



**TAI CEREDIGION CYF**

**Financial Statements**

**Year ended 31 March 2012**

**TAI CEREDIGION CYF**

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### INTRODUCTION FROM CHAIR AND CHIEF EXECUTIVE

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2011/12 has seen the completion of Tai Ceredigion's pilot improvements packages around the county, with staff, tenant representatives, and Board members working together to procure and select contractors for the major improvements work. Board meetings were held bi-monthly during the year, with quarterly meetings of the Audit and Performance and Joint Consultative Committees. The Asset Management Committee has continued to meet monthly due to its heavy workload in finalising the selection of contractors onto Tai Ceredigion's Framework Agreement and monitoring the pilot improvements work being undertaken.

The procurement process has involved tenants and Board members in the design, interview, scoring and appointment of contractors, and Tai Ceredigion has been highlighted in the third progress report from i2i as a good practice organisation for the use of the i2i European procurement toolkit. We have appointed ten small local contractors, five medium size regional contractors, and five larger contractors to our framework agreement; thus delivering our promise to deliver local employment and ten new shared apprenticeships, along with other community benefits. The main programme of work is now well underway with new kitchens, bathrooms, rewires, windows and doors being installed around the county. We were also successful in obtaining additional ARBED energy efficiency funding to externally insulate difficult to heat, off gas, homes in the mid and south of the county, following on from the work completed in 2010/11 in the north. In total nearly £1.5m of additional ARBED funding has been secured from the Welsh Government and spent, resulting in huge fuel bill reductions for our tenants living in difficult to heat exposed rural parts of the county. Many of the costs shown in this year's accounts are costs associated with the commencement of the major improvement works to homes. Tai Ceredigion is still committed to completing all major internal works, on time, by early 2015. Some pilot external improvements works to larger estates are continuing to be developed and consulted on, and an affordable external works programme will be proposed to the Board following consultation with tenant's representatives.

During 2011/12 Tai Ceredigion reviewed its five year business plan and continued to theme its work programme under the three headings of Delivering Promises; Developing Partnerships; and Developing Us. In 2010/11, 100 of the 170 offer document promises to tenants were delivered, and in 2011/12 we increased this to 162 promises delivered. We continued to monitor the delivery of promises via our monthly meetings between elected officers of the Tenant Monitoring Group staff and Tai Ceredigion's Executive Team.

Tenants continue to be the centre of everything we do in Tai Ceredigion and tenants are involved in decision making at all levels. In addition to having five elected tenants on the Board, we continued to hold quarterly Tenant Liaison Forums around the county. The elected officers of the Tenant Monitoring Group have continued to hold monthly meetings with the Executive Team of Tai Ceredigion to monitor progress, develop policy recommendations, and also to develop an agreed standard for estate inspections to deliver our promise of cleaner and well managed estates.

Tai Ceredigion's direct labour workforce has been expanded with an additional seven new apprentices appointed in 2012. The Board has reviewed the improvements in service delivery achieved by Tai Ceredigion's direct labour workforce, which consistently receives positive feedback from tenants via survey forms and letters of thanks. The Board has approved an updated action plan to continue the modernisation of the direct labour workforce, and has also approved plans to conduct feasibility studies on expanding the scope of work undertaken by the new Medra handyperson and mobile caretaking service.

We have continued to play our wider role within Ceredigion county over the last year, with senior Tai Ceredigion staff contributing ideas and their experience to the Board of the Strategic Regeneration Area in Aberystwyth, and the Ceredigion Regeneration Partnership. We have also further developed our relationship with the Council's strategic Housing and Social Services teams; and have held strategic meetings with Hywel Dda Health Board and voluntary sector partners about the accommodation and other needs of older persons and young persons within the county.

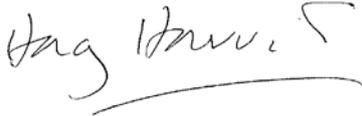
The Developing Us theme of our business plan has been delivered in 2011/12 by providing leadership training for senior staff, as well as regular training events for Board members and tenant representatives. A new Board annual appraisal system has been designed and is being implemented, and the existing staff appraisal system has also been reviewed and redesigned for the forthcoming year.

## TAI CEREDIGION CYF

### INTRODUCTION FROM CHAIR AND CHIEF EXECUTIVE

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Last but not least, we are grateful for the continued support of our funding partner, Barclays Bank plc, who have been very supportive and encouraging of our early improvement work over the last two years, and who are proactively discussing further funding opportunities as Tai Ceredigion starts to deliver its plans for new build housing in both the north and south of the county. We have also started discussions with private developers and land owners about potential partnership projects to increase the supply of affordable homes in Ceredigion and neighbouring counties.



Hag Harris  
Chair of the Board



Steve Jones  
Chief Executive

## TAI CEREDIGION CYF

### BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

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The membership of the Board is set out below:

Chair:	Hag Harris
Vice Chair:	Gay McFee
Other Members:	Michael Jones (resigned 26 April 2012) Nesta Williams Gareth Lewis Dorothy James Ceredig Davies (resigned 28 July 2011) Ellen ap Gwynn (resigned 25 May 2012) Alun Williams (resigned 25 May 2012) Dafydd Edwards Stephen Cripps Geraldine Delaney (resigned 25 November 2011) Dick Evans Mererid Jones Raymond Walters (resigned 23 September 2011) Ivor Williams (appointed 25 November 2011) Peter Saunders (appointed 27 January 2012) Derek Lassetter (appointed 27 January 2012) Catrin Miles (appointed 25 May 2012) Ogwen Davies (appointed 25 May 2012)

#### Executive Officers:

Chief Executive	Steve Jones
Deputy Chief Executive & Company Secretary	Katrina Michael
Director of Housing and Support	Eleri Jenkins
Director of Property Services	Llyr Edwards

#### Registered Office:

4 Pont Steffan Business Park  
Station Terrace  
Lampeter  
Ceredigion  
SA48 7HH

#### External Auditors:

Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

#### Internal Auditors:

TIAA Limited  
Business Support Centre  
53-55 Gosport Business Centre  
Aerodrome Road  
Gosport, Hants  
PO13 0FQ

#### Bankers:

Barclays Bank plc  
Harford Square  
Lampeter  
Ceredigion  
SA48 7HF

#### Funders:

Barclays Capital  
5 The North Colonnade  
Canary Wharf  
London  
E14 4BB

Registered with charitable rules under the Industrial and Provident Societies Act No. 30701R  
Registered by the Welsh Government No. L151

## **TAI CEREDIGION CYF**

### **BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS**

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The biographies of the Board Members are set out below:

#### **COUNCIL BOARD MEMBERS**

##### **Councillor Hag Harris (Chair)**

Hag has represented Lampeter on the County Council since 1981, and is currently Cabinet member responsible for social services. A graduate of the University of Wales, Lampeter, Hag is a qualified social worker who has worked for neighbouring Carmarthenshire County Council as a fostering officer. He currently runs his own music and film shop in Lampeter. A father of three, Hag is an active member of many outside organisations and is a governor of both Lampeter schools and a previous mayor of the town.

##### **Councillor Ceredig Davies**

Now in his seventh year as Councillor for Aberystwyth Central, Ceredig is cabinet member for Education and Community Services. Along with his wife he runs a family shop in Aberystwyth and is also involved with Communities First, an organisation that helps deprived areas across Wales.

