



TAI CEREDIGION CYF

Financial Statements

Year ended 31 March 2014

TAI CEREDIGION CYF

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TAI CEREDIGION CYF

INTRODUCTION FROM CHAIR AND CHIEF EXECUTIVE

During 2013/14 a further £9m was spent on the major improvements work. The majority of this spend was completed under Tai Ceredigion's Framework Agreement and consisted of the installation of new kitchens, bathrooms, rewires, heating, windows and doors. The internal works are expected to be completed by June 2014 and then we will be starting the work on external improvements. As always, we will be consulting tenants and residents on estate improvement plans, to get their views on what we are planning. Throughout the year we have been working on a large programme of external wall insulation in conjunction with Scottish and Southern Electric. This has been fitted on rural homes without mains gas by our own Direct Labour Organisation. This will be followed up by a final heating modernisation programme as part of our aim to deliver affordable warmth at a time of rising fuel prices.

Our specialist teams are continuing to help tenants affected by the UK Government's 'bedroom tax' by offering support in claiming benefits and considering housing transfer options. Universal Credit, which will see housing benefit being paid direct to most tenants is due to be introduced in the future. We are working closely with West Wales Credit Union to offer easy payment options to help tenants pay important bills like rent from easy to manage 'jam jar' accounts. We are also working with tenants and community groups to tackle the problem of door step lenders who use high pressure sales techniques to push high interest loans. We have also employed an Energy Efficiency Advisor who offers tenants top tips on saving energy, including the most efficient way to use heating systems and help to secure the best deals from energy providers on utility bills.


Social Housing Grant of £81k was secured during 2013/14 and we have continued to increase the supply of affordable homes in Ceredigion and Pembrokeshire through new development and the purchase of existing properties. We will be continuing discussions with land owners and private developers to find ways to increase the supply of affordable homes in Ceredigion and neighbouring counties.

During the year, the Association's Board has approved a new five year business plan which sets out the strategic direction of Tai Ceredigion for 2014/15 to 2018/19. This process has included consultation with key stakeholders and groups from the public and third sectors, along with tenants and staff. The consultation exercise identified the overarching strategic aim for the business plan which is 'Building Sustainable Communities' and the plan sets out the Association's strategic objectives for preventing and tackling poverty in all of its forms - poor housing conditions, limited educational opportunities, poor health, lack of affordable warmth and digital and social exclusion. This will be delivered through three interlinked sections:

- Delivery of services
- Working in Partnership
- Excellent Performance

Welsh Ministers have powers under the Housing Act 1996 to regulate Registered Social Landlords (RSLs) in Wales in relation to the provision of housing and matters relating to governance and financial management. We are pleased that Tai Ceredigion passed its Financial Viability Judgement for 2013/14, meaning the Association has adequate resources to meet its current and forecasted future business and financial commitments.

Lastly, we are continually grateful for the support of our funding partner Barclays Bank plc, who have been very supportive of our early development programme, our WHQS programme and other initiatives we have undertaken.



Stephen Cripps
Chair of the Board



Steve Jones
Chief Executive

TAI CEREDIGION CYF

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

The membership of the Board is set out below:

Chair:	Stephen Cripps
Vice Chair:	Dick Evans
Other Members:	Dafydd Edwards Lorrae Jones-Southgate Gay Mcfee Mererid Jones Peter Saunders Derek Lassetter Catrin Miles Odwyn Davies Lynford Thomas Marilyn Farmer Jeremy Fysh Louise Hill
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

TAI CEREDIGION CYF

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

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

The biographies of the Board Members are set out below:

COUNCIL BOARD MEMBERS

Councillor Odwyn Davies

Odwyn became a Ceredigion County Councillor in 1999 when he was persuaded by local young people to give it a go. He lives at Olmarch with his wife Ann and they have one son, Rhun. Odwyn is a farmer by trade, and has supported young people throughout his life through the Urdd and the Young Farmers movement. He supports the activities held in his local community and is also a governor at Ysgol y Dderi and Ysgol Bro Pedr. He has been Chairman of the County Council, and is currently a member of Llangybi Community Council and the village hall and village welfare committees.

