

Adra

Adra (Tai) Cyfyngedig

Group Financial Statements

For year ended March 2022



ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ADRA Group
CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Contents	Page
Board Members and Professional Advisors	1
Board Report incorporating the Strategic Report	2 - 14
Report of the Independent Auditors	15 - 18
Consolidated Statement of Comprehensive Income	19
Consolidated Statement of Changes in Reserves	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Cash Flows	22 - 24
Notes to the Financial Statements	25 – 53

BOARD MEMBERS AND PROFESSIONAL ADVISORS

BOARD MEMBERS

Hywel Eifion Jones (Chair - elected in September 2021)
Sasha Davies (Appointed June 2021; elected as Vice Chair in September 2021)
Mark Jones
Robert Lewis
Berwyn Parry Jones
Lynn Rowlands
Cai Larsen
Selwyn Hayward
Huw Gareth Pritchard
William Nixon
Sharyn Williams (Appointed September 2021)
Gwen Crawford (Co-opted Member Appointed June 2021)
Denise Stone (Co-opted Member Appointed September 2021)
Abigail Tweed (Retired January 2022)

Secretary and Registered Office

Aled Davies
Ty Coch
Llys y Dderwen, Parc Menai
Bangor, Gwynedd, LL57 4BL

Executive Officers

Ffrancon Williams - Chief Executive
Iwan Trefor Jones – Deputy Chief Executive
Sarah Schofield – Director of Customers & Communities
Rhys Parry – Director of Resources

External Auditors

Beever and Struthers
St George's House,
215-219 Chester Road,
Manchester M15 4JE

Bankers

Barclays Bank plc
One Snowhill,
Queensway,
Birmingham B3 2WN

Internal Auditors

Mazars
First Floor, Two Chamberlain Square,
Birmingham,
B3 3AX

Financial Advisors

Chatham Financial
12 St James's Square,
London,
SW1A 4LB

Funders

Barclays Bank plc, National Westminster Bank plc, BAE Systems Pension Funds CIF Trustees Limited and Rothesay Life plc

Adra (Tai) Cyfyngedig is a Co-operative and Community Benefit Society registered with charitable rules. Co-operative and Community Benefit Society Number: 30776R. Registered Social Landlord number L152.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Strategic Report
for the year 1 April 2021 to 31 March 2022

The Board of Adra (Tai) Cyfyngedig presents this report and the audited financial statements for the year 1 April 2021 to 31 March 2022. Both 'Adra' or 'Association' are used to refer to Adra (Tai) Cyfyngedig.

As required by the Financial Reporting Council, the Financial Statements have been prepared in compliance with Financial Reporting Standard (FRS) 102.

Principal Activities

Adra is a Large-Scale Voluntary Transfer (LSVT) Housing Association formed in April 2010 following the transfer of 6,300 homes from Gwynedd Council. Adra is a Co-operative and Community Benefit Society registered with charitable rules and is a Registered Social Landlord (RSL) regulated by the Welsh Government. As Adra has matured, it has expanded outside of Gwynedd, and now also manages homes in Conwy, Denbighshire, Flintshire, and Wrexham.

Adra's primary purpose is to provide affordable rented homes to those in housing need, and to ensure that those homes meet the Welsh Housing Quality Standard (WHQS). Adra provides homes at social rent, intermediate rent, market rent and rent to own, and also provides shared-ownership homes.

Adra has one subsidiary, Medra Cyf., which is a limited company registered with Companies House. Medra Cyf. is a property development company building new homes for sale.

As at 31 March 2022, Adra owned and managed **6,767 properties** including 314 Sheltered Housing for older tenants. During 2021/22 Adra revisited its Development Strategy (2020 – 2025) and increased the target of developing new homes to over 1,400 units by 2025. 255 new homes were completed during 2021/22 bringing the total new homes completed since 2015 to 680.

For the year ending 31 March 2022, Adra's turnover was £40.1m (2021: £37.8m), the surplus for the year was £9.9m (2021: £9.2m) 332 staff were employed (2021: 323).

Adra holds the ISO 45001 (previously OHSAS 18001) accreditation for Health and Safety, and the ISO 9001 and 14001 accreditations for Quality and Environment management systems respectively.

Objectives and strategies

During the year Adra formulated a new **Corporate Plan** for the period **2022 – 2025**. This provides the strategic direction for the association. The **Vision** is:

“to deliver excellent services to our customers, invest in our existing homes, and build more high quality, low carbon affordable homes.”

The plan identifies three **core values** to support this vision, namely:

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- **Ambitious**
- **Open & Fair**
- **Trusted**

The plan identifies the following five **Priority Areas** over its 3-year lifespan, namely:

- 1) Providing an excellent Customer Experience
- 2) Providing Quality Homes to be proud of
- 3) Decarbonising our homes
- 4) Supporting People and Communities to thrive
- 5) Strengthening our Business

The plan can be seen at: [Our 2022 -2025 Corporate Plan - Adra](#)

Financial Review

Regulatory Judgement

The Welsh Ministers have powers under Part 1 of the Housing Act 1996 to regulate Regulated Social Landlords in relation to the provision of housing and matters relating to governance and financial management. The Welsh Ministers publish a Regulatory Judgement under sections 33A and 35 of the Housing Act 1996, with this judgement published in accordance with the Regulatory Framework for Registered Social Landlords in Wales and the related performance standards.

<https://gov.wales/housing-associations-registered-wales-regulatory-framework>

The judgement is designed to provide the Registered Social Landlord, its tenants, service users and other stakeholders with an understanding of its financial viability and how well it is performing, at a specific moment in time.

The judgement must not be relied upon by any other party for any other purpose. The Registered Social Landlord is responsible for the completeness and accuracy of information provided to the Regulator.

The Regulator temporarily varied its usual process over the last two years and confirmed in March 2021 through an interim [assessment the Regulatory Judgement](#) previously given in December 2019. This Regulatory Judgement, as published by the Welsh Government, gave a 'Standard' status (i.e. the highest rating) for both Governance and for Financial Viability, and noted:

- Governance and Services – “Identifies and manages new and emerging risks appropriately”
- Financial Viability – “Meets viability requirements and has the financial capacity to deal with scenarios appropriately”

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Regulatory Judgement confirmation is available at in the Regulation section of: <https://www.adra.co.uk/en/about-us/our-performance/regulation/>

Financial Performance

The 2021/22 financial results exceeded business plan targets and showed a surplus on ordinary activities of £9.9m. Adra managed to contain costs, and continuous growth has generated additional income, e.g. from the new homes under management. The result includes the £4.1m dowry from the Welsh Government which is reinvested in Adra's properties.

Tangible fixed assets were £252.4m at year-end, being mainly the cost of capitalised new properties and current housing improvements. Net current assets were £44.4m. Cash balances were £12.6m, and the liability on the local government pension scheme fund was £7.3m. Total year-end reserves were £71.3m, mainly being housing properties and improvements, less the long-term funding of those works less the pension liability.

Adra has total borrowing facilities of £189.7m. At year-end £139.7m had been drawn as follows:

- Term Loan from Nat West Bank totalling **£45.0m** - repayable in December 2029.
- Private Placement facility totalling **£90.0m** – repayable in the period 2048 – 2052.
- Welsh Government variable rate loans totalling **£0.780m** - repayable before 2022/23.
- Welsh Government fixed rate loans totalling **£2.957m** – repayable in 2041.
- Welsh Government fixed rate loans totalling **£1.0m** – repayable in 2025.

Assets

Investment in housing properties continued and the WHQS standard was maintained. £165.2m was spent in the first 10 years, with a further £9m invested in 2021/22. In addition, £41.6m was spent on new build schemes.

Around 500 hectares of land and other assets were transferred to Adra upon inception. This land was transferred at zero cost and so its value was not included in the Statement of Financial Position. A lot of this land has now been sold, with the receipts used to part-fund additional affordable housing. Any further disposals will be used for the same purpose.

