's within the Group) and Gofal a Thrwsio Conwy a Sir Ddinbych. Grŵp Cynefin's net cash contribution to Gofal a Thrwsio Conwy a Sir Ddinbych amounted to £0 (2023 - £0) within the year-ending 31 March 2024.

**30. INTEREST COVER COVENANT AMENDMENTS**

Amendments have been agreed with lenders to take into consideration:

- Grant Funding received for decarbonisation projects from the Welsh Government to include grant received under the Transitional Accommodation Capital Programme (TACP), Optimised Retrofit Programme (ORP) and/or other component replacement and improvement works. Works of £360k in 2023/24.
- Exceptional expenditure incurred in relation to improving the condition of Grwp Cynefin's properties in relation to compliance with health and safety and a non-compliant regulatory grading. Exceptional Costs of £2.774m were incurred in 2023/24, to meet the voluntary undertaking requirements.

**31. CONTINGENT LIABILITY**

In March 2024 Grwp Cynefin became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 ("the Act") and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) ("the Regulations") during the year ending 31 March 2024. On identification of the issue, immediate steps were taken to ensure full compliance with legal obligations as the Association is currently able to understand them. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above matter.