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 Lorrae Jones-Southgate

Lorrae has spent the last 20 years working in the Health Sector and has studied politics at Aberystwyth University. She was consort to the Mayor of Aberystwyth for 2 years, the Deputy Mayor and then the Lady Mayor of Aberystwyth. Lorrae was an Aberystwyth Town Councillor for 5 years before becoming a County Councillor of Penparcau Ward. She is looking forward to working on the Board of Tai Ceredigion to achieve the best provision of service and care to the tenants.

Councillor Catrin Miles

Catrin has represented Teifi ward, Cardigan on the Town Council and on Ceredigion County Council since May 2008. With a background in community development and social enterprise, she serves on many local boards and committees, co-ordinating Cardigan's 900 anniversary celebrations in 2010. Catrin sits on the governing body of both Ysgol Uwchradd Aberteifi and Ysgol Gynradd Gymunedol Aberteifi (vice-chair) and Chaired Cardigan's premier cultural festival, "Gwyl Fawr Aberteifi" in 2013.

Councillor Lynford Thomas

Lynford is a native of the Swansea Valley but has lived in Ceredigion since 1969 when he moved to Felinfach with his family to work in the Milk Marketing Board factory as an electrical engineer - a move from coal to milk. An active member of the Aeron Valley community, Lynford has held various offices within local organisations ever since moving to the area. Local community is very important to him, in particular the preservation of the Welsh way of life, the language, village schools and wherever possible, retaining young people within their locality.

TENANT BOARD MEMBERS

Gay McFee, Llandysul

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).

TAI CEREDIGION CYF

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

Jeremy Fysh, Abermagwr

Jeremy is retired and moved to Ceredigion when he left the Metropolitan Police in 1960. Jeremy worked in local government finance (audit and administration) and was a local authority youth club leader. Jeremy is married with two children and has been a tenant since 1987.

Marilyn Farmer

Marilyn is a retired tenant from Cardigan who has lived in Ceredigion for 10 years. Marilyn is an actively involved tenant at Bro Teifi Sheltered Scheme and is currently Chair of Tai Ceredigion's Sheltered Forum.

Louise Hill

Originally from South Wales, Louise moved to Ceredigion in 1996. She became a Ceredigion County Council tenant in 2006 and has lived on the same estate since then. She was a very active member of the tenant focus groups prior to the ballot for stock transfer in 2009 and has been a faithful and active member of the Tai Ceredigion Monitoring group - of which she is currently secretary.

INDEPENDENT BOARD MEMBERS

Stephen Cripps (Chairman)

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 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.

Dick Evans (Vice Chair)

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.

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.

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

The Board of Management present their report and the financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

Tai Ceredigion is a not-for-profit housing association. As with all Registered Social Landlords (RSLs) in Wales, it is registered with and regulated by the Welsh Government.

The Association was formed for the benefit the communities in the areas in which the Association owns or manages housing stock.

Tai Ceredigion is registered with the Financial Conduct Authority (FCA) as an Industrial and Provident Society with charitable objects. The registered office is Unit 4, Pont Steffan Business Park, Lampeter, Ceredigion, SA48 7HH.

It is a body whose primary purpose is to provide affordable rented housing to people in housing need. Tai Ceredigion was established with the help of Ceredigion County Council specifically to supply high quality affordable housing and excellent housing and community services to the people in Ceredigion and ensure that all properties are improved to meet the Welsh Housing Quality Standard.

HOUSING PROPERTIES

Details of changes to Tai Ceredigion's fixed assets are shown in notes 9 and 10 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.

The development of employees is essential to growing the organisation. A structured approach to training and staff 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.

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

The Directors are the Chief Executive and any other person who is a member of Tai Ceredigion's Executive 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.

RISK MANAGEMENT AND INTERNAL CONTROLS ASSURANCE

The Board has overall responsibility for establishing and maintaining the whole system of risk management and 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 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 has 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

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

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 2014. 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 2014 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 30th November 2009.

In drawing up the Business priorities for 2013/14, 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

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

And the priorities for 2013/14 which were:

Undertake the stock improvement Programme

It was another successful year with the Framework contractors achieving excellent results. £9m was spent on internal works associated with Welsh Housing Quality Standard (WHQS).

Number of components replaced in the year:

- Kitchens - 463
- Bathrooms - 398
- Re-wires - 556
- Windows and Doors - 15
- Heating - 36

Tai Ceredigion has continued to encourage our tenants to benefit from employment opportunities with Contractors whenever possible. Once the internal work on our properties is completed, Tai Ceredigion will start work on estate and external improvements.