Rents

Adra follows the Welsh Government's policy on Social Housing Rents. For the 5-year period commencing April 2020 this allows rent increases of up to Consumer Prices Index (CPI) + 1%, plus up to £2 per week for some properties to fund improvement works. After a detailed exercise to assess affordability, Adra increased 2021/22 rents by CPI + 1% for all properties. This resulted in an average actual rent increase of 1.5%, and total rent charged of £33.1m.

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Disposals

Tenants who transferred from Gwynedd Council had the 'Preserved Right to Buy' until January 2020. This option ended with the enactment of 'Abolition of the Right to Buy and Associated Rights (Wales) Act 2018' and so there were no Right to Buy sales in 2021/22. There were however 2 properties sales on the open market, with sale proceed recognised in the Consolidated Statement of Comprehensive Income.

Shared Ownership Sales

Adra's first shared ownership properties became available in 2021/22 with 8 occupied as of March 2022. The proportion of first tranche sales range between 25% and 75%.

Efficiency and Value for Money

Promoting Efficiency and Value for Money (VFM) is one of Adra's fundamental principles. The Corporate Plan notes: *"To make sure that our services address customer needs in a cost-effective way, we will continually review how we do things, carefully balancing cost, quality and customer expectation. We will procure goods and services fairly and ethically, continuing to support a culture that promotes economy, efficiency, and effectiveness throughout the business, with regular reviews to ensure we undertake relevant improvements. We will also make sure our activities provide the maximum social value and impact to our tenants and communities."*

VFM underpins many strategies, particularly the 'Value for Money Strategy' and the 'Commercial Strategy 2021 – 2026'. One workstream of the latter aims to minimise business expenditure on external contracts and streamline services to create a more efficient, commercial business. The overall ethos and approach to VFM is about ensuring that every pound spent delivers the maximum impact possible in terms of quality and / or quantity. Without VFM as an overarching principle, companies inevitably spend more than needed to achieve their objectives. Nobody likes to waste resources and our tenants certainly can't afford for us to do so.

One of our aims is to make a sustained and positive impact on the local economy, and our Corporate Plan had the target of consistently achieving a Welsh local multiplier of more than £1.90 for every £1 spent. By the end of 2021/22 an economic impact of **£2.10 for every £1 spent** had been achieved on large-scale contracts.

Sustainability Reporting Standard

Adra was an early adopter of the "Sustainability Reporting Standard for Social Housing" (SRS) and has committed to report against the standard annually. This voluntary reporting framework was developed for the social housing sector in response to the desire for a

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

common reporting standard on ESG (Environmental, Social and Governance) issues, such as zero carbon targets, affordability, and safety standards. There has also been strong interest and support from investors in respect of developing the standard.

Adra is one of over 120 organisations to have signed up to the SRS as either adopters or endorsers. 35 of these are the major lenders or investors to Housing Associations. Adra's second Sustainability Report, published in August 2022, is available at [Sustainability Report - Adra](#)

Operational Review

As an established social landlord, Adra is committed to continually improving its business and the services provided to customers, and the 2019-22 Corporate Plan set out Adra's roadmap for growth and service improvement. Adra's financial and business planning model meant that we were well placed for the challenges of 2021/22; despite Covid-19 related uncertainties, Adra was able to continue to grow and to provide stability for its tenants, partners, and communities.

The next three-year corporate plan, i.e. 2022-25 was launched April 2022. Extensive consultation was undertaken with customers, staff, and stakeholders to identify and agree key business priorities based on a customer centric model, underpinned by an ethos of further continuous improvement and growth.

Key 2021/22 achievements included:

Homes

As well as maintaining compliance with the Welsh Housing Quality Standard (WHQS), Adra continued to invest in existing homes during 2021/22. Adra continued its journey towards decarbonising the housing stock, guided by our **Decarbonisation Strategy** and **Asset Management Strategy**. During 2021/22, Adra spent over £1.6m on energy efficiency measures – 245 properties in total received either External Wall Insulation (EWI), Roof Insulation, and/or new Windows. This reflects Adra's "fabric first" approach to decarbonisation of our properties and ensures the suitability of properties to receive retrofitting of new technology carbon reducing measures over the next few years.

Adra is already realising the benefits of the "fabric first" approach to energy efficiency resulting in a 22% reduction in the carbon footprint and heating cost of properties that have received improvement works over the last 3 Years.

Optimised Retrofit Programme

Adra successfully piloted the installation of 30 Hybrid Air Source Heat Pumps (HASHP) during 2021/22 as part of Welsh Government's Optimised Retrofit Programme (ORP) and was successful in securing further funding of £870k in relation to "fabric first" energy efficiency

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

measures on another 74 properties. Adra will continue to install Intelligent Energy Systems (IES) in 2022/23 in addition to the 38 installed in 2021/22.

New Development

Adra completed **255 additional homes** in 2021/22, with over 85% being EPC rated 'B' and above. 100% of tenants in our new build homes agreed that their quality of life had improved since moving.

Adra is a key partner for many housing developers across North Wales and had 20 'live' sites (425 homes) under development at the end of March 2022. During the three-year corporate plan period 2019 – 2022 Adra completed over 500 new homes with a further 197 currently scheduled for completion in 2022/23.

These schemes keep Adra on track to achieve the **Development Strategy** target of more than 1,400 new homes by 2025. Adra Group's first market sale schemes will be developed through the subsidiary, Medra in 2022/23.

Affordable Homes

In recognition of the differing needs of our communities to access safe, quality, and affordable housing options Adra has widened its rental options. The first Rent to Own and intermediate rent properties were offered in 2019/20 with 78 rent to own and 138 intermediate rent properties let at March 2022. Market rent properties were introduced in 2020/21 with 35 properties let as of March 2022 and our first shared ownership properties became available in 2021/22 with 8 occupied as of March 2022.

Reducing homelessness

Adra has worked in partnership during the pandemic to reduce homelessness within Gwynedd and additional funding has been secured to build a new supported housing accommodation for homeless people. This is a collaborative project between Adra, Gwynedd Council and North Wales Housing. The site, located in Bangor will open its doors in 2023.

Supporting our partners in health

Having established strong ties to the Betsi Cadwaladr University Health Board (BCUHB) during the Covid-19 pandemic, we have embarked on an innovative partnership agreement with them to provide affordable high-quality accommodation for overseas nursing staff and other key workers. This agreement saw us letting Adra properties to 23 nurses in the year to March 2022. We have also worked with other partners and secured accommodation for a further 15 nurses in Wrexham as of March 2022.

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Repairs and Maintenance

Adra's in-house workforce (Tîm Trwsio) continued to deliver all repairs and maintenance to our homes and delivered part of the capital improvement programme for the Assets Service. Tenant satisfaction with the repairs service of 90.6% exceeded the 90% target in 2021/22.

Our commitment to maintaining the Health and Safety ISO accreditation (ISO45001) means that we continue to prioritise the health and safety of tenants, staff, and the public. We take our regulatory obligations, compliance, and management of associated risks seriously and have robust processes to measure our compliance against the traditionally recognised 'Big 6' health and safety areas, namely Gas Safety, Electrical Safety, Lift Safety, Legionella, Asbestos and Fire Safety.

Void Strategy and Standard

Our enhanced 'Void Standard' policy increases the investment made in vacant properties when they are being prepared for new tenants. The policy outlines the standard of property the tenant should expect when handed over by Adra. The additional commitment made has ensured that we continue to deliver high quality, safe homes to those in need whilst minimising the disruption to new tenants.

The standard and related investment has led to high satisfaction levels in our homes, with **89%** of new tenants satisfied or very satisfied with the quality of their home during 2021/22. This approach has supported the delivery of our capital programme and maintenance of Welsh Housing Quality Standard (WHQS) compliance, particularly where component upgrades e.g. new kitchens, were refused by the previous tenant.