##### **Councillor Ellen ap Gwynn**

Ellen has been Councillor for the Ceulanamaesmawr ward for ten years. With a background in arts management, including a spell as general manager of Radio Ceredigion, she has served on many statutory and voluntary Boards and committees including the Arts Council of Wales.

##### **Councillor Alun Williams**

Alun has been Councillor for the Bronglais ward in Aberystwyth for eighth years and has worked locally in community mental health nursing since 1988. With a keen interest in both social inclusion and environmental sustainability, Alun wants to see Tai Ceredigion develop policies that benefit both tenants and the environment.

##### **Councillor Dafydd Edwards**

Dafydd lives in Bethania with his wife Llinos. He became a Ceredigion County Councillor in 2008, serving the Llansantffraid ward. He is actively involved as a Board member of various groups supporting communities, local theatre, and the arts. His background is civil engineering and he currently works in the field providing civil engineering, quantity surveying and management consultancy services – all skills and experience that are very valuable in his role on the Board of Tai Ceredigion.

##### **Councillor Ivor Williams**

Ivor has been a Councillor for the ward of Lampeter Town since 1999 and has worked in the town and surrounding areas all his working career as a painter and decorator. He has been the Chairman of Ceredigion County Council twice and the Mayor of Lampeter town. Ivor remains actively involved with many organisations and groups within Ceredigion, including Ceredigion Scouts, Lampeter Football club and is a Trustee of Longwood Community Woodland in Lampeter. He has been a School Governor for both Lampeter Secondary School and Ffynnonbedr Primary School for many years, having been the Chair of Governors also.

#### **TENANT BOARD MEMBERS**

##### **Gay McFee, Llandysul (Vice chair)**

Gay has had a strong involvement in tenant issues since 1996, including management roles in the Welsh Tenants Federation and South Teifi Residents and Tenants Association (STRATA), as well as being a trustee for Ceredigion Association of Voluntary Organisations (CAVO).

##### **Michael Jones, Aberystwyth**

Actively engaged in working with young and old people in the community, Michael is President of the pensioners club Penparcau and a rota Chair of AWARD (All Wales Alliance for Research Development) in the health and social care sector. He is also a member of the Wales Better Government for Older People and Older Peoples Advisory Groups. Michael's background is in the building and training industries.

##### **Nesta Williams, Llandysul**

Nesta volunteers for the Multiple Sclerosis Society and is a trustee of the Cardiac Rehabilitation Building Fund and of Ceredigion Fergusson and Heritage.

## **TAI CEREDIGION CYF**

### **BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS**

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#### **Gareth Lewis, Aberystwyth**

Gareth, a retired ex-serviceman, is a director and Vice Chairman of the Rhoserchan project, which is a treatment centre for drug and alcohol. Gareth is also the Vice Chairman of the Aberystwyth War Memorial trust, a committee member of Aberystwyth Sea Cadets and Chairman of the Aberystwyth Branch of the Royal Naval Association.

#### **Dorothy James, Newcastle Emlyn**

Having started out working in hotels, Dorothy worked latterly as a dress shop assistant, also modelling to raise funds for a range of good causes.

### **INDEPENDENT BOARD MEMBERS**

#### **Stephen Cripps**

Stephen is a retired local government Chief Officer with a great deal of housing management experience. With over 30 years working in local government in England, Stephen's experience included responsibility for Housing, Technical Services, Environmental Services and Leisure. Stephen is also an independent member of Ceredigion County Council's Ethics and Standards Committee. Stephen is keen to give something back to the community and wants to try to ensure people have the best quality of life possible. Decent housing is essential for good health, for a sound local community and for a good quality of life generally. Tai Ceredigion is here to provide that good quality housing, and a range of other related services. It is also able to play a role as a key partner working with other agencies throughout the County and beyond. Stephen is pleased to be able to contribute to that work.

#### **Geraldine Delaney**

Geraldine, who lives in Ceredigion, has over 25 years experience in construction management, including extensive knowledge of social housing as well as rural and urban regeneration.

#### **Dick Evans**

Dick Evans is a retired architect who practised in Cardiff and Sydney. He brings over 40 years of experience to the Board.

Dick is well versed in the role of a Housing Association Board member having sat on and chaired the Board of Cardiff based Taff Housing. He lives near Cardigan, has 3 children and enjoys painting and gardening.

#### **Mererid Jones**

Mererid – who works and lives in Aberystwyth – is currently Director of Finance for Mudiad Ysgolion Meithrin. She is a chartered accountant by profession and has been auditor for a range of clients in the voluntary and charitable sectors. Mererid is proud of her roots and passionate about the Welsh language.

#### **Raymond Walters**

Raymond Walters recently joined the Tai Ceredigion Board as an Independent Board member. Having worked as a Bank Manager and also as a leading member of various organisations and bodies for nearly 30 years he brings a wealth of financial knowledge.

#### **Peter Saunders**

Peter, who is now retired, lives in Aberystwyth and is learning Welsh. He originally trained in Cardiff as a Town Planner, but soon moved into research and then lecturing. He taught at John Moores University in Liverpool for a number of years developing an interest in public policy, particularly housing and health. For the last 12 years of his career Peter was Director of Student Services and responsible for introducing significant changes to the administration and delivery of all student support. Latterly, Peter has developed an active interest in social care and 'extra-care' housing.

#### **Derek Lassetter**

Derek has enjoyed a lengthy career in Industry with various management roles in the field of specialist metals and engineering and has worked in London, Birmingham and Sheffield with extensive overseas experience. He is also an independent member of the British Hallmarking Council and a committee member of the NHS Dyfed Powys Research Ethics Committee. Derek lives in Aberystwyth with his family.

The Board of Management present their report and the financial statements for the year ended 31 March 2012.

### **PRINCIPAL ACTIVITIES**

Tai Ceredigion is a not-for-profit housing organisation which is registered with the Welsh Government as a Registered Social Landlord, registration number L151. Tai Ceredigion is also registered with the Financial Services Authority as an Industrial and Provident Society with charitable objectives, registration number 30701R. Tai Ceredigion was set up for the purpose of accepting a large scale voluntary transfer of housing stock from Ceredigion County Council. This transfer took place on 30<sup>th</sup> November 2009.

Tai Ceredigion's principal activities are the development and management of social housing.

### **HOUSING PROPERTIES**

Details of changes to Tai Ceredigion's fixed assets are shown in notes 8 and 9 to the financial statements.

### **PAYMENT OF CREDITORS**

Tai Ceredigion agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

### **INVESTING IN EMPLOYEES**

Motivated and committed employees are essential to achieving our aim of providing high quality services to our residents and the Board embraces the need for employees to be empowered and involved at every level of the organisation.

Tai Ceredigion is committed to ensuring and promoting equality of opportunity for all in the services that it delivers and the way that those services are delivered, ensuring that differences are recognised. Tai Ceredigion is also committed to ensuring equality for all its employees and applicants for employment.

As a provider of social housing Tai Ceredigion is aware that the quality of life for many people has been undermined by discrimination and disadvantage. Tai Ceredigion is committed to responding to social diversity in today's society and strives to reflect this in its own organisational culture.