The Association commenced an additional project in association with Scottish and Southern Electrical Power to externally insulate a number of off gas properties which will minimise fuel poverty, and strive towards achieving a SAP rating in excess of 65 points, which is a requirement of WHQS, while improving the attractiveness of our homes. A team within the Direct Labour Organisation (DLO) was set up to undertake this work and this resulted in further employment and training opportunities and 250 homes were completed in the year.

Improve the service provided to tenants

Tai Ceredigion aims to retain tenant involvement at the heart of all its decisions. This includes not just consulting tenants on the planned improvements to their homes and local external environment, but also involving them in drafting new policies and strategies; and in shaping new or improved services, in order that a tenant perspective is included in every decision, at all levels.

Two tenant surveys were carried out in 2013/14. A general tenant satisfaction survey resulting in an outstanding 82% satisfaction rating - an increase of 9% from the first results collated in 2010 and a WHQS works satisfaction survey that rated the WHQS work overall as 58% Excellent, 29% Good, 10% Satisfactory, 2% No answer and 1% Poor.

We continue to monitor Key Performance Indicators monthly, these targets are set by Board and Audit and Performance Committee to ensure we are delivering the best possible service to tenants. These include financial and operational Key Performance Indicators and cover a range of services from customer services, to housing and maintenance.

Medra our social enterprise which provides handyperson and estate services has continued to flourish during 2013/14 and is now branching out to provide services to vulnerable members of the general public as well as Tai Ceredigion tenants.

A significant number of tenants are/will be affected by the new Welfare Benefit Reforms. Tai Ceredigion takes its duty of care to tenants very seriously and we have been proactive in looking for ways to alleviate the problems and assist tenants. We established a regional Welfare Reform Working Party, the group includes representatives from the Department of Work and Pensions (DWP), Cantref, Bro Myrddin Housing Association, Ceredigion County Council and Welsh Wales Credit Union. The multi-agency group helps to identify the groups of tenants most affected by the changes and our staff have been supporting these tenants to identify the problems they face and find solutions.

Tai Ceredigion is keen to support West Wales Credit Union, our local credit union as we believe that the services they provide can help our tenants by offering an alternative to high interest loans provided by 'loan sharks' and other similar lenders. We have also carried out a pilot project with the Credit Union which has been part funded by Barclays Bank to introduce basic bank accounts to 16-24 year olds, this enables our younger tenants to develop money management techniques early in life.

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

Tai Ceredigion has continued to provide money, debt and other support to its tenants to ensure sustainability of tenancies in a difficult economic climate, through our Community Inclusion Co-ordinator, Financial Inclusion Co-ordinator and Business Services Team. We also provide similar services to the tenants of other Associations where required.

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 and co-working 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.

Tai Ceredigion is represented on the Ceredigion Regeneration Partnership which co-ordinates and approves local EU funding programme implementation and bids. 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 highlighted this work as a priority item in the recent STAR survey which was carried out in the Summer of 2013.

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 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.

The Board of Tai Ceredigion and The Care Society have formally agreed to work in partnership. The Care Society is the main provider of support to vulnerable people in Ceredigion. The Association will continue to offer supported housing to homeless and other vulnerable groups through the partnership.

The Association will explore and develop other initiatives and projects, both alone and in collaboration with others to tackle poverty within Mid and South West Wales, in order to support European, all Wales and regional strategies to tackle poverty in all its forms.

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

During 2013/14 the Board held a business planning day with the Executive Team and other stakeholders. The way forward for Tai Ceredigion was considered and set out the strategic direction for the next five years (2014/15 to 2018/19). In addition to this, Board Members have had the opportunity to attend various conferences and seminars throughout the year, including a self assessment day.

Tai Ceredigion has continued to be an employer of choice in its area of operation with fair terms and conditions and the provision of training and development opportunities for its staff. Over the last year or so the Association has been undertaking an extensive Management Training and Development Programme for all Directors, Managers, supervisors and other line managers. The Association has also run a Customer Care Programme for all staff together with other Corporate training courses.

Tai Ceredigion Offices

Tai Ceredigion purchased the Head Office in Lampeter, together with a building plot for possible expansion adjacent to the office. It is also committed to developing its office in Aberystwyth and has also developed a small office on the Ridgeway estate in Cardigan.