Customer Satisfaction

Adra always strives to deliver excellent customer service and we have maintained our Customer Service Excellence (CSE) Standard accreditation. This standard assesses organisations using five criteria, namely: 'Customer insight'; 'Culture of the organisation'; 'Information and access'; 'Delivery'; and 'Timeliness and quality of service'. Our work with an external research agency to ask over 125 customers each month about their experience forms a part of our continuous improvement processes.

Delivering services in 2021/22 continued to be challenging due to Covid-19 related restrictions. Our focus in the early part of the pandemic was the prioritisation of customer and staff safety whilst supporting the safety and wellbeing of the wider community. Despite the challenges, our staff adapted swiftly to different operating and service delivery environments, with customer satisfaction levels being maintained or improved during challenging times. A significant proportion, namely **80.7%** of our customers surveyed stated that they were happy (satisfied or very satisfied) with the overall level of service received, and

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

our customers reported higher levels of trust, with **over 90%** stating that they find Adra trustworthy or very trustworthy.

The Housing Regulator for Wales has established nine customer satisfaction questions on which we must report – ‘Overall level of service’, ‘Quality of the home’, ‘How Adra deals with Repairs and Maintenance’, ‘That Adra listens and acts on tenants’ views’, ‘How Adra deals with Anti-Social Behaviour’, ‘Rent paid provides value for money’, ‘The service received is at the expected level’, ‘The trustworthiness of the organisation’, and ‘The neighbourhood as a place to live’. 2021/22 saw six (6) of the nine (9) achieve a customer satisfaction score of **80% or above**. In addition, of further seven (7) ‘front facing’ services, six (6) achieved customer satisfaction of **80% or over** with an **average of 83.8%** across all seven services by year end.

Community Strategy

The 2018 – 2030 Community Strategy outlines how Adra invests in and support its communities. It is centred on five thematic priorities namely ‘Employment and Skills’, ‘Health and Wellbeing’, ‘Crime and Safety’, ‘Environment’, and ‘Language and Culture’. The Community Strategy has now been incorporated into the 2022-2025 Corporate Plan; this notes our commitment to supporting people and communities to thrive as a key priority for the next three years.

The Strategy is a key driver to ensure that we maintain a strong focus on our social obligations, that our community investment activities are supported and that we seek to maximise the social value created by our work. Delivery against the strategy in 2021/22 resulted in many positive outputs and outcomes, with the main focus during the year being the Employment and Skills theme, and the development of a specific *Skills and Employment Plan* which culminated with the launch of ‘*Academi Adra*’. During the year 104 people were supported into employment or training and 32 volunteering opportunities were created.

Universal Credit and Welfare Reform

Universal Credit came into force in Gwynedd in December 2018. By March 2022 approximately 32% of our tenants had transitioned onto Universal Credit. Adra has led the work of the Gwynedd Welfare Reform Task and Finish Group, with this partnership including key representatives such as Citizens Advice Bureau (CAB), Gwynedd Council and the Department for Work and Pensions (DWP). The group’s aim is to mitigate the impact of Universal Credit on Gwynedd residents, and this work helped to ensure that Adra’s current tenant arrears remain below the UK and Welsh 3.6% average.

The intensive support provided to Adra tenants who go into financial arrears will continue during 2022/23 as Universal Credit continues to be rolled out.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Safeguarding

Adra continued to work closely with partners to ensure that tenants at risk of serious harm were supported. There are close working relations with North Wales Police, the local authority social services departments within our operating area and other social housing providers. Due to the change in circumstances during the pandemic, we adapted our working methods to both acknowledge that risk levels could increase for some individuals and adapted the way we jointly provided support and/or intervention.

Sustainable procurement

We recognise the potential benefits that our procurement activities can have upon the local economy and we have continued to deliver ethical and sustainable best practices within procurement activities. Adra was the first Housing Association to sign up to Welsh Government's Code of Practice – Ethical Employment in Supply Chains and we continue to ensure that all suppliers and contractors sign up to Adra's Code of Conduct in order to increase customer satisfaction and support the local economy.

Staff – “Gwna Wahaniaeth”

The organisational development programme “Gwna Wahaniaeth” (“Make a Difference”) helps ensure that we value and develop staff so that they deliver our commitments to customers and communities. A new Hybrid Working Policy was permanently adopted in 2021/22. This consolidated the working practices established during the Covid-19 restrictions, and it allows staff far more flexibility in their work patterns and location whilst placing much more ownership on individuals to effectively manage their work.

The health and wellbeing of staff is a priority, particularly with the scale of change in working practices. Several initiatives were progressed to mitigate potential negative impacts on staff, including mental health and resilience sessions for staff and a skills week. Adra adopted its first staff Health and Wellbeing Strategy in January 2022.

The success of “Gwna Wahaniaeth” was demonstrated by the positive results of staff satisfaction surveys undertaken November 2021. These highlighted that 96% of staff feel that Adra is a good employer.

Governance

Language and equality

In accordance with the Welsh Language Act 1993 and the Welsh Language (Wales) Measure 2011, Adra has a Welsh Language Scheme that adopts the principle that the Welsh and English languages will be treated equally. The Annual Monitoring Report found that Adra has rigorous and robust arrangements in place to ensure that a bilingual service is provided to customers.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Our adopted Welsh Language Scheme recognises that our customers require all services to be available in the language of their choice (Welsh/English). To demonstrate our commitment to treating both languages equally, we were the first social landlord to launch the ‘Adra Ten Commitments to the Welsh Language’ – our [language charter](#). This includes how we will support the Welsh Government in reaching its target of one million Welsh speakers by 2050. As at March 2022, 96% of Adra staff speak Welsh as a first or second language.

Housing Association Regulatory Assessment

As with all RSLs in Wales, Adra is regulated by the Welsh Government through an ongoing co-regulatory relationship between the Regulator and the Association. As noted on page 4, the Welsh Government’s interim Regulatory Judgement published in March 2021 confirmed a ‘Standard’ status (i.e. the highest rating) for both Governance and Services, and Financial Viability. Adra maintains a strong relationship with the Regulator and is in regular contact.

The Code of Governance

The Board and wider business aim to follow Community Housing Cymru’s (CHC’s) Code of Governance – a useful tool to support good governance and continuous improvement.

A comprehensive compliance assessment was undertaken following the Code’s previous publication in 2018. The conclusions then were that Adra could demonstrate compliance with much of the Code, and actions were put in place to ensure full compliance.

CHC published a new version of the Code in 2021, and Adra will be evaluating its compliance with this as part of the Self-Evaluation process – thereby assessing that the good practices and measures are in place / considered.

Board and Committee Structure

Adra’s Rules provide for a flexible Board size of between 9 and 12 Members (not including Co-opted). The Rules provide that two shall be Tenant Board Members and state that up to 24% shall be nominated by the Local Authority with the remainder being Independents. All hold non-Executive positions and collectively bring a wide range of professional, commercial, and local knowledge. The Board and Executive Leadership Team members are detailed on page 1.

Annual Board appraisals are used to inform training / support requirements and any recruitment needs. Both Boards presently have a strong array of relevant skills, knowledge, and experiences, and this is continuously monitored.

Adra’s governance structure comprises the following Board Committees / Standing Panel:

- Audit and Assurance Committee
- Customers and Assets Committee
- Appointment, Remuneration & Disciplinary Panel

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Statement of Board Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare accounts for each financial year. These accounts must give a true and fair view of the Association's situation, and of its surplus for that period. In preparing the accounts, the Board must:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the accounts on the going concern basis unless that is inappropriate.

