

The logo for Adra, featuring the word "Adra" in a bold, white, sans-serif font. The text is centered within a dark teal, rounded rectangular shape that has a slight shadow effect, giving it a three-dimensional appearance. The background of the entire page is a solid, vibrant purple.

Adra

Adra (Tai) Cyfyngedig
Group Financial Statements
For year ended
31 March 2020

ADRA Group
CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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BOARD MEMBERS AND PROFESSIONAL ADVISORS

BOARD MEMBERS

Mark Jones (Chair)
Abigail Tweed (Vice Chair)
Robert Lewis
Paula Jewson
Berwyn Parry-Jones
Linda Campbell
Lynn Rowlands
Cai Larsen
Selwyn Hayward
Huw Gareth Pritchard
Hywel Eifion Jones (Co-optee)

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 (from September 2019)
Ian Atkinson – Director of Assets & Infrastructure (up to February 2020)
Sarah Schofield – Director of Customers & Communities
Rhys Parry – Director of Finance (from July 2019) Director of Resources (from June 2020)

External Auditors

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

Internal Auditors

Mazars
45 Church Street,
Birmingham,
B3 2RT

Bankers

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

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
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 2020

Strategic Report

for the year 1 April 2019 to 31 March 2020

The Board of Adra (Tai) Cyfyngedig presents this report and the audited financial statements for the year 1 April 2019 to 31 March 2020.

Throughout the report and Financial Statements 'Adra' or 'Association' has been used to refer to Adra (Tai) Cyfyngedig.

Per the requirements of the Financial Reporting Council, the Financial Statements have been prepared in compliance with Financial Reporting Standard (FRS) 102.

Principal Activities

Adra (formerly known until October 2019 as Cartrefi Cymunedol Gwynedd) is a Large-Scale Voluntary Transfer (LSVT) Housing Association formed in April 2010 following the transfer of some 6,300 homes from Gwynedd Council. Adra is a Co-operative and Community Benefit Society registered with charitable rules. As a Registered Social Landlord (RSL), Adra is regulated by the Welsh Government.

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

As at 31 March 2020, Adra owned and managed 6,332 properties including 314 Sheltered Housing for older tenants. Adra brought 80 homes into management in 2019/20 and plans to complete around 1,200 homes by 2025. As the Association has matured, it has expanded outside of Gwynedd, with developments in Conwy, Denbighshire, Flintshire and Wrexham

Adra refinanced its loan facilities in December 2019. This also involved securing additional facilities which will allow us to continue with the development programme into the medium term. For the year ending 31 March 2020, Adra's turnover was £36.4m (2019: £34.7m), the deficit for the year was £11.5m (2019: £6.8m surplus) and 299 staff were employed (2019: 289).

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.

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.

Objectives and strategies

Adra's **Corporate Plan 2019 - 2022** provides the strategic direction for the coming years and sets out the **corporate vision** of:

"As a leading provider of quality homes and services, we want to make a positive difference to people and their communities."

The plan identifies four **core corporate values** to support this vision:

- **Fair:** We act fairly and impartially, respecting the dignity and individuality of everyone
- **Open:** We are trustworthy and transparent in the way we work and make decisions
- **Ambitious:** We are a dynamic and ambitious organisation that supports innovation and creativity, and seeks opportunities to enhance all aspects of our business
- **Accountable:** We take responsibility for our decisions and actions and for finding solutions

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Four **fundamental principles** form the foundation of our work, namely:

- working in Partnership
- ensuring Value for Money
- promoting the Welsh language
- empowering Workplace Culture.

The plan also details four **key themes** to progress over its 3-year lifespan, namely:

- Our Homes and Services
- Growth
- Our Communities
- Our Business.

In order to address the challenge of the decarbonisation agenda, we have also identified a further key theme of *'Our Environment'* for the final two years of the plan.