FUTURE DEVELOPMENTS

The principal challenge delivering on the commitments made to the tenants in the Offer Document is nearing completion. Over the first 5 years of its existence, Tai Ceredigion Cyf will have spent in excess of £40million on maintenance and improvements to the housing stock. To deliver this Tai Ceredigion arranged loan finance with Barclays Bank Plc. In addition, the Welsh Government is providing funding of £1.6m per year for up to 29 years.

**REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014**

Looking forward, Tai Ceredigion has already started to build new properties which are vital to addressing the current lack of affordable housing. It is anticipated that levels of homelessness will increase as a result of the effects of the economic downturn and Welfare Benefit Reforms taking hold and the increase in interest rates which is likely to happen over the coming years. Therefore, the provision of more affordable housing is paramount in 2014/15 and beyond. Tai Ceredigion has a development budget of £6million which, along with funding from Welsh Government in the form of Social Housing Grant, will go towards ensuring that some affordable housing is made available. However, it is recognised that this will not provide all the housing needed and so the Association is considering other innovative methods of financing the development of more homes in the future.

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.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 15th September 2014. At this meeting, Tai Ceredigion's 2013/14 Financial Statements will be presented for adoption.

REPORT OF THE BOARD OF MANAGEMENT
For the year ended 31 March 2014

AUDITORS

External audit services are in the process of being tendered for years 2014/15 to 2016/17 and the new auditors will be proposed at the Annual General Meeting.

Approved on 25th July 2014
and signed on its behalf by

A handwritten signature in black ink that reads "KB Michael". The signature is written in a cursive, slightly slanted style.

KB Michael
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAI CEREDIGION CYF

We have audited the financial statements of Tai Ceredigion Cyf for the year ended 31 March 2014 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 12, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 2014

		2014 £'000	2013 £'000
	Note		
TURNOVER	2	9,639	9,121
Less: Operating costs	2	(8,402)	(7,043)
OPERATING SURPLUS	2	<u>1,237</u>	<u>2,078</u>
Surplus on disposal of housing properties	4	409	112
Interest receivable		8	25
Interest payable and similar charges	8	(879)	(498)
SURPLUS FOR THE YEAR	5/16	<u><u>775</u></u>	<u><u>1,717</u></u>

CONTINUING OPERATIONS

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

		2014 £'000	2013 £'000
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS			
Surplus for the year		775	1,717
Actuarial gains/(losses)on pension scheme	22	1,735	(508)
TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR		<u><u>2,510</u></u>	<u><u>1,209</u></u>

TAI CEREDIGION CYF

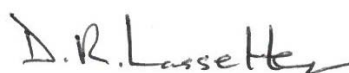
BALANCE SHEET
As at 31 March 2014

	Note	2014 £'000	2013 £'000
TANGIBLE FIXED ASSETS			
Housing properties - Gross cost less depreciation	9	30,811	20,015
- Social Housing and other grants	9	(6,830)	(4,944)
	9	<u>23,981</u>	<u>15,071</u>
Other fixed assets	10	804	958
		<u>24,785</u>	<u>16,029</u>
CURRENT ASSETS			
Debtors	11	1,227	2,307
Stocks	12	21	13
Cash at bank and in hand		801	720
		<u>2,049</u>	<u>3,040</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	13	(2,623)	(4,791)
NET CURRENT LIABILITIES			
		<u>(574)</u>	<u>(1,751)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		24,211	14,278
Pension liability	22	(103)	(1,680)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	14	(19,000)	(10,000)
NET ASSETS			
		<u>5,108</u>	<u>2,598</u>
CAPITAL AND RESERVES			
Non-equity share capital	15	-	-
Income and Expenditure account	16	5,108	2,598
		<u>5,108</u>	<u>2,598</u>

The financial statements on pages 15 to 34 were approved by the Board on 25th July 2014 and were signed on its behalf by:



Stephen Cripps



Derek Lassetter



Katrina Michael

TAI CEREDIGION CYF

CASH FLOW STATEMENT

For the year ended 31 March 2014

		2014 £'000	2013 £'000
	£'000	£'000	£'000
	Note		
Net cash inflow from operating activities	a	1,948	1,761
Returns on investments and servicing of finance	b	(877)	(453)
Capital expenditure and financial investment			
Capital expenditure		(12,289)	(10,698)
Surplus on property disposals		412	112
Capital grants received		1,887	3,705
		(9,990)	(6,881)
Cash outflow before financing	c	(8,919)	(5,573)
Financing			
Loan finance		9,000	2,500
Issue of shares		-	-
		9,000	2,500
Increase/(Decrease) in cash	d	81	(3,073)