The Board are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and Housing Acts. In determining how amounts are presented within items in the Consolidated Statement of Comprehensive Income and the Statement of Financial Position, the Board has had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

Although the Board is responsible for Adra's strategy and policy framework, operational management and implementation is delegated to the Executive and wider staff.

Shareholder Membership

Adra had 32 Shareholders at the end of 2021/22, with each having a £1 (nominal) Share in Adra. Shareholders can influence Adra's business through voting on Shareholder resolutions, including at General Meetings. All tenants can apply to become Shareholders, and our Rules / Policy govern eligibility.

Gwynedd Council holds one non-voting Share on behalf of the Local Authority / its nominees on the Board, and the remaining Board members (excluding Co-opted) are all Shareholders. None of the senior officers hold any interest in the share capital, and the Association's Rules so preclude employees holding a Share.

Internal Control

The Board has overall responsibility for establishing and maintaining the overall system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Adra's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within general management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Adra is exposed to and is influenced by Welsh Government's RSL 02/10 Housing Circular: 'Internal Controls and Reporting'.

The process 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 includes:

Identification and evaluation of key risks:

The revised Risk Management Framework approved in March 2021 outlines the processes involved in risk management, including the identification, analysis and scoring of risks, and how risks are monitored and managed. The revised framework strengthens the whole organisation's involvement in risk management and monitoring, and refers to two level of organisational risk, namely strategic and operational for which two separate risk registers are maintained. Other areas of the business may create and maintain individual risk registers e.g. development sites, projects etc.

This process enables Adra to identify key risks and uncertainties, and the highest scoring risks in 2021/22 were changes to WG rent policy, adverse economic conditions, affordability and supplies of materials, and the impact of accelerated decarbonisation for social housing in Wales.

General reporting and monitoring of operational and strategic risks happen on a quarterly basis with Senior and Executive management respectively. Board level input into the process is sought annually and follows an organisational SWOT (Strengths, Weaknesses, Opportunities and Threats) review and PESTLE (Political, Economic, Social, Technical, Legal and Environmental) analysis. Part of this Board input also relates to the annual review and setting of the Board's risk appetite for the forthcoming year.

The internal audit function is provided by an independent firm of accountants, and follows a risk-based audit programme, reporting directly to the Audit and Assurance Committee.

Overall control procedures:

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance matters. Policies and procedures address issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Information and financial reporting systems:

Financial reporting procedures include detailed budgets for the year ahead, detailed monthly management accounts, and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by senior management and are considered and approved quarterly by the Audit and Assurance Committee. That committee also approves the quarterly treasury management report. Adra's committees regularly review relevant key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The Board approves the annual 30-year business plan, and in-year reviews of this plan also take place. Regular financial reports are also submitted to the Funders and the Regulator.

Monitoring and corrective action:

A process of regular management reporting on control issues provides assurance to senior management and to the Audit and Assurance Committee. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of services.

The internal control frameworks and the risk management processes are subject to regular review by Internal Audit who report to the Audit and Assurance Committee. The Audit and Assurance Committee also conducts an annual review of the effectiveness of the system of internal control and considers any changes needed to maintain the effectiveness of risk management and control process.

The Board confirms that there is an on-going process for identifying and managing significant risks, that this process is regularly reviewed by the Board, and was in place throughout 2021/22 and up to the date of the annual report and accounts.

Statement of compliance

This board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018.

By Order of the Board:



Hywel Eifion Jones – Chair

Date: 14 September 2022

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Independent Auditor's Report to Adra (Tai) Cyfyngedig

Opinion

We have audited the financial statements of Adra (Tai) Cyfyngedig ('the Association') and its subsidiary ('the Group') for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Equity, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

With respect to the Board's statement on internal financial controls on pages 12 to 14, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 12, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

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

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to 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 the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Senior Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 27 September 2022

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Consolidated and Association Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	Consolidated	Consolidated	Association	Association
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Turnover	2	40,065	37,824	40,065	37,824
Operating Expenditure	2	(29,424)	(26,211)	(29,307)	(26,176)
Gain on Disposal of Property, Plant & Equipment		148	373	148	373
Operating Surplus		10,789	11,986	10,906	12,021
Increase / (Decrease) in Valuation of Investment Property	8	2,735	(5)	2,735	(5)
Interest Receivable	4	3	19	3	19
Interest and Financing Costs	4	(3,605)	(2,742)	(3,605)	(2,742)
Loan finance issue Costs	4	(96)	(92)	(96)	(92)
Surplus/(Deficit) for the Year		9,826	9,166	9,943	9,201
Taxation	21	0	0	0	0
Surplus/(Deficit) for the Year		9,826	9,166	9,943	9,201
Actuarial (Loss) / Gain in Respect of Pension Schemes	16	6,807	(6,166)	6,807	(6,166)
Total Comprehensive Income for the Year		16,633	3,000	16,750	3,035

The association's results relate wholly to continuing activities.

The financial statements on pages 19 to 53 were approved and authorised for issue by the Board on 14 September 2022 and were signed on its behalf by:



Hywel Eifion Jones – Chair



Sasha Davies – Vice Chair



Aled Davies – Secretary

The notes on pages 25 to 53 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Consolidated and Association Statement of Changes in Reserves

For the year ended 31 March 2022

	Consolidated	Consolidated	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Balance as at 1 April 2021	54,572	51,572	54,626	51,591
Surplus/(deficit) from Statement of Comprehensive Income	16,633	3,000	16,750	3,035
Depreciation Adjustment	65	-	65	-
Balance as at 31 March 2022	71,270	54,572	71,441	54,626

The notes on pages 25 to 53 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Consolidated and Association Statement of Financial Position as at 31 March 2022

	Note	Consolidated		Association	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Fixed Assets	6, 7, 8	252,432	206,494	252,432	206,459
Current Assets					
Stock	9	1,926	522	327	522
Trade and Other Debtors	10	17,150	18,763	17,797	18,822
Debtors: Due After One Year	10	29,858	38,827	30,921	38,917
Cash and Cash Equivalents	11	12,633	15,306	12,624	15,246
Total Current Assets		61,567	73,418	61,669	73,507
Less: Creditors Due Within One Year	12	(17,140)	(16,566)	(17,071)	(16,566)
Net Current Assets		44,427	56,852	44,598	56,941
Total Assets less Current Liabilities		296,859	263,346	297,030	263,400
Creditors: Due After One Year	13	(218,266)	(196,953)	(218,266)	(196,953)
Provision for Liabilities:					
Pension Provision	16	(7,323)	(11,821)	(7,323)	(11,821)
TOTAL NET ASSETS		71,270	54,572	71,441	54,626
Reserves:					
Non-equity Share Capital	14	-	-	-	-
Income and Expenditure Reserve		71,270	54,572	71,441	54,626
TOTAL RESERVES		71,270	54,572	71,441	54,626

The financial statements on pages 19 to 53 were approved and authorised for issue by the Board on 14 September 2022 and were signed on its behalf by:



Hywel Eifion Jones – Chair



Sasha Davies – Vice Chair



Aled Davies – Secretary

The notes on pages 25 to 53 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Net Cash Generated from Operating Activities (see Note i)		20,368		20,315
Cash Flow from Investing Activities				
Purchase of Tangible Fixed Assets	(50,744)		(44,563)	
Proceeds from Sale of Tangible Fixed Assets	162		539	
Grants Received	15,556		11,575	
Interest Received	3		19	
		(35,023)		(32,430)
Cash Flow from Financing Activities				
Interest Paid	(3,342)		(2,625)	
Loans and drawdowns received	26,000		43,300	
Repayment of Borrowings	(10,564)		(17,800)	
Loan Breakage Costs	-		-	
Finance Costs	(112)		-	
		11,982		22,875
Net Change in Cash & Cash Equivalents		(2,673)		10,760
Cash & Cash Equivalents at Beginning of the Year		15,306		4,546
Cash & Cash Equivalents at the End of the Year		12,633		15,306