Development of employees is essential to growing the organisation. A structured approach to training and development is provided to enable employees to fulfil and develop their role within Tai Ceredigion. This involves locally delivered in-house training courses, one-off courses of a specialist nature and training associated with the implementation of business systems. Tai Ceredigion also supports people undertaking external courses and qualifications appropriate to business needs.

### **HEALTH AND SAFETY**

The Board is aware of its responsibilities for all matters relating to health and safety. Tai Ceredigion has detailed health and safety policies, complies with its statutory duties and provides staff training and education on health and safety matters. Regular progress is monitored through meetings of the Health & Safety Forum via the Joint Consultative Committee and by the Board.

### **BOARD MEMBERS AND DIRECTORS**

The Board members and senior executives who served during the year and to the present date are set out on page 5. The Board is made up of 15 members, split between 5 members elected by the tenants of Tai Ceredigion, 5 nominated by Ceredigion County Council and 5 independent Board members. Any tenant or resident can purchase a share for £1 and become a member of Tai Ceredigion.

An assessment has been made of members' skills and experience to ensure that the Board continues to carry out its role effectively.

The directors are the Chief Executive and any other person who is a member of Tai Ceredigion's Executive Management team. The directors are not Board members, hold no interest in Tai Ceredigion's shares and act as executives within the authority delegated by the Board.

Tai Ceredigion has insurance policies which indemnify its Board members and directors against liability when acting for Tai Ceredigion.

## REMUNERATION

### (a) Policy

The Board is responsible for agreeing the remuneration level of its directors. It agrees the appointment of directors and their remuneration, as well as the brief within which the Chief Executive can negotiate staff salaries.

The Board pays close attention to remuneration levels in the sector in determining the remuneration packages of the directors. Basic salaries are set having regard to each director's responsibilities and pay levels for comparable positions.

### (b) Pensions

The directors are members of the Dyfed Pension Fund, a defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff and Tai Ceredigion contributes to the scheme on behalf of its employees.

### (c) Service contracts

The directors are employed on the same terms as other staff, although their notice period is three months.

## RESIDENT INVOLVEMENT

We recognise that working in partnership with residents is the best way of making sure that Tai Ceredigion delivers services that residents want and value. Tai Ceredigion also believes that effective and meaningful resident involvement is the best way of knowing whether services are being provided to the quality that customers are entitled to expect.

We actively encourage residents' involvement in decision-making by developing and promoting varied and innovative mechanisms of involvement; tenants are actively involved in decisions that affect them.

## INTERNAL CONTROLS ASSURANCE

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatement or loss. The Board receives and considers reports from directors and management on these risk management and control arrangements during the year.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

### Identifying and evaluating key risks

Tai Ceredigion is developing a risk management strategy, setting out the Board's attitude and responsibility towards risk in the achievement of its objectives.

### Control environment and internal controls

The processes to identify and manage the key risks to which the Tai Ceredigion is exposed are an integral part of the internal control environment. Such processes include strategic planning, the recruitment of directors and senior staff, regular performance monitoring and the setting of standards and targets for key operational areas.

### Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed, approved and monitored throughout the year by the Board. The Board regularly receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

### Monitoring arrangements

Regular management reporting on control issues provides assurance to management and to the Board. It is supplemented by regular reviews by Internal Audit which provides independent assurance to the Board via its Audit and Performance Committee. The arrangements include a rigorous procedure, monitored by that committee, for ensuring that corrective action is taken in relation to any significant control issues.

### **INTERNAL FINANCIAL CONTROLS**

The Board bears responsibility for ensuring that the organisation operates a secure control environment. The controls serve to give reasonable assurance with regard to:

- the reliability of financial information used within the Association and for publication
- the maintenance of proper accounting records
- the safeguarding of assets against unauthorised use.

The Board is responsible for establishing and maintaining systems of internal financial control. Such systems cannot provide categorical assurance against material financial misstatements or loss, but can be expected to provide reasonable assurance.

Key elements in ensuring a secure environment include:

- the presence of formal policies and procedures
- clear delegation of authority
- a suitable level of experienced and suitable qualified staff
- proper performance appraisal
- the preparation and monitoring of forecasts and budgets
- suitable authorisation of major commitments which might put the Association at risk
- a robust and independent internal audit service, reporting appropriately to members, with suitable follow up mechanisms in place.

The Audit and Performance Committee has reviewed the effectiveness of the system of internal control in the Association for the year ended 31 March 2012. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements, and the Board are not aware of any such weaknesses from 1 April 2011 to date.

### **REVIEW OF THE BUSINESS**

Tai Ceredigion was created by Ceredigion County Council (CCC) to receive the council housing stock of Ceredigion. The transfer of housing stock took place on 30<sup>th</sup> November 2009.

Tai Ceredigion is the eighth full stock transfer to take place in Wales. The high level of financial commitments of meeting the Welsh Housing Quality Standard and maintaining the properties to that standard, so delivering high quality homes for the 21<sup>st</sup> century, led Ceredigion County Council to consult with its tenants with a view to transferring its stock to a newly created Registered Social Landlord. The ballot was held in November 2008 and 58% of those voting, voted for the transfer. Subsequently CCC set up Tai Ceredigion Cyf, which was formally established on 30<sup>th</sup> November 2009.

In drawing up the Business priorities for 2011/12, Tai Ceredigion consulted with key stakeholders which included

- Representatives from the Public Sector
- Representatives from the Third Sector
- Local voluntary organisations
- Tenants Monitoring Group
- Tenants Panel

The consultation exercise identified three broad themes:

- Delivering promises
- Developing partnerships
- Developing us

And the priorities for 2011/12 which were:

**Undertake the stock improvement program**

With input from the Tenants Monitoring Group, the Official Journal of the European Union (OJEU) contractor selection process was completed, ensuring that the promises within the offer document are met in ensuring that trade based apprentices are appointed, local employment and training opportunities were created, whilst trying to make sure that the people of Ceredigion gain economic benefit from the financial investment transfer would bring.

We completed 90% of the stock condition and asbestos surveys ready for the 2012/13 WHQS programme.

An achievable business plan was developed for the Direct Labour Organisation, and we have strengthened the team as part of our aim to deliver a first class service to our tenants, whilst benefiting from numerous training opportunities.

Working with the Welsh Government, we assisted in the delivery of their Arbed programme, targeting hard to heat properties whilst providing economic benefits and training opportunities, where over 200 homes have now been insulated externally, resulting in carbon savings and warmer homes for our tenants and leaseholders.

We worked alongside our framework contractors to ensure that the quality and cost targets were achieved and aligned to tenant expectations. All contractors appointed to undertake the WHQS work are now familiar with our operating methods and are achieving our expectations, as we look forward to working with them to achieve WHQS in the next two years.

**Improve the service provided to tenants**

During the 2010/11 financial year, Tai Ceredigion undertook a full STATUS survey of tenant opinion on the services provided by the Association. This found that we needed to improve the services provided to our tenants at the first point of contact. As a result of this, we carried out a review of our Customer Services, inviting tenants and others to sit on the review group and the results of the review were implemented during the 2011/12 financial year. As a result we have seen an improvement in almost every aspect of the service provided to our tenants at first point of contact.