NOTES TO THE CASH FLOW STATEMENTS
For the year ended 31 March 2014

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

	2014 £'000	2013 £'000
Operating surplus for the year	1,237	2,078
Depreciation charges	1,646	899
FRS 17 adjustments	164	96
Decrease/(Increase) in debtors	1,081	(1,104)
Increase in stocks	(8)	-
Increase in creditors	(2,172)	(208)
	<u>1,948</u>	<u>1,761</u>

b) RETURNS ON INVESTMENTS AND SOURCING OF FINANCE

	2014 £'000	2013 £'000
Interest received	8	25
Interest paid	(885)	(478)
	<u>(877)</u>	<u>(453)</u>

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

	2014 £'000	2013 £'000
Increase/(Decrease) in cash	81	(3,073)
Cash inflow from increase in debt financing	(9,000)	(2,500)
	<u>(8,919)</u>	<u>(5,573)</u>
Change in net debt resulting from cash flows	(8,919)	(5,573)
Net debt at 31 March	<u>(18,199)</u>	<u>(9,280)</u>

d) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2013 £	Cashflows £	At 31 March 2014 £
Cash in bank and in hand	720	81	801
Loans	<u>(10,000)</u>	<u>(9,000)</u>	<u>(19,000)</u>
	<u>(9,280)</u>	<u>(8,919)</u>	<u>(18,199)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

1. ACCOUNTING POLICIES

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.

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 are directly attributable to bringing the asset up to its present condition. 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:

Component	Lifecycle
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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

Other non specific works	30 years
Other non specific works	10 years

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

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).

(g) Corporate Tax

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

(h) Pension Costs

Tai Ceredigion Cyf is a contributing member of the Dyfed Pension Fund (LGPS) and the Social Housing Pension Scheme (SHPS). LGPS is a multi-employer defined benefit schemes and SHPS is a defined contribution scheme. 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 Tai Ceredigion 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 Tai Ceredigion 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 Tai Ceredigion. Under the Council's actuarial valuation therefore, Tai Ceredigion took on a £nil net liability position on transfer.

New employees have the option of joining SHPS or NEST.

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.

(i) Operating Leases

Rental payments under operating leases are charge to the Income and Expenditure account.

(j) Sale of Housing Properties

Whilst it is not the general intention of Tai Ceredigion Cyf to dispose of housing stock, properties can be sold for a number of reasons. Tai Ceredigion Cyf may sell vacant properties as part of its ongoing asset management strategy or where economic arguments justify sale.

The surplus or deficit on the disposal of housing properties held as fixed assets is accounted for on the face of the Income and Expenditure account.

(k) Social Housing Grant

Social Housing Grant (SHG) is a capital grant towards the provision of additional housing and is deducted from the cost of fixed assets disclosed in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

2 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2014			2013		
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings (Note 3)	9,125	(8,242)	883	8,846	(6,897)	1,949
Other social housing activities						
Garages	169	-	169	159	-	158
Medra Services	14	(160)	(146)	72	(146)	(73)
Other revenue grants	37	-	37	19	-	19
Other	294	-	294	25	-	25
	<u>9,639</u>	<u>(8,402)</u>	<u>1,237</u>	<u>9,121</u>	<u>(7,043)</u>	<u>2,078</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