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Free Cash Flows

For the Year Ended 31 March 2022

	2022	2021
	£'000	£'000
Net Cash Generated from Operating Activities (see Note i)	20,368	20,315
Interest paid	(3,342)	(2,625)
Interest received	3	19
Adjustments for reinvestment in existing properties		
Component replacements	(8,561)	(6,823)
Purchase of other replacement fixed assets	(313)	(963)
Component replacement grant received	0	0
Free cash (consumed) / generated before loan repayments	8,155	9,923
Loans repaid (excluding revolving credits and overdrafts)	0	0
Free cash (consumed) / generated after loan repayments	8,155	9,923

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Reconciliation of Net Surpluses to Net Cash Inflow from Operating Activities (Note i)

	Year Ended		Year Ended	
	31 March 2022		31 March 2021	
	£'000	£'000	£'000	£'000
Surplus for the year		9,826		9,231
Adjustments for Non-Cash Items:				
Depreciation of Tangible Fixed Assets	7,566		6,685	
Revaluation of Investment Property	(2,735)		-	
Decrease / (Increase) in stock	(1,370)		(379)	
Decrease / (Increase) in Trade & Other Debtors	10,583		6,322	
Increase / (Decrease) in Trade & Other Creditors	(8,552)		(4,402)	
Increase / (Decrease) in Provisions	-		-	
Pension Costs less Contributions Payable	2,046		819	
Carrying Amount of Fixed Asset Disposals	6		141	
Finance Costs	96		92	
		7,640		9,278
Adjustments for Investing or Financing Activities:				
Proceeds from the Sale of Tangible Fixed Assets	(162)		(539)	
Government Grants Utilised in the Year	(538)		(379)	
Interest Payable	3,605		2,743	
Interest Received	(3)		(19)	
		2,902		1,806
Net Cash Generated from Operating Activities		20,368		20,315

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

Adra (Tai) Cyfyngedig is incorporated in Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Welsh Government as a Registered Provider of social housing. Adra is a public benefit entity and its registered office is Ty Coch, Llys y Dderwen, Parc Menai, Bangor, Gwynedd, LL57 4BL.

Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The financial statements comply with the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. The accounts are prepared on the historical cost basis of accounting and are presented in pounds sterling. Unless otherwise noted, amounts are rounded to the nearest £1,000.

The financial statements have been prepared in compliance with FRS102.

Basis of Consolidation

The consolidated Financial Statements include the Association and its subsidiary company, Medra Cyfyngedig for the financial year to 31 March 2022. The results of the subsidiary are included in the Consolidated Statement of Comprehensive Income from the commencement of trading. Intra-Group transactions are eliminated on consolidation.

Going concern

A review of the Group's forecasts, projections and long-term business plan shows that there is a reasonable expectation that it has adequate resources to continue operating for the foreseeable future. The financial statements continue to be prepared on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Consolidated Statement of Financial Position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Development expenditure.** Adra capitalises development expenditure in accordance with the accounting policy described under "Tangible Fixed Assets". Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Categorisation of housing properties.** Adra has undertaken a detailed review of the intended use of its housing properties – this review concluded that all housing properties are held for social benefit.
- **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

There are no key sources of estimation uncertainty that have a significant risk of causing a material adjustment in the carrying value of assets and liabilities in the next financial year.

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** As detailed on page 28, tangible fixed assets are depreciated over their useful lives considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on many factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Revaluation of investment properties.** The Group carries its investment property at fair value, with changes in fair value being recognised in The Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at the reporting period date. The detail in respect of the fair value of investment property is shown in note 8.
- **Current assets – Medra subsidiary.** All Medra properties / schemes that are held for sale or are partially developed are shown as work in progress under current assets –

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

further details in the “stock and work in progress” section below. When these properties are sold, the work in progress is recognised as a cost of sale in the statement of comprehensive income

- **Rent to Own** Rent to Own properties are held in fixed assets. Any sales proceeds will be included in turnover.
- **Shared Ownership sales – first tranche** Low-cost ownership properties are split between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and any related sales proceeds will be included in turnover. The remainder is included in completed housing property at cost.
- **Bad debt provision.** An estimation is made of the recoverable value of rental and other receivables. A Bad debt provision is created for any amounts that are unlikely to be recovered. The annual change in the Bad debt provision is charged to the Consolidated Statement of Comprehensive Income, and the amount to provide is based on an assessment of the age profile of the debt, historical collection rates and the class of debt.
- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Consolidated Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, Adra performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm’s length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to Adra as the existing property. The cash flows are derived from the 30-year business plan and do not include restructuring activities that the association is not yet permitted to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Following the assessment of impairment, including consideration of Covid-19 impacts, no impairment triggers were identified in the reporting period.

Turnover

Turnover comprises:

- Rent and service charges receivable net of empty property voids;
- Rechargeable repairs;
- Grants from the Welsh Government;
- Fees;
- Revenue grants.

Fixed Assets and depreciation

Housing properties are depreciated in accordance with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords".

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Freehold housing properties are depreciated by component on a straight-line basis over the estimated useful economic lives of the component categories.

Useful economic lives for identified components are therefore as follows:

Component	Years
Building Structures	80 years
Roofing	60 years
Windows and Doors	30 years
Central Heating	20 years
Kitchens	18 years
Bathroom	30 years
Electrical Wiring	30 years
Walls and Other External Works	50 years
Disabled Adaptations	10 years
Solar Panels	25 years
Communal Blocks	15 years

Depreciation is charged over the expected useful life of assets related to estates and other land as follows:

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Asset	Years
Fencing	40 years
Paths	30 years
Drainage	30 years
Parking Areas	30 years
Street Lighting	20 years

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

Asset	Years
Offices	15 to 80 years
Garages	30 to 60 years
Shops	15 to 80 years
Vehicles and Plant	5 years
IT Equipment	5 to 10 years
Furniture	5 to 7 Years

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income. There are no restrictions on realisation or remittance of income or disposal proceeds.

Stock and Work in Progress

Stock relates to both Adra shared-ownership properties held for sale and to repairs and maintenance materials, while work in progress relates to Medra properties / schemes that are either held for sale or are partially developed. The amounts recognised as work in progress represents the purchase and construction price and any directly attributable costs of acquisition. The directly attributable labour costs that arise directly from the construction or acquisition are recognised as these costs would have been avoided if the property had not been constructed or acquired. Interest costs incurred during the development period is added to the work in progress total based on the net investment and the average borrowing costs during the year.

Both stock and work in progress are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Stock cost is based on

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

the cost of purchase on a first in, first out basis. At each reporting date, stock and work in progress are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell, with the impairment loss being recognised immediately in the Consolidated Statement of Comprehensive Income.

Social Housing and Other Government Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received is included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land) under the accruals model. The Social Housing Grant (SHG) received for items of cost written off in the Consolidated Statement of Comprehensive Income is included as part of Turnover. The capital element of the Housing Finance Grant 2 (HFG2) is receivable over 30 years and is guaranteed and so is recognised as a Debtor due after one year.

When SHG or HFG2 in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Recycled Capital Grant Fund

Capital Grants must be recycled under certain conditions, if a property is sold, or if another relevant event takes place and are accounted for by credit to a Recycled Capital Grant Fund. In these cases, the grant can be used for projects approved by the Welsh Government. However, the grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain cases, the grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Development Capitalised Expenditure

Development expenditure represents the purchase and construction price and any directly attributable costs of acquisition. The directly attributable labour costs of the group's employees that arise directly from the construction or acquisition are capitalised as these costs would have been avoided if the property had not been constructed or acquired.

Interest Payable

Interest incurred during the development period is capitalised and added to the cost of completed housing properties based on the net investment and its average borrowing costs during the year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has been accrued at the date of the Consolidated Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

the future holiday entitlement so accrued at the date of the Consolidated Statement of Financial Position.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the date of the Statement of Financial Position.