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 Regulatory Judgement published by the Welsh Government in December 2019, 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"

The full Regulatory Judgement is available at in the Regulation section of:

<https://www.adra.co.uk/en/about-us/our-performance/regulation/>

Financial Performance

The 2019/20 financial results exceeded business plan targets and showed a deficit on ordinary activities of £11.5m. This result includes the £4.1m dowry from the Welsh Government which is reinvested in Adra's properties. The main reason for the move from an operating profit in 2018/19 to an operating deficit in 2019/20 was the break costs associated with the refinancing exercise.

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Tangible fixed assets were £168.9m at year-end, being mainly the cost of capitalised housing improvements. Net current assets were £6m. Cash balances were £4.5m, and the liability on the local government pension scheme fund was £4.7m. Total year-end reserves were £51.5m, mainly being the housing improvements, less the long-term funding of those works, the loan breakage costs and less the pension liability.

Adra's lending facilities total £155m. At year-end £95.8m had been drawn-down as follows:

- Term Loan from Nat West Bank totalling **£45.0m** - repayable in December 2029.
- Private Placement Facility totalling **£50.0m** – repayable in the period 2048 – 2052
- Two variable rate loans from the Welsh Government totalling **£0.8m** - repayable before 2022/23.

Assets

Investment in housing properties continued and the WHQS standard was maintained. £158m was spent in the first 9 years, with a further £7.2m invested in 2019/20. In addition, £19.1m 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 is not included in the Statement of Financial Position. An active strategy of disposing land surplus to requirements continues. Disposal proceeds to date are over £400k, and further disposals will generate additional capital receipts. Such receipts are used to part-fund additional affordable housing. Other land holdings are kept for future development by Adra.

Rents

Adra continued to follow the Welsh Government's policy on Social Housing Rents introduced in 2014/15. The policy determines an average rent band into which the average actual rent charged must fall, and usually allows rent increases of up to Consumer Prices Index (CPI) + 1%, plus up to £2 per week for some properties to fund improvement works. The Welsh Government's rent settlement for 2019/20 however was set as CPI only, and this was implemented by Adra. This resulted in an average actual rent increase of 2.4% for 2019/20, and total rent charged of £30.7m.

Right to Buy

Tenants who transferred from Gwynedd Council previously had the 'Preserved Right to Buy'. This option ended in January 2019 with the enactment of 'Abolition of the Right to Buy and Associated Rights (Wales) Act 2018.' 25 sales carried over and were completed during 2019/20, with 6 further properties were sold on the open market. Sale proceeds are recognised in the Consolidated Statement of Comprehensive Income.

Efficiency and Value for Money

Promoting Efficiency and Value for Money (VFM) is fundamentally important to Adra. "Ensuring Value for Money" is one of the principles of the 2019/22 Corporate Plan which 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."

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This underpins Adra's "Value for Money Strategy" which defines what we mean by Value for Money, notes areas for Development and Improvement, and explains our approach to Benchmarking, Performance Monitoring, Procurement and Culture Change in respect of Value for Money.

Adra's 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, you will inevitably spend more than you need to achieve your objectives. Nobody likes to waste resources and our tenants certainly can't afford for us to do so.

Within our Corporate Plan 2019/22 we have stated our aim to make a sustained and positive impact on the local economy and that we envisage that by 2022, for every £1 spent, we will have consistently achieved a Welsh local multiplier of more than £1.90. At the end of 2019/20 we achieved an economic impact of £1.98 for every £1 spent on our large-scale contracts.

Operational Review

Since inception in 2010, Adra has become an established social landlord within Wales committed to continually improving the business and the services provided to our customers.

April 2019 saw the launch of a new three-year corporate plan spanning 2019 - 2022, setting out the roadmap for Adra to achieve its growth and improvement ambitions for the future. Key achievements during the first year i.e. 2019/20, included:

Homes

As well as maintaining Welsh Housing Quality Standard (WHQS), 80 additional homes were added to Adra's stock. The tenants of these new build properties reported 100% satisfaction with the