3 PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2014			2013				
	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	Total £'000	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	Total £'000
INCOME								
Rent receivable	8,116	-	-	8,116	8,023	-	-	8,023
Service charge income	756	-	-	756	574	-	-	574
Supporting People	253	-	-	253	249	-	-	249
Turnover from social housing lettings	<u>9,125</u>	<u>-</u>	<u>-</u>	<u>9,125</u>	<u>8,846</u>	<u>-</u>	<u>-</u>	<u>8,846</u>
COST								
Management costs	(2,011)	-	-	(2,011)	(1,597)	-	-	(1,597)
Service charge costs	(367)	-	-	(367)	(390)	-	-	(390)
Routine maintenance	(2,202)	-	-	(2,202)	(1,928)	-	-	(1,928)
Bad debts	(23)	-	-	(23)	1	-	-	1
Depreciation of housing properties	(1,646)	-	-	(1,646)	(580)	-	-	(580)
Other costs	(1,993)	-	-	(1,993)	(2,403)	-	-	(2,403)
Operating costs on social housing lettings	<u>(8,242)</u>	<u>-</u>	<u>-</u>	<u>(8,242)</u>	<u>(6,897)</u>	<u>-</u>	<u>-</u>	<u>(6,897)</u>
Operating surplus on social housing lettings	<u>883</u>	<u>-</u>	<u>-</u>	<u>883</u>	<u>1,949</u>	<u>-</u>	<u>-</u>	<u>1,949</u>
Rent loss due to voids (memorandum note)	<u>102</u>	<u>-</u>	<u>-</u>	<u>102</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

4. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	2014	2013
	£'000	£'000
Proceeds of sale of properties	412	113
Disposal expenses	(3)	(1)
	<u>409</u>	<u>112</u>

5. SURPLUS ON ORDINARY ACTIVITIES

	2014	2013
	£'000	£'000
The surplus on ordinary activities is stated after charging:		
Depreciation	1,646	899
External auditor's remuneration - - in their capacity as auditors	15	14

The Charitable activities of Tai Ceredigion Cyf are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988. There have been no taxable activities during 2014 (2013 Nil). Therefore there is no difference between the Surplus on Ordinary Activities and the Surplus for the year.

6. EMPLOYEES

	2014	2013
	Number	Number
Average monthly number of employees (including Executive Directors) expressed as full time equivalents		
Administration	21	21
Operational services		
- Office based	49	46
- Scheme managers and cleaners	13	12
- Community repairs team	55	53
	<u>138</u>	<u>132</u>

	2014	2013
	£'000	£'000
Staff costs:		
Wages and salaries	3,119	2,782
Social security costs	241	212
Pension costs	210	204
	<u>3,570</u>	<u>3,198</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

7. DIRECTORS' EMOLUMENTS

	2014 £'000	2013 £'000
Emoluments	331	323

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

The highest paid executive	97	94
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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.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest on loans		
- repayable wholly within 5 years	-	-
- repayable by instalments in more than 5 years	885	477
- repayable other than by instalments	-	-
Pension finance costs (FRS 17 – See note 22)	(6)	21
	<u>879</u>	<u>498</u>

9. TANGIBLE FIXED ASSETS – HOUSING AND OTHER PROPERTIES

COST	Housing Properties Completed £'000	Housing Properties under Construction £'000	Total as at 31 March £'000
At 1 April 2013	20,268	589	20,857
Additions	11,144	944	12,088
Transferred	1,023	(1,023)	-
At 31 March 2014	<u>32,435</u>	<u>510</u>	<u>32,945</u>
SOCIAL HOUSING GRANT			
At 1 April 2013	4,354	589	4,943
Received in year	1,887	-	1,887
At 31 March 2014	<u>6,241</u>	<u>589</u>	<u>6,830</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

DEPRECIATION

At 1 April 2013	842	-	842
Charge in year	1,292	-	1,292
	<u>2,134</u>	<u>-</u>	<u>2,134</u>
At 31 March 2014	<u>2,134</u>	<u>-</u>	<u>2,134</u>

NET BOOK VALUE

At 31 March 2014	<u>24,060</u>	<u>(79)</u>	<u>23,981</u>
At 31 March 2013	<u>15,071</u>	<u>-</u>	<u>15,071</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.

9. TANGIBLES FIXED ASSETS - HOUSING AND OTHER PROPERTIES

ADDITIONS TO COMPLETED PROPERTIES HELD FOR LETTING

	2014	2013
	£'000	£'000
Replacement of components	9,993	9,436
Purchase of existing properties	1,151	78
Developments	1,023	-
Improvements	-	45
	<u>12,167</u>	<u>9,559</u>
Charged to Income and Expenditure Account	<u>2,208</u>	<u>1,928</u>
Total expenditure on completed properties	<u>14,375</u>	<u>11,487</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