Operating leases

Costs in respect of operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Value Added Tax

Adra is registered for VAT. A large portion of its income including rental receipts is exempt for VAT purposes. Where VAT is not recoverable, the expenditure for these activities is shown in the accounts inclusive of VAT. Adra benefits from the VAT Shelter relief that is available to it, and so major repairs expenditure is shown exclusive of VAT.

Provisions

Provisions are recognised where uncertainty exists regarding the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the Consolidated Statement of Comprehensive Income and credited to the Consolidated Statement of Financial Position based upon Adra's best estimate of potential liabilities.

Pensions

Adra participates in three pension schemes:

The **Local Government Pension Scheme (LGPS)** is a defined benefits scheme managed by Gwynedd Council. Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS Scheme are disclosed in accordance with Section 28 of FRS102 – Employee Benefits.

The **Social Housing Pension Scheme (SHPS)** and the **People's Pension** are defined contribution schemes. Contributions are charged to the Consolidated Statement of Comprehensive Income based on the actual payments made to the schemes in the form of employer contributions.

Service charges

Adra operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are levied, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Consolidated Statement of Financial Position.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents. Until these costs are incurred this liability is held in the Consolidated Statement of Financial Position within long term creditors.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the turnover note 3. The related support costs are matched against this income in the same note.

Loan finance issue costs

These are written off evenly over the life of the related loan. Loans are stated in the Consolidated Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which the redemption took place.

Taxation

Adra has charitable status and is therefore not liable for Corporation Tax on its charitable activities.

Stock Transfer Obligation

When the housing stock was transferred in 2010, Adra entered into an agreement to purchase the properties from Gwynedd Council and to carry out improvement works on those properties. The outstanding commitments from this agreement net off to zero, and the Housing SORP 2018 requires the gross values of these obligations to be recognised. The Consolidated Statement of Financial Position therefore shows the related assets and liabilities as debtors and creditors, split into obligations falling due within one year and due after more than one year. (See also notes 10, 12 & 13.)

Given that these assets and liabilities match, their recognition makes no difference to the net current assets / liabilities figure, nor to the Consolidated Statement of Financial Position total.

Adra continues to invest in improvement works on its housing properties, and so the stock transfer obligation decreases annually.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- (a) The best evidence of fair value is a quoted price in an active market.
- (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- (c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. TURNOVER, OPERATING COSTS AND SURPLUS

	2022			2021		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
SOCIAL HOUSING LETTINGS (Note 3)	38,647	(28,554)	10,093	37,375	(25,950)	11,425
OTHER SOCIAL HOUSING ACTIVITIES						
First Tranche Shared Ownership Sales	680	(457)	223	-	-	-
Development costs written off	-	(78)	(78)	-	(18)	(18)
NON-SOCIAL HOUSING ACTIVITIES						
Other Residential Letting	390	(98)	292	84	(85)	(1)
Lettings of Shops and Other Land	155	(36)	119	155	(34)	121
Letting of Garages to Non-Tenants	167	(58)	109	180	(59)	121
Leaseholders	26	(26)	-	30	(30)	-
Association Total	40,065	(29,307)	10,758	37,824	(26,176)	11,648
Medra Subsidiary	-	(117)	(117)	-	(35)	(35)
Consolidated Total	40,065	(29,424)	10,641	37,824	(26,211)	11,613

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2022				2021			
	General Housing	Supported Housing	Other Social Housing Letting Income	Total	General Housing	Supported Housing	Other Social Housing Letting Income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME								
Rents receivable net of identifiable service charges and net of voids	30,464	1,324	368	32,156	29,225	1,320	63	30,608
Service charge income	735	173	21	929	549	174	-	723
Rents receivable	31,199	1,497	389	33,085	29,774	1,494	63	31,331
Supporting People	-	348	-	348	-	335	-	335
Revenue Grants Received	4,123	205	-	4,328	4,687	241	-	4,928
Capital Grants Applied	471	-	67	538	377	-	-	377
Miscellaneous Income	331	17	-	348	384	20	-	404
TURNOVER FROM SOCIAL HOUSING LETTINGS	36,124	2,067	456	38,647	35,222	2,090	63	37,375

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

OPERATING EXPENDITURE								
Service charge costs	(2,071)	(103)	(29)	(2,203)	(1,738)	(89)	-	(1,827)
Management	(8,504)	(424)	(119)	(9,047)	(7,746)	(398)	(39)	(8,183)
Routine maintenance	(5,488)	(150)	(6)	(5,644)	(6,186)	(87)	(1)	(6,274)
Planned maintenance	(4,260)	(52)	(7)	(4,319)	(3,049)	(36)	(3)	(3,088)
Rent losses from bad debts	(70)	(3)	-	(73)	(212)	(11)	-	(223)
Depreciation of Housing Properties	(6,353)	(364)	(226)	(6,943)	(5,708)	(356)	(87)	(6,151)
Other Expenditure	(310)	(15)	-	(325)	(194)	(10)	-	(204)
TOTAL OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS	(27,056)	(1,111)	(387)	(28,554)	(24,833)	(987)	(130)	(25,950)
OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS	9,068	956	69	10,093	10,389	1,103	(67)	11,425
Void Losses – Properties	582	49	53	684	624	89	-	713
Void Losses – Garages & Shops	210	-	-	210	222	0	-	222
Void Losses - Total	792	49	53	894	846	89	-	935

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. INTEREST PAYABLE AND INTEREST RECEIVABLE

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
a. Interest Payable and Similar Charges				
on loans repayable within five years	38	48	38	48
on loans repayable more than five years	3,522	2,859	3,522	2,859
Total interest on Loans	3,560	2,907	3,560	2,907
Capitalised Interest	(346)	(405)	(346)	(405)
Non-Utilisation Fees	128	123	128	123
Net Charge on Pension Scheme Obligations	263	118	263	118
TOTAL	3,605	2,743	3,605	2,743
b. Interest Receivable and Similar Income				
On Investments	3	19	3	19
TOTAL	3	19	3	19
c. Loan Finance Costs	96	92	96	92

5. SURPLUS FOR THE YEAR

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
The operating surplus for the year is stated after charging:				
Operating leases – Land and buildings	162	154	162	154
Operating leases – Office equipment	6	87	6	87
Total Operating Lease Payments	168	241	168	241
Auditor's Remuneration – in their capacity as auditors	26	22	26	21
Depreciation of Housing Properties	6,943	6,151	6,943	6,151
Depreciation of Garages	2	2	2	2
Depreciation of Other Assets	621	531	621	531

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. TANGIBLE FIXED ASSETS (HOUSING)

Consolidated	Affordable			Shared Ownership		Total
	Housing Properties Held for Letting	Assets Under Construction	Component Work in Progress	Housing Properties Held for Letting	Assets Under Construction	
	2022	2022	2022	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
		Reclassified			Reclassified	Reclassified
At Beginning of Year	212,083	22,020	4,208	472	37	238,820
Disposals	(11)					(11)
Transfer to Completed Works	45,700	(36,772)	(8,928)	172	(172)	-
Reclassification	(91)			(136)		(227)
Additions	207	38,471	8,561	68	156	47,463
Cost at End of Year	257,888	23,719	3,841	576	21	286,045
Depreciation and Impairment						
At Beginning of Year	43,504	-	-	-	-	43,504
Disposals	(5)					(5)
Charge for the Year	6,945					6,945
At End of Year	50,444	-	-	-	-	50,444
Net Book Value:						
At End of Year	207,444	23,719	3,841	576	21	235,601
At Beginning of Year	168,579	22,020	4,208	472	37	195,316

Assets Under Construction represent new build properties under construction and Work in Progress represents improvement works in progress.

4,398 properties are pledged as security to lenders as part of Adra's funding arrangements.