STATUS also identified Anti Social Behaviour as an area of concern for tenants. In response to this Tai Ceredigion set up a working party of tenants, housing management staff, staff from other departments, Ceredigion County Council's Co-ordinator and Dyfed - Powys Police to agree on and establish a new ASB policy for Tai Ceredigion. Tenants have also been actively involved at all stages of the new Tenants Handbook and the new Tenant Participation Strategy .

We implemented the Covalent performance management software during this year. This allows us to develop a golden thread from Business Plan to individual staff targets to ensure that our objectives are met. The software also allows us to measure and manage performance and risk management.

Tai Ceredigion has been working with Construct Wales to review and put in place an action plan for the modernisation of the Direct Labour Organisation (DLO). A report and five year Business Plan for the DLO have been approved by the Board in March 2012.

During the year, Tai Ceredigion set up a social enterprise - Medra which provides handyperson and estate caretaking services. This was part funded by an award of £125,000 from the European Regional Development Fund. The enterprise has employed local people and also offers placements to those seeking to move into employment.

The Association has been working with a number of agencies and other stakeholders to develop a befriending service within the County. Unfortunately, the Lottery grant applied for, was not awarded. However, we continue to look for other avenues and ways in which this much-needed service may be developed.

**Develop and maintain strategic relationships with our partners and other stakeholders**

Tai Ceredigion recognises that to fully achieve its objectives will require close working relationships with its strategic partners.

Tai Ceredigion is working in close partnership with Ceredigion County Council, Barclays Bank and the Welsh Government – its' main strategic partners. This interaction occurs through every department within the Association and includes partnership working through various Service Level Agreements which have been agreed as part of the Transfer Agreement. Tai Ceredigion has accepted invitations to be represented on both the Strategic Board and the Delivery Team for the recently declared Strategic Regeneration Area in Aberystwyth, within which the Association has a significant number of homes. Regeneration, in both the urban and rural areas of Ceredigion, is one of the key objectives of Tai Ceredigion, working in close partnership with these main strategic partners. Tai Ceredigion is also represented on the Ceredigion Community Safety Executive Board, and plays a proactive role in tackling anti social behaviour within the county, since tenants have highlighted this work as a priority item in the recent STATUS survey.

In addition, the Association plays a full part in strategic housing planning within the County, being a member of the Rural Housing Enabler Project, the Common Housing Register, and the Housing Strategy Partnership. Tai Ceredigion has formed relationships with the other social landlords in the Ceredigion area in order to address the standards of housing services which are provided throughout the County. Opportunities for joint procurement or shared services will be explored, in order to improve the quality and cost effectiveness of service delivery.

Tai Ceredigion will continue to build relationships with all relevant agencies within the County, within the public, voluntary and private sectors. At a local level, it will seek to engage closely with Community Councils in order to identify local housing and wider community needs. It will also seek positive relationships and partnerships with key public sector bodies such as the new Local Health Boards, both Lampeter and Aberystwyth Universities, and key voluntary sector bodies such as the Princes Trust, Ceredigion Care Society, the Citizens Advice Bureau, Communities First, Ceredigion Association of Voluntary Organisations (CAVO), Warm Wales and other local specialist social care and economic development/regeneration agencies.

As a social landlord registered with the Welsh Government, the Association is subject to regulation and inspection. The Essex Review published in June 2008, recognised the need to change the regulatory system of social landlords in Wales and the Association is implementing the new Regulatory Framework requirements. The new system of regulation has included the introduction of a Senior Regulation Manager who works closely with the Association so that a full understanding of the Organisation can be gained. The pivotal document of the new system is a Self Assessment. The Association has involved its tenants in assessing and measuring the standards of service which it provides.

**Develop the Board and staff team to ensure that an effective and efficient service is provided to all of our tenants**

In the 2010/11 year, the Board undertook a skills and training needs assessment, both as a collective and also as individual Board Members. From this a Board Members Training Programme has been developed which provides training in the areas identified to all Board Members prior to Board Meetings. In addition to this, Board Members have had the opportunity to attend various conferences and seminars throughout the year.

As a learning organisation, the Association invests in training and developing its staff. From the line management reporting process, a training plan has been drawn up and during the 2011/12 year a programme of training requirements has been undertaken, which has included a management training and development programme for all Senior Managers and Directors. This will now be rolled out to all supervisors in the 2012/13 financial year.

One of the main areas in which Tai Ceredigion recognises a need for training is in the area of culture change. The culture of a registered housing association can be very different to that of a local authority. The Association has put in place a schedule of training which will address the issues of culture. The Association has built a strong emphasis of tenant involvement and quality customer care into all of its corporate and departmental training programmes; and will introduce management development and effective leadership learning streams, as well as participating in sector wide learning initiatives and Welsh Government sponsored collaboration projects.

**Tai Ceredigion Offices**

Over the past year, the Association has developed its offices at Aberystwyth and Cardigan. Tai Ceredigion has agreed to purchase its current Head Office in Lampeter together with a building plot adjacent to the office. This will allow for expansion, as required, in the future.

### **FUTURE DEVELOPMENTS**

The principal challenge for Tai Ceredigion is to deliver on the commitments made to the tenants in its offer document and to deliver the Welsh Housing Quality Standard. Over the first 5 years of its existence, Tai Ceredigion Cyf intends to spend in excess of £40million on maintenance and improvements to the housing stock. To deliver this Tai Ceredigion has arranged loan finance with Barclays Bank Plc. In addition, the Welsh Government is providing funding for up to 29 years.

In order to deliver the work, Tai Ceredigion has taken on and has expanded the Housing Maintenance workforce from Ceredigion County Council. Not only will this help to contain and control costs and ensure consistency of delivery but it helps support local employment in the Ceredigion area.

Tai Ceredigion has plans to develop new properties to add to the existing housing stock and has been successful in gaining Social Housing Grant funding to support this objective. The development programme started in 2011/12.

### **GOING CONCERN**

After making enquiries the Board has a reasonable expectation that Tai Ceredigion has adequate resources to continue in operational existence for the foreseeable future being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### **STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES**

The Board of Management are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accepted Accounting Practice.

The Industrial and Provident Societies Acts and Registered Social Landlord legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Tai Ceredigion and of the income and expenditure of Tai Ceredigion for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers update 2010" have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that Tai Ceredigion will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Tai Ceredigion and enable it to ensure that the financial statements comply with the relevant legislation. The Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of Tai Ceredigion and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

At the date of making this report each of the Tai Ceredigion Board members, as set out on page 5, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Tai Ceredigion auditors in connection with preparing their report of which the auditors are unaware, and
- each Board member has taken all the steps that he/she ought to have taken as a Board member in order to make him/herself aware of any relevant information needed by Tai Ceredigion auditors in connection with preparing their report and to establish that Tai Ceredigion auditors are aware of that information.

**TAI CEREDIGION CYF**

**REPORT OF THE BOARD OF MANAGEMENT  
For the year ended 31 March 2012**

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**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on 13<sup>th</sup> July 2012. At this meeting, Tai Ceredigion's 2011/12 Financial Statements will be presented for adoption.