10. TANGIBLE FIXED ASSETS - OTHER

	Land	Leasehold	Office	IT Equipment	Vehicles/ Other	Total
COST	£'000	Buildings £'000	Improvements £'000	£'000	£'000	£'000
At 1 April 2013	156	288	13	705	702	1,864
Additions	-	-	5	102	93	200
At 31 March 2014	<u>156</u>	<u>288</u>	<u>18</u>	<u>807</u>	<u>795</u>	<u>2,064</u>
DEPRECIATION						
At 1 April 2013	-	8	1	430	467	906
Charge in year	-	11	6	156	181	354
At 31 March 2014	<u>-</u>	<u>19</u>	<u>7</u>	<u>586</u>	<u>648</u>	<u>1,260</u>
NET BOOK VALUE						
At 31 March 2014	<u>156</u>	<u>269</u>	<u>11</u>	<u>221</u>	<u>147</u>	<u>804</u>
At 31 March 2013	<u>156</u>	<u>280</u>	<u>12</u>	<u>275</u>	<u>235</u>	<u>958</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

11. DEBTORS

	2014	2013
	£'000	£'000
Gross rent and service charge arrears	208	510
Less: provision for bad debts	(44)	(59)
	<u>164</u>	<u>451</u>
Net rent arrears	164	451
Prepayments and accrued income	1,063	1,857
	<u>1,227</u>	<u>2,308</u>

12. STOCKS

	2014	2013
	£'000	£'000
Stock of materials	21	13
	<u>21</u>	<u>13</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Trade creditors	897	1,551
Rent charges received in advance	207	167
Social Housing Grant received in advance	499	658
Accruals and other creditors	1,020	2,415
	<u>2,623</u>	<u>4,791</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£'000	£'000
Loan due after more than one year	19,000	10,000
	<u>19,000</u>	<u>10,000</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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

Debt Analysis - Housing Loans

	2014 £'000	2013 £'000
One year or less	-	-
More than one and less than two years	-	-
More than two and less than five years	-	-
In more than five years	19,000	10,000
	<u>19,000</u>	<u>10,000</u>
	<u><u>19,000</u></u>	<u><u>10,000</u></u>

The £19m 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 2.09%, inclusive of margin . At 31 March 2014, Tai Ceredigion has un-drawn loan facilities of £25m.

15. NON-EQUITY SHARE CAPITAL

	2014 £	2013 £
Shares at £1 each, allotted and issued	171	153
Issued during the year	2	18
Issued during the year (unpaid)	1	-
	<u>174</u>	<u>171</u>
At 31 March 2014	<u><u>174</u></u>	<u><u>171</u></u>

16. RESERVES

	Income & Expenditure Account £'000	Total Reserves £'000
At 1 April 2013	2,598	2,598
Surplus for the year	775	775
Total actuarial gains	1,735	1,735
	<u>5,108</u>	<u>5,108</u>
At 31 March 2014	<u><u>5,108</u></u>	<u><u>5,108</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

17. CAPITAL COMMITMENTS

	2014	2013
	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	<u>1,882</u>	<u>5,591</u>
Capital expenditure authorised by the Board but not contracted	<u>8,630</u>	<u>7,869</u>

The above commitments will be funded by existing bank facilities.

18. OTHER FINANCIAL COMMITMENTS

	2014		2013	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Other leases which expire:				
Within one year	-	-	-	5
Within one to five years	-	15	-	1
After five years	-	-	-	5
	<u>-</u>	<u>15</u>	<u>-</u>	<u>11</u>
	<u>-</u>	<u>15</u>	<u>-</u>	<u>11</u>

19. HOUSING STOCK

	2014	2013
	Number	Number
Number of units in management		
Housing accommodation for letting:		
General housing		
Sheltered housing	1,883	1,876
Intermediate Rents	346	348
	6	
Total rented	<u>2,235</u>	<u>2,224</u>
Other units		
Right-to-buy leases	136	137
Shared ownership	-	-
Garages	695	697
Commercial Property leases	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

20. 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.

21. DEVELOPMENT AGREEMENT

Tai Ceredigion Cyf 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 Tai Ceredigion. 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 Tai Ceredigion chooses not to complete the works specified, the development agreement may be terminated at no financial loss to Tai Ceredigion.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

22. 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 2014 the employer contributions will be 11.3% of pensionable pay. The budgeted Current Service Cost for the year commencing 1 April 2014 is approximately 17.3% of pensionable salaries which is expected to result in an approximate service cost of £290,000.