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. OTHER TANGIBLE FIXED ASSETS

Consolidated and Association	Offices	Vehicles & Plant	IT, and Office Equipment	Furniture	Total 2022
	£'000	£'000	£'000	£'000	£'000
Cost					
At Beginning of Year	219	1,973	2,414	5	4,611
Additions		291	21	1	313
Disposals	-	-	-	-	-
Cost at End of Year	219	2,264	2,435	6	4,924
Depreciation					
At Beginning of Year	128	453	1,640	-	2,221
Charge for the Year	8	408	204	1	621
Disposals	-	-	-	-	-
At End of Year	136	861	1,844	1	2,842
Net Book Value					
At End of Year	83	1,403	591	5	2,082
At Beginning of Year	91	1,520	774	5	2,390

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. INVESTMENT PROPERTIES

Consolidated and Association

	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
	Commercial	Market Rent Completed	Market Rent Under Construction	Total
At the start of the year	445	5,967	2,406	8,818
Additions	-	-	3,196	3,196
Transfer to completed Works	-	4,960	(4,960)	-
Change in Recognised Value	(10)	2,745	-	2,735
TOTAL	435	13,672	642	14,749

Commercial and Market Rent Completed properties have been valued at fair value (market value) at 31 March 2022 by the following external valuers, all regulated by the Royal Institute of Chartered Surveyors:

- Prys Jones & Booth has provided valuation support to Registered Social Landlords and the wider housing sector for over 25 years. The business was formed in 1974 in Abergele by D Prys Jones FRICS as Valuers, Estate Agents and Auctioneers.
- Dafydd Hardy Estate Agents and Chartered Surveyors are a privately run, independent business with 5 offices covering Gwynedd, Anglesey and Conwy, and started in 1992
- David Ellis BSc Hons. MRICS, Chartered Surveyor and Registered Valuer, owner of Williams Ellis Chartered Surveyors. Specialising in valuations of residential and commercial property in North-West Wales.

Valuer registration is the quality assurance mechanism that monitors all registered RICS members who carry out Red Book valuations and ensures consistent standards.

9. STOCK

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At the start of the year	416	416	416	416
Additions	211	-	211	-
Properties Sold	(457)	-	(457)	-
Reclassified	(111)	-	(111)	-
Properties held for Sale	59	416	59	416
Work in Progress	1,599	-	-	-
Repairs and Maintenance Materials	268	106	268	106
TOTAL	1,926	522	327	522

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. DEBTORS

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Debtors Due Within One Year:				
Arrears of Rent and Service Charges	1,866	1,777	1,866	1,777
Less: Provision for Bad Debts	(946)	(949)	(946)	(949)
	920	828	920	828
Other Debtors and Prepayments	5,687	5,416	5,634	5,416
Grants Receivable	66	62	66	62
Welsh Government Loans	1,097	2,957	1,097	2,957
Amounts due from subsidiary company	-	-	700	59
Stock Transfer Obligation	9,380	9,500	9,380	9,500
TOTAL	17,150	18,763	17,797	18,822
Debtors Due After One Year:				
Stock Transfer Obligation	26,689	35,592	26,689	35,592
Amounts due from subsidiary company	-	-	1,063	90
Grants Receivable	3,169	3,235	3,169	3,235
TOTAL	29,858	38,827	30,921	38,917

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. CASH AND CASH EQUIVALENTS

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank Deposits				
Instant Access Deposit Accounts	12,597	15,218	12,597	15,218
Current Bank Account and Cash in Hand	36	88	27	28
TOTAL	12,633	15,306	12,624	15,246

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	2,227	2,407	2,227	2,407
Accruals and deferred income	3,177	3,003	3,108	3,003
Rent and Service Income Received in Advance	763	608	763	608
Land for Housing Loan	780	544	780	544
Deferred capital grant (Note 13a)	736	477	736	477
Miscellaneous	77	27	77	27
Stock Transfer Obligation	9,380	9,500	9,380	9,500
TOTAL	17,140	16,566	17,071	16,566

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans not Repayable by Instalments:				
Revolving Loans	-	-	-	-
Between 1 and 2 Years	-	800	-	800
Between 2 and 5 Years	1,000	-	1,000	-
Over 5 Years	137,957	122,957	137,957	122,957
Other long-term Creditors	138,957	123,757	138,957	123,757
Finance Costs	(867)	(850)	(867)	(850)
	138,090	122,907	138,090	122,907
Deferred capital grant (Note 13a)	52,015	37,254	52,015	37,254
Recycled Capital Grant Fund (Note 13b)	1,009	1,009	1,009	1,009
Capital Replacement Costs	366	191	366	191
Miscellaneous	97	-	97	-
Stock Transfer Obligation	26,689	35,592	26,689	35,592
Total	218,266	196,953	218,266	196,953

Loans are secured by specific charges on the association's housing properties and land. The loans are repayable at varying rates of interest and are due to be repaid between 2022 and 2052.

The profile of the loans due after more than one year as at 31 March 2022 was:

Total Loans £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term Years
139,737	-	139,737	2.76	18.3

The Group had undrawn facilities of £50m as at 31 March 2022.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13a. DEFERRED CAPITAL GRANT

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At the start of the year	37,732	27,545	37,732	27,545
Grant received in year *	15,556	10,566	15,556	10,566
Released to income	(537)	(379)	(537)	(379)
At the end of the year	52,751	37,732	52,751	37,732

Creditors:

Amount due to be released < 1 year	736	477	736	477
Amount due to be released > 1 year	52,015	37,254	52,015	37,254
	52,751	37,732	52,751	37,732

* All grants received during 2022 were provided by the Welsh Government in the form of Social Housing Grant, Housing Finance Grant 2 and Rent to Own Grants for New Build schemes.

13b. Recycled Capital Grant Fund

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Opening Balance	1,009	-	1,009	
Grant Received within the year	-	1,009	-	1,009
Recycled to Development	-	-	-	-
Closing Balance	1,009	1,009	1,009	1,009

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. NON-EQUITY SHARE CAPITAL

	Consolidated		Association	
	Reclassified		Reclassified	
	2022	2021	2022	2021
Shares of £1 each, fully paid and issued at par	£	£	£	£
At 1 April	45	45	45	45
Shares Issued During the Year	2	2	2	2
Resignations During the Year	16	2	16	2
At 31 March	31	45	31	45

15. CAPITAL COMMITMENTS

	Consolidated		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	56,492	43,869	56,492	43,869
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	14,360	10,374	3,054	3,737
TOTAL	70,852	54,243	59,546	47,606
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<u>Anticipated financing sources:</u>				
Committed loan facilities	62,049	41,826	50,743	35,189
Welsh Government Social Housing Grant	8,803	9,362	8,803	9,362
Welsh Government - Rent to Own Grant	-	3,055	-	3,055
TOTAL	70,852	54,243	59,546	47,606

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. PENSION

Adra participates in three pension schemes:

Local Government Pension Scheme (LGPS)

The Gwynedd Council pension scheme is a defined benefit scheme based on final pensionable salary. Certain Adra employees participated in the scheme prior to the stock transfer and as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 12 April 2010. As part of the transfer agreement, liability for the proportion of the debt attributable to these employees that relates to the pre-transfer period rests with Gwynedd Council. The gains and losses recognised by Adra therefore relate solely to the transfer period.