**AUDITORS**

A resolution to re-appoint Mazars LLP as auditors to Tai Ceredigion will be proposed at the Annual General Meeting.

Approved on 13th July 2012  
and signed on its behalf by



KB Michael  
Company Secretary

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAI CEREDIGION CYF**

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We have audited the financial statements of Tai Ceredigion Cyf for the year ended 31 March 2012 which comprise the Income and Expenditure Account, the Statement of Total Recognised Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of the board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 13, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

This report is made solely to Tai Ceredigion's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to Tai Ceredigion's members those matters we are required to state to them 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 Tai Ceredigion Cyf and its members as a body for our audit work, for this report, or for the opinions we have formed.

We have reviewed the Board's statement on Tai Ceredigion Cyf compliance with the Welsh Government circular RSL 02/10 'Internal Controls and reporting'. We are not required to express an opinion on the effectiveness of Tai Ceredigion Cyf's system of internal control.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements;

- give a true and fair view of the state of Tai Ceredigion Cyf affairs as at 31 March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009.

### **Opinion on other matter prescribed by the Welsh Government circular RSL 02/10 'Internal controls and reporting'**

With respect to the Board's statement on internal control, in our opinion, the Board has provided the disclosures required by the Welsh Government circular RSL 02/10 'Internal controls and reporting' and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2003 require us to report to you if, in our opinion;

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

Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

**TAI CEREDIGION CYF****INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 March 2012

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		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	<b>Note</b>		
<b>TURNOVER</b>	2	9,725,703	9,562,086
Less: Operating costs	2	(6,928,123)	(7,235,266)
<b>OPERATING SURPLUS</b>	2	<u>2,797,580</u>	<u>2,326,820</u>
Surplus on disposal of housing properties	4	56,520	87,939
Interest receivable		6,241	3,415
Interest payable and similar charges	7	(85,788)	(96,864)
<b>SURPLUS FOR THE YEAR</b>	15	<u><u>2,774,553</u></u>	<u><u>2,321,310</u></u>

**CONTINUING OPERATIONS**

Tai Ceredigion's turnover and expenses all relate to continuing operations.

		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
<b>STATEMENT OF TOTAL RECOGNISED SURPLUSES AND (DEFICITS)</b>			
Surplus for the year		2,774,553	2,321,310
Actuarial (losses) / gains on pension scheme	21	(215,000)	387,000
<b>TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR</b>		<u><u>2,559,553</u></u>	<u><u>2,708,310</u></u>

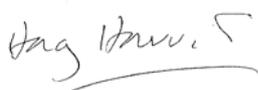
TAI CEREDIGION CYF

BALANCE SHEET  
As at 31 March 2012

TANGIBLE FIXED ASSETS

	Note	2012 £	2011 £
Housing properties - Gross cost less depreciation	8	10,446,828	3,213,712
- Social Housing and other grants	8	(1,897,543)	(762,251)
		<u>8,549,285</u>	<u>2,451,461</u>
Other fixed assets	9	<u>725,805</u>	<u>842,036</u>
		<u>9,275,090</u>	<u>3,293,497</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,201,963	862,426
Stocks	11	14,892	5,181
Cash at bank and in hand		<u>3,792,431</u>	<u>2,175,165</u>
		<u>5,009,286</u>	<u>3,042,772</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	<u>(3,440,322)</u>	<u>(1,981,808)</u>
<b>NET CURRENT ASSETS</b>		<u>1,568,964</u>	<u>1,060,964</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,844,054	4,354,461
Pension liability	21	(1,055,000)	(775,000)
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	13	<u>(8,400,000)</u>	<u>(4,750,000)</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u><u>1,389,054</u></u>	<u><u>(1,170,539)</u></u>
<b>CAPITAL AND RESERVES</b>			
Non-equity share capital	14	153	113
Community Support Fund designated reserve	15	-	-
Income and Expenditure account	15	<u>1,388,901</u>	<u>(1,170,652)</u>
		<u>1,389,054</u>	<u>(1,170,539)</u>

The financial statements on pages 16 to 35 were approved by the Board on 13th July 2012 and were signed on its behalf by:



Hag Harris



Mererid Jones



Katrina Michael

**TAI CEREDIGION CYF**

**CASH FLOW STATEMENT**  
**For the year ended 31 March 2012**

		£	2012 £	£	2011 £
	<b>Note</b>				
<b>Net cash inflow from operating activities</b>	a		<b>4,205,585</b>		3,373,105
Returns on investments and servicing of finance	b		(77,549)		(63,449)
<b>Capital expenditure and financial investment</b>					
Capital expenditure		(7,602,622)		(3,208,283)	
Surplus on property disposals		56,520		87,939	
Capital grants received		1,135,292		762,251	
			<u>(6,410,810)</u>		<u>2,358,093</u>
<b>Cash (outflow)/inflow before financing</b>	c		<b>(2,282,774)</b>		951,563
<b>Financing</b>					
Loan finance		3,900,000		-	
Issue of shares		40		104	
			<u>3,900,040</u>		<u>104</u>
<b>Increase in cash</b>	d		<b><u>1,617,266</u></b>		<u>951,667</u>

**NOTES TO THE CASH FLOW STATEMENTS**  
**For the year ended 31 March 2012**

**a) RECONCILIATION OF OPERATING SUPLUS TO CASH  
 INFLOW FROM OPERATING ACTIVITIES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating surplus for the year	2,797,580	2,326,820
Depreciation charges	485,738	305,978
FRS 17 adjustments	63,000	101,000
(Increase) in debtors	(339,537)	(207,946)
(Increase) in stocks	(9,711)	(5,181)
Increase in creditors	1,208,515	857,615
	<u>4,205,585</u>	<u>3,378,286</u>

**b) RETURNS ON INVESTMENTS AND SOURCING OF FINANCE**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Interest received	6,241	3,415
Interest paid	(83,790)	(66,864)
	<u>(77,549)</u>	<u>(63,449)</u>

**c) RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
 IN NET DEBT**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Increase in cash	1,617,266	951,667
Cash inflow from increase in debt financing	(3,900,000)	-
	<u>(2,282,734)</u>	<u>951,667</u>
Change in net debt resulting from cash flows	(2,282,734)	951,667
Net debt at 31 March	<u>(3,707,569)</u>	<u>(1,424,835)</u>

**d) ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1</b>	<b>Cashflows</b>	<b>At 31</b>
	<b>April</b>		<b>March</b>
	<b>2011</b>		<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in bank and in hand	2,175,165	1,617,266	3,792,431
Loans	<u>(3,600,000)</u>	<u>(3,900,000)</u>	<u>(7,500,000)</u>
	<u>(1,424,835)</u>	<u>2,282,734</u>	<u>(3,707,569)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**1. LEGAL STATUS**

Tai Ceredigion Cyf is registered under the Industrial and Provident Societies Act 1965 and is a Registered Social Landlord. Tai Ceredigion has adopted charitable rules.

**2. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom General Accounting Practice) and comply with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers" update 2010, and The Accounting Requirements for Social Landlords General Determination (Wales) 2009. The Board is satisfied that the current accounting policies are the most appropriate for Tai Ceredigion Cyf.

**(a) Accounting convention**

The financial statements are prepared under the historical cost convention.