Balance sheet items as at 31 March 2014	2014	2013	2012
	£000s	£000s	£000s
Present value of funded benefit obligations	7,013	7,820	6,215
Present value of unfunded benefit obligations	-	-	-
Total present value of benefit obligations	7,013	7,820	6,215
Fair value of plan assets	(6,910)	(6,140)	(5,160)
Unrecognised past service cost	-	-	-
	<hr/>	<hr/>	<hr/>
Deficit	103	1,680	1,055
	<hr/>	<hr/>	<hr/>

Components of pension cost for year to 31 March 2014

Current Service Cost	343
Interest on Pension Liabilities	353
Expected Return on Assets	(359)
Effect of Curtailments or Settlements	-
Effect of paragraph 41 limit	-
	<hr/>
Total pension cost recognised in I&E	337
	<hr/>

Statement of other comprehensive income

Actuarial (gains)/losses	(1,735)
Effect of paragraph 41 limit	-
	<hr/>
Total pension cost recognised in the STRGL	(1,735)
	<hr/>

Additional disclosure items

	Assets at 31 March 2014		Assets at 31 March 2013	
	£000s	%	£000s	%
Equities	4,982	72.1%	4,316	70.3%
Government bonds	650	9.4%	663	10.8%
Other bonds	643	9.3%	632	10.3%
Property	656	9.5%	461	7.5%
Cash/liquidity	(21)	(0.3)%	68	1.1%
Other	-	0.0%	-	0.0%
	<hr/>		<hr/>	
Total	6,910		6,140	
	<hr/>		<hr/>	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

22. PENSION SCHEME (Continued)**Change in benefit obligation during year to 31 March 2014**

	£000s Unfunded Benefits	£000s All benefits	
Benefit obligation at beginning of year	-	7,820	
Current service cost	-	343	(21.7% of pensionable payroll)
Interest on pension liabilities	-	353	
Member contributions	-	101	
Past service cost	-	0	
Actuarial (gains)/losses on liabilities	-	(1,566)	(22.3% of period end liabilities)
Curtailments	-	-	
Settlements	-	-	
Benefits/transfers paid	-	(38)	
Business combinations	-	-	
	-----	-----	
Benefit obligation at end of year	-	7,013	

Change in plan assets during year to 31 March 2014

Fair value of plan assets at beginning of year	-	6,140	
Expected return on plan assets	-	359	
Actuarial gains/(losses) on assets	-	169	(2.4% period end assets)
Business combinations	-	-	
Settlements	-	-	
Employer contributions	-	179	
Member contributions	-	101	
Benefits/transfers paid	-	(38)	
	-----	-----	
Fair value of plan assets at end of year	-	6,910	
Actual Return on plan assets		392	
Experience gains/(losses) on assets		169	(2.4% of period end assets)
Experience gains/(losses) on liabilities		632	(9% of period end liabilities)

Summary of actuarial assumptions used

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

	Beginning of period	End of period
- Rate of CPI inflation	2.4%	2.4%
- Rate of increase in salaries	4.15%	3.9%
- Rate of increase in pensions	2.4%	2.4%
- Discount rate	4.4%	4.6%

Expected rate of return on assets (gross of expenses)

- Equities	7.0%	7.0%
- Government bonds	2.8%	3.4%
- Other bonds	3.9%	4.3%
- Property	5.7%	6.2%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

- Cash/liquidity	0.5%	0.5%
- Other	7.0%	7.0%
<i>Expenses deduction (p.a.)</i>	<i>0.32%</i>	<i>0.17%</i>

22. PENSION SCHEME (Continued)

Asset split by investment category

	2014	2013
- Equities	72.1%	70.3%
- Government bonds	9.4%	10.8%
- Other bonds	9.3%	10.3%
- Property	9.5%	7.5%
- Cash/liquidity	(0.3)%	1.1%
- Other	0.0%	0.0%
	100.0%	100.0%
	<i>(determined as at 31 March 2014)</i>	<i>(determined as at 31 March 2013)</i>

Whole fund asset details

	Value (£m)	Determined as at:
- Last actuarial valuation	1,581	31 March 2013
- Start of period	1,581	31 March 2013
- End of period	1,666	31 December 2013

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 value of the Scheme in order to address the level of future contributions required so that the Scheme can make its obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professional qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million equivalent to a past service funding level of 67.0%

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.