The most recent valuation as at 31st March 2022 was carried out by independent actuaries to the scheme to reflect the requirements of FRS102 in order to assess the liabilities of the fund at 31st March 2022. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. Adra's contribution rate from 1st April 2021 to 31st March 2022 was 17.9% of members' pensionable pay. (17.9% in 2020/21)

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS102 purposes were:

Average Future Life Expectancy at Age 65	Males	Females
Current Pensioners	21.3 years	23.7 years
Future Pensioners	22.4 years	25.7 years
	% per annum	% per annum
	2022	2021
Pension Increase Rate	3.15%	2.80%
Salary Increase Rate	3.45%	3.10%
Expected Return on Assets	2.75%	2.05%
Discount Rate	2.75%	2.05%

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	% per annum 2022	Market Value 2022 £'000	% per annum 2021	Market Value 2021 £'000
Expected Return on Assets				
Equities	2.75%	23,855	2.05%	21,100
Bonds	2.75%	0	2.05%	0
Property	2.75%	2,651	2.05%	2,345
Cash	2.75%	6,626	2.05%	5,861
		33,132		29,306

The following amounts were measured in accordance with the requirements of FRS102:

	2022 £'000	2021 £'000
Fair Value of Employer Assets	33,132	29,306
Present Value of Defined Benefit Obligation	(40,455)	(41,127)
Total Scheme (Liability)	(7,323)	(11,821)

The movement in the net surplus is as follows:

	2022 £'000	2021 £'000
Contributions Paid	1,061	1,025
Current Service Costs	(3,107)	(1,844)
Past Service Costs	-	-
Sub-total	(2,046)	(819)
Interest Cost on Defined Benefit Obligation	(872)	(632)
Interest Income on Plan Assets	609	514
Actuarial Gain / (Loss)	6,807	(6,166)
Net Movement in Year	4,498	(7,103)

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£'000	£'000
Net (Liability) at Start of Year	(11,821)	(4,718)
Net Movement in Year	4,498	(7,103)
Net (Liability) at Year End	(7,323)	(11,821)

Social Housing Pension Scheme (SHPS)

Adra also offers a Defined Contribution scheme via SHPS. The scheme had 167 active members as at 31 March 2022. Employer contributions in the year totalled £229,736. As this is a defined contribution scheme, Adra's liability is limited to the value of the contributions made.

The People's Pension

Adra operates a Defined Contribution for 5 employees that transferred to Adra via a TUPE undertaking. Employer contributions in the year totalled £4,953. As this is a defined contribution scheme, Adra's liability is limited to the value of the contributions made.

17. KEY MANAGEMENT PERSONNEL REMUNERATION

Consolidated and Association	2022	2021
	£	£
The aggregate emoluments paid to or receivable by non-executive Directors and former Directors	59,947	55,832
The aggregate emoluments paid to or receivable by executive Directors and former Directors	571,694	564,803
The emoluments paid to the highest paid Director excluding pension contributions	153,078	151,557
The aggregate amount of any compensation paid to Directors or former Directors during the year of account.	-	-
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a properly funded pension scheme.	-	-

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director. - -

Adra started paying its Non-Executive Directors (Board Members) in January 2019. The annual remuneration levels for eligible Board members was reviewed and set from 1st January 2022 as £9,500 for the Chair, £5,250 for the Vice-Chair and Committee Chairs, and £4,250 for all other members.

The Chief Executive is an ordinary member of the pension scheme. The Chief Executive's pension is a defined benefit scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Key management personnel are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Leadership Team or its equivalent.

18. EMPLOYEE INFORMATION

Consolidated and Association	2022		2021	
	Number	Average Number	Number	Average Number
The number of persons employed during the year expressed in full time equivalents (37 hours per week) was:				
Office staff	235	213	210	200
Manual Staff	140	115	106	96
Wardens, caretakers & cleaners	4	4	7	6
TOTAL	379	332	323	302

	2022	2021
	£'000	£'000
Wages and Salaries	10,094	9,173
Social Security Costs	978	876
Pension Costs	1,278	1,197
LGPS Pension Movement (Note 17)	2,046	819
TOTAL	14,396	12,065

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Number of key management personnel whose remuneration (i.e. including pension) exceeded £50,000 in the period:

	Number	
	2022	2021
£110,001 to £120,000	1	1
£120,001 to £130,000	1	1
£150,001 to £160,000	1	1
£160,001 to £170,000	-	-
£170,001 to £180,000	1	1

19. ANALYSIS OF CHANGES IN NET DEBT

Consolidated and Association	At the Start of the Year	Cash Flows	Non-Cash Movements	At the End of the Year
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	15,306	(2,673)	-	12,633
Loans Due in One Year	(544)	1,324	-	780
Loans Due after One Year	(123,757)	(15,200)	-	(138,957)
	(108,995)	(16,549)	-	(125,544)

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

20. OPERATING LEASES

Adra holds properties, vehicles and office equipment under non-cancellable operating leases. As at 31 March 2022, commitments of future minimum lease payments were:

Consolidated and Association	2022		2021
	£'000	£'000	£'000
Land and buildings:			
Within the next year	162		158
In the second to fifth years	619		622
In more than five years	<u>125</u>		<u>262</u>
		906	1,042
Others:			
Within the next year	6		-
In the second to fifth years	11		-
In more than five years	<u>-</u>		<u>-</u>
		<u>17</u>	<u>-</u>
		<u>923</u>	<u>1,042</u>

21. TAXATION STATUS

The Association has charitable status.

22. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

Consolidated and Association	2022	2021
Under management at end of year:	Number	Number
General Needs including Intermediate	6,303	6,118
Supported housing	314	314
Shared Ownership	9	8
Rent to Own	80	43
Market Rent	56	26
Managed on behalf of others	<u>5</u>	<u>5</u>
Sub-total - under management	6,767	6,514
Under development at end of year	<u>425</u>	<u>403</u>
Total	<u>7,192</u>	<u>6,917</u>

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. RELATED PARTY TRANSACTIONS

The Association's Rules provide for a flexible Board size of between 9 and 12 Board Members (not including Co-optees). The Rules provide that two Members of the Board shall be Tenant Board Members, and also state that up to 24% shall be nominated by the Local Authority – with the remainder being Independents. At the year end, the Board comprised of 2 Tenant Board Members, 2 Councillors, 7 Independent Board Members, plus 2 Co-optees.

Each Tenant Member has a normal protected tenancy agreement and they were not able to use their position to obtain any advantage.

Total rent charged to tenants serving on the Board in 2021/22 was £10,401 (2021: £8,407). The total arrears balance was £873 at year end. (2021: nil).

The transactions that occurred between Gwynedd Council and Adra during the year to 31st March 2022 are summarised as follows:

Invoices received from Gwynedd Council for services provided under normal commercial terms: £295,620 of which £6,475 (under normal 30 days payment terms) was outstanding as at 31st March 2022.

Invoices sent under normal commercial terms to Gwynedd Council totalled £833,492 (mainly in respect of Supporting People income and contributions towards capital works) with £242,940 owing to Adra as at 31st March 2022. A further £11,348,278 was received from Gwynedd Council for Housing Benefit contributions to 31st March 2022.

24. GRANT AND FINANCIAL ASSISTANCE

Consolidated and Association

The total accumulated government grant and financial assistance received or receivable at 31 st March 2022	Social Housing Grant / HFG2 / RTO	Energy Efficiency and Regeneration	Supporting People	Other
	£'000	£'000	£'000	£'000
Held as deferred capital grant	53,269	1,092	-	-
Recognised as income in Consolidated Statement of Comprehensive Income in year	(1,254)	(356)	348	-
	52,015	736	348	0

ADRA (TAI) CYFYNGEDIG
FINANCAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

25. GROUP UNDERTAKINGS

To help facilitate the growth of the services offered by Adra, (including services that may be outside the core charitable objectives) the wholly owned subsidiary “Medra” has been incorporated. Appropriate permissions were sought from the Welsh Government, and Medra was registered with Companies House in April 2017.

Further set-up work was undertaken in 2021/22 and Medra’s first two schemes of homes for market sale were approved. Some costs were incurred which are reflected in the Group Financial Statements presented here. The separate Medra 2021/22 Financial Statements will be filed with Companies House and Medra will start developing the first two approved schemes in 2022/23.