**(b) Turnover**

Turnover represents rental and other income receivable, income from property sales, and revenue grants receivable. It also includes grants reimbursing specific expenditure on the improvement programme.

**(c) Fixed assets**

Housing properties should be measured at cost which includes only those costs which directly attribute. Expenditure related to planned maintenance or improvement will be capitalised if it results in an increase to the economic performance of the asset. If the expenditure only maintained the assets performance or arrested its decline in performance, it is not capitalised. To increase an asset's performance, expenditure must result in one or more of the following occurring:

- Increased rental income
- A reduction in future maintenance costs
- A significant extension to the life of the property

**(d) Depreciation**

Freehold land is not depreciated.

*Housing properties*

In line with the requirements of the SORP, improvements to housing properties are depreciated to write off the historical cost net of Social Housing Grant less the residual value on a systematic basis over their estimated useful lives. The depreciable amount is arrived at on the basis of original cost, less the proportion of Social Housing or other grants receivable which is attributed to housing properties, less any residual value.

Buildings are separated into major components which have substantially different economic useful lives. Depreciation is charged so as to write down the net book value of the component to its estimated residual value on a straight-line basis. The major components other than the residual property element are depreciated over the following lives:

<b>Component</b>	<b>Lifecycle</b>
Kitchen	20 years
Bathroom	25 years
Windows and doors	30 years
Roof – pitched / concrete	60 years
Roof – other	20 years
Lift	30 years
Central heating boilers	15 years
Electrical rewiring	30 years
Insulation	30 years
Other non specific works	30 years
Other non specific works	10 years

**2. ACCOUNTING POLICIES (Continued)**

**(d) Depreciation (Continued)**

Depreciation is charged in the year of purchase, pro-rata to the month of purchase or final completion date if relating to a development contract for refurbishment or new build.

*Other fixed assets*

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land. The principal lives used for other assets are:

Freehold buildings	25 years
IT Hardware & software	5 years
Sheltered scheme fixtures & fittings	5 years
Office furniture and equipment	5 years
Motor vehicles	4 years
Maintenance team's plant & equipment	5 years

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit (such as tenanted rented property) is recognised by a charge to the Income and Expenditure Account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. Tai Ceredigion checks annually for any indication of impairment by reference to:

- Trends in void rates and letting of stock
- Advice from external valuers regarding their expectations of the value of stock.

**(e) Stocks**

Stocks are stated at the lower of their cost or net realisable value.

**(f) Taxation**

**(a) VAT**

All income is shown net of VAT and expenditure is shown inclusive of irrecoverable VAT.

Tai Ceredigion has a 15 year VAT Shelter in place, approved by HMRC. The VAT shelter transfers the VAT cost of the works required to meet the Welsh Housing Quality Standard to Ceredigion County Council. The transactions are as follows:

- Under the transfer agreement the Council transferred the properties to Tai Ceredigion together with an obligation to undertake the WHQS works at the Council's expense. The price paid for the properties was £71,524,223 (excluding VAT); this price reflects the tenanted market value of the stock which is nil and the estimated value of the works of £71,524,223 (excluding VAT).
- The Council discharged its obligation to carry out the works under the Transfer Agreement by entering into a 15 year Development Agreement with Tai Ceredigion. This is a fixed price contract for £71,524,223 plus VAT of £10,728,633.

Over the life of the Development Agreement, Tai Ceredigion is entitled to reclaim VAT on the costs it incurs from third parties for carrying out the WHQS works as detailed in the Development Agreement.

**2. ACCOUNTING POLICIES (Continued)**

**(f) Taxation (Continued)**

The SORP requires social landlords to recognise such payments in advance of work as prepayments and receipts in advance to be recognised as liabilities, except in exceptional circumstances. Given the size of the transactions, such that they would dominate the Balance Sheet, and that they net off to zero, it has been decided to not show them gross but by way of a note (see note 20).

In line with the SORP over the 15 years the transactions will be disclosed in the financial statements. The disclosure will state that the agreement is in operation and include the gross values of the balances offset, the reasons for the offset and the period of the agreement.

**(b) Corporate Tax**

Tai Ceredigion is not liable for Corporation Tax due to its charitable status.

**(g) Pension Costs**

The Company is a contributing member of the Dyfed Pension Fund and the Social Housing Pension Scheme (SHPS). The schemes are multi-employer defined benefit schemes and therefore the amount charged to the income and expenditure account represents the contributions payable to the schemes for the year. The assets of these schemes are held separately from those of the Company in independently administered funds. Financial Reporting Standard 17 (FRS17) has been adopted in full in respect of the Dyfed Pension Fund.

Ceredigion County Council transferred employees to the Association at the time of the stock transfer. Many of these were members of Dyfed Pension Fund with the pension liabilities on transfer fully funded by the Council, with subsequent costs to be incurred by the Association. Under the Council's actuarial valuation therefore, the Association took on a £nil net liability position on transfer.

All existing and new employees have the option of joining the Fund. It is a defined benefit scheme, providing benefits based on final pensionable pay.

Tai Ceredigion accounts for its participation in the Fund in accordance with FRS 17 "Retirement benefits". Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Tai Ceredigion Cyf's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus/deficit is split between operating charges, finance items and in the Statement of Total Recognised Surpluses and Deficits, actuarial gains and losses.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**2 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	2012			2011		
	Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Social housing lettings (Note 3)	8,360,293	(6,829,627)	1,530,666	7,780,458	(7,269,764)	510,694
Other social housing activities						
Garages	160,095	-	160,095	167,418	-	167,418
Medra Services	66,535	(98,496)	(31,961)	-	-	-
Other revenue grants	36,187	-	36,187	-	-	-
Non social housing activities						
WAG Grant	1,067,000	-	1,067,000	1,600,000	-	1,600,000
Other	35,593	-	35,593	14,210	-	14,210
Set up costs	-	-	-	-	34,498	34,498
	<u>9,725,703</u>	<u>(6,928,123)</u>	<u>2,797,580</u>	<u>9,562,086</u>	<u>(7,235,266)</u>	<u>2,326,820</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**3 PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

	2012			2011				
	General needs and sheltered housing £	Supported housing £	Other social housing letting income £	Total £	General needs and sheltered housing £	Supported housing £	Other social housing letting income £	Total £
<b>INCOME</b>								
Rent receivable	7,643,520	-	-	7,643,520	7,218,654	-	-	7,218,654
Service charge income	444,727	-	-	444,727	306,902	-	-	306,902
Supporting People	272,046	-	-	272,046	254,902	-	-	254,902
Turnover from social housing lettings	<u>8,360,293</u>	<u>-</u>	<u>-</u>	<u>8,360,293</u>	<u>7,780,458</u>	<u>-</u>	<u>-</u>	<u>7,780,458</u>
<b>COST</b>								
Management costs	(1,637,692)	-	-	(1,637,692)	(1,741,306)	-	-	(1,741,306)
Service charge costs	(403,436)	-	-	(403,436)	(232,638)	-	-	(232,638)
Routine maintenance	(2,142,567)	-	-	(2,142,567)	(2,529,438)	-	-	(2,529,438)
Major repairs expenditure	-	-	-	-	-	-	-	-
Bad debts	2,788	-	-	2,788	(61,264)	-	-	(61,264)
Depreciation of housing properties	(199,677)	-	-	(199,677)	(60,780)	-	-	(60,780)
Other costs	(2,449,043)	-	-	(2,449,043)	(2,644,338)	-	-	(2,644,338)
Operating costs on social housing lettings	<u>(6,829,627)</u>	<u>-</u>	<u>-</u>	<u>(6,829,627)</u>	<u>(7,269,764)</u>	<u>-</u>	<u>-</u>	<u>(7,269,764)</u>
Operating surplus on social housing lettings	<u>1,530,666</u>	<u>-</u>	<u>-</u>	<u>1,530,666</u>	<u>510,694</u>	<u>-</u>	<u>-</u>	<u>510,694</u>
Rent loss due to voids (memorandum note)	<u>154,861</u>	<u>-</u>	<u>-</u>	<u>154,861</u>	<u>168,390</u>	<u>-</u>	<u>-</u>	<u>168,390</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2012

4. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2012 £	2011 £
Proceeds of sale of properties	60,000	95,000
Disposal expenses	(3,480)	(7,061)
Surplus on disposals	<u>56,520</u>	<u>87,939</u>

5. EMPLOYEES

	2012 Number	2011 Number
<b>Average monthly number of employees (including Executive Directors) expressed as full time equivalents</b>		
Administration	19	15
Operational services		
- Office based	40	35
- Scheme managers and cleaners	13	13
- Community repairs team	46	37
	<u>118</u>	<u>100</u>
	2012 £	2011 £
<b>Staff costs:</b>		
Wages and salaries	2,558,043	1,912,811
Social security costs	191,178	146,214
Pension costs	240,109	224,759
Total	<u>2,989,330</u>	<u>2,283,784</u>

6. DIRECTORS' EMOLUMENTS

	2012 £	2011 £
Emoluments	<u>313,103</u>	<u>298,406</u>

The emoluments of the directors disclosed above (including pension contributions) include amounts to be paid to:

The highest paid executive	<u>100,319</u>	<u>91,709</u>
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The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply.

None of the members of the Board of Management receive any remuneration.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2012

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest on loans		
- repayable wholly within 5 years	-	-
- repayable by instalments in more than 5 years	83,788	66,864
- repayable other than by instalments	-	-
Pension finance costs (FRS 17 – See note 21)	2,000	30,000
	<u>85,788</u>	<u>96,864</u>

8. TANGIBLE FIXED ASSETS – HOUSING AND OTHER PROPERTIES

	<b>Housing properties Total 2012 £</b>
<b>COST</b>	
At 1 April 2011	3,275,535
Additions	7,432,793
At 31 March 2012	<u>10,708,328</u>
<b>SOCIAL HOUSING GRANT</b>	
At 1 April 2011	762,251
Received in period	1,135,292
At 31 March 2012	<u>1,897,543</u>
<b>DEPRECIATION</b>	
At 1 April	61,823
Charge in year	199,677
At 31 March 2012	<u>261,500</u>
<b>NET BOOK VALUE</b>	
At 31 March 2012	<u>8,549,285</u>
At 31 March 2011	<u>2,451,462</u>

Tai Ceredigion acquired the housing stock from Ceredigion County Council at zero value on the basis that the expenditure required to bring the properties up to the Welsh Housing Quality Standard exceeded the value of the properties, based on a valuation carried out by Savills.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2012

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9. TANGIBLE FIXED ASSETS - OTHER

	Office Improvements £	IT Equipment £	Other £	Total £
<b>COST</b>				
At 1 April 2011	10,605	645,350	488,335	1,144,290
Additions	-	15,101	154,728	169,829
	<u>10,605</u>	<u>660,451</u>	<u>643,063</u>	<u>1,314,119</u>
At 31 March 2012	10,605	660,451	643,063	1,314,119
	<u>10,605</u>	<u>660,451</u>	<u>643,063</u>	<u>1,314,119</u>
<b>DEPRECIATION</b>				
At 1 April 2011	459	161,477	140,317	302,253
Charge in year	424	130,208	155,429	286,061
	<u>883</u>	<u>291,685</u>	<u>295,746</u>	<u>588,314</u>
At 31 March 2012	883	291,685	295,746	588,314
	<u>883</u>	<u>291,685</u>	<u>295,746</u>	<u>588,314</u>
<b>NET BOOK VALUE</b>				
At 31 March 2012	9,722	368,766	347,317	725,805
	<u>9,722</u>	<u>368,766</u>	<u>347,317</u>	<u>725,805</u>
At 31 March 2011	10,146	483,873	348,017	842,036
	<u>10,146</u>	<u>483,873</u>	<u>348,017</u>	<u>842,036</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2012**

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**10. DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Gross rent and service charge arrears	405,058	522,202
Less: provision for bad debts	(88,392)	(155,768)
Net rent arrears	<u>316,666</u>	<u>366,434</u>
Prepayments and accrued income	885,297	495,992
	<u><u>1,201,963</u></u>	<u><u>862,426</u></u>

The gross rent arrears of £405,058 includes an element of the price paid to Ceredigion County Council for the purchase of outstanding current tenant arrears at the time of transfer.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**11. STOCKS**

	<b>2012</b>	<b>2011</b>
	£	£
Stock of materials	14,892	5,181

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	£	£
Trade creditors	1,310,278	1,021,876
Rent charges received in advance	159,123	147,343
Accruals and other creditors	1,970,921	812,589
	<u>3,440,322</u>	<u>1,981,808</u>

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

	<b>2012</b>	<b>2011</b>
	£	£
Loan due after more than one year	7,500,000	3,600,000
Payments due to Ceredigion County Council after more than one year	900,000	1,150,000
	<u>8,400,000</u>	<u>4,750,000</u>

Housing loans are secured by a charge on the total property stock owned by Tai Ceredigion following transfer.

To fund the Welsh Housing Quality Standard works Tai Ceredigion has arranged a loan facility of £35m, to be drawn down over several years.

**Debt Analysis - Housing Loans**

	<b>2012</b>	<b>2011</b>
	£	£
One year or less	-	-
More than one and less than two years	400,000	450,000
More than two and less than five years	500,000	700,000
In more than five years	7,500,000	3,600,000
	<u>8,400,000</u>	<u>4,750,000</u>

The £10m loan is a revolving facility on an interest only basis, running for a period until the second peak debt, scheduled for 2029, converting to a standard loan facility for a further 15 years. Interest is due and paid quarterly; the average interest rate was 2.49%, inclusive of margin. At 31 March 2012, Tai Ceredigion has un-drawn loan facilities of £27.5m.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**14. NON-EQUITY SHARE CAPITAL**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Shares at £1 each, allotted and issued	113	9
Issued during the year	40	104
Cancelled during the year	-	-
	<u>153</u>	<u>113</u>
At 31 March 2012	<u><u>153</u></u>	<u><u>113</u></u>

**15. RESERVES**

	<b>Designated Reserves</b>	<b>Income &amp; Expenditure Account</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2011	-	(1,170,652)	(1,170,652)
Surplus for the year	-	2,774,553	2,774,553
Total actuarial losses	-	(215,000)	(215,000)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2012	<u><u>-</u></u>	<u><u>1,388,901</u></u>	<u><u>1,388,901</u></u>

**16. CAPITAL COMMITMENTS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Capital expenditure contracted but not provided for in the financial statements	160,033	-
	<u>160,033</u>	<u>-</u>
Capital expenditure authorised by the Board but not contracted	420,000	420,000
	<u>420,000</u>	<u>420,000</u>

The above commitments will be funded by existing bank facilities.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2012

17. OTHER FINANCIAL COMMITMENTS

	<b>Land and Buildings £</b>	<b>2012 Other £</b>	<b>Land and Buildings £</b>	<b>2011 Other £</b>
Other leases which expire:				
Within one year	9,862	-	19,723	9,720
Within one to five years	-	7,754	-	5,280
After five years	-	4,736	-	-
	<u>9,862</u>	<u>12,490</u>	<u>19,723</u>	<u>15,000</u>
	<u>9,862</u>	<u>12,490</u>	<u>19,723</u>	<u>15,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**18. HOUSING STOCK**

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
<b>Number of units in management</b>		
<b>Housing accommodation for letting:</b>		
General housing	1,865	1,917
Sheltered housing	354	307
Total rented	<u>2,219</u>	<u>2,224</u>
<b>Other units</b>		
Right-to-buy leases	137	138
Shared ownership	-	-
Garages	702	748
Commercial Property leases	-	-

**19. RELATED PARTIES**

Tai Ceredigion is managed by a Board of Management (the Board) of fifteen people. Five of the Board members are tenants. The tenancies are provided based on the Tai Ceredigion's standard terms. The Board members cannot use their position to their advantage. Five of the Board members are Councillors of Ceredigion County Council. Any transactions with the Council are made at arm's length, on normal commercial terms and the Council Board members cannot use their position to the Council's advantage. The remaining five Board members are all independent members.

**20. DEVELOPMENT AGREEMENT**

The Association entered into a Development Agreement co-incident with the date of transfer of the housing stock from Ceredigion County Council (CCC), to carry out an agreed schedule of refurbishment works to the properties. The value of these works was £71.5m (excl. VAT). The cost to CCC of contracting for these works to be undertaken was offset against an equal increase in the purchase price of the stock paid by the Association. This transaction is not reflected in the financial statements. The works contracted will be carried out over an envisaged 15 year period and will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event that the Association chooses not to complete the works specified, the development agreement may be terminated at no financial loss to the Association.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**21. PENSION SCHEME**

Tai Ceredigion participates in the Dyfed Pension Fund.

The following information has been received from the Fund's actuaries.

For the year commencing 1 April 2012 the employer contributions will be 11.3% of pensionable pay. The budgeted Current Service Cost for the year commencing 1 April 2012 is approximately 17.3% of pensionable salaries which is expected to result in an approximate service cost of £290,000.

<b>Balance sheet items as at 31 March 2012</b>	<b>2011</b>
	<b>£000s</b>
Present value of funded benefit obligations	6,215
Present value of unfunded benefit obligations	-
Total present value of benefit obligations	6,215
Fair value of plan assets	(5,160)
Unrecognised past service cost	-
	<hr/>
Deficit	1,055
	<hr/>

**Components of pension cost for period to 31 March 2012**

Current Service Cost	290
Interest on Pension Liabilities	314
Expected Return on Assets	(312)
Past Service Cost (Gain)	-
Effect of Curtailments or Settlements	-
Effect of paragraph 41 limit	-
	<hr/>
Total pension cost recognised in I&E	292
	<hr/>

**Statement of other comprehensive income**

Actuarial (gains)/losses	215
Effect of paragraph 41 limit	-
	<hr/>
Total pension cost recognised in the STRGL	215
	<hr/>

**Additional disclosure items**

	Assets at 31 March 2012		Assets at 31 March 2011	
	£000s	%	£000s	%
Equities	3,571	69.2%	3,338	70.5%
Government bonds	573	11.1%	573	12.1%
Other bonds	578	11.2%	530	11.2%
Property	366	7.1%	213	4.5%
Cash/liquidity	72	1.4%	80	1.7%
Other	-	0.0%	-	0.0%
	<hr/>		<hr/>	
<b>Total</b>	<b>5,160</b>		<b>4,734</b>	
	<hr/>		<hr/>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

## 21. PENSION SCHEME (Continued)

## Change in benefit obligation during period to 31 March 2012

	£000s Unfunded Benefits	£000s All benefits	
Benefit obligation at beginning of period	-	5,509	
Current service cost	-	290	(17.3% of pensionable payroll)
Interest on pension liabilities	-	314	
Member contributions	-	106	
Past service cost	-	-	
Actuarial (gains)/losses on liabilities	-	-	(0% of period end liabilities)
Curtailments	-	-	
Settlements	-	-	
Benefits/transfers paid	-	(4)	
Business combinations	-	-	
	<hr/>	<hr/>	
Benefit obligation at end of period	-	<b>6,215</b>	

## Change in plan assets during period to 31 March 2012

Fair value of plan assets at beginning of period	-	4,734	
Expected return on plan assets	-	312	
Actuarial gains/(losses) on assets	-	(215)	(4.2% period end assets)
Business combinations	-	-	
Settlements	-	-	
Employer contributions	-	227	
Member contributions	-	106	
Benefits/transfers paid	-	(4)	
	<hr/>	<hr/>	
Fair value of plan assets at end of period	-	<b>5,160</b>	
<b>Actual Return on plan assets</b>		97	
<b>Experience gains/(losses) on assets</b>		(215)	(4.2% of period end assets)
<b>Experience gains/(losses) on liabilities</b>		0	(0% of period end liabilities)

## Summary of actuarial assumptions used

*Financial assumptions (Average duration profile of liabilities at end of accounting period)*

	2012	2011
- Rate of CPI inflation	2.60%	3.00%
- Rate of increase in salaries	4.35%	4.75%
- Rate of increase in pensions	2.60%	3.00%
- Discount rate	5.10%	5.50%

## Expected rate of return on assets (gross of expenses)

	2012	2011
- Equities	7.00%	7.50%
- Government bonds	3.10%	4.40%
- Other bonds	4.10%	5.10%
- Property	6.00%	6.50%
- Cash/liquidity	0.50%	0.50%
- Other	7.00%	7.50%
<i>Expenses deduction (p.a.)</i>	<i>0.32%</i>	<i>0.32%</i>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

**21. PENSION SCHEME (Continued)****Asset split by investment category**

	2012	2011
- Equities	69.2%	70.5%
- Government bonds	11.1%	12.1%
- Other bonds	11.2%	11.2%
- Property	7.1%	4.5%
- Cash/liquidity	1.4%	1.7%
- Other	0.0%	0.0%
	100.0%	100.0%
	<i>(determined as at 31 March 2012)</i>	<i>(determined as at 31 March 2011)</i>

**Whole fund asset details**

	Value (£m)	Determined as at:
- Last actuarial valuation	1,234	31 March 2010
- Start of period	1,344	31 March 2011
- End of period	1,326	31 December 2011

Tai Ceredigion also offers the Social Housing Pension Scheme (SHPS).

Tai Ceredigion participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities of approximately £497 million, equivalent to a past service funding level of 80.0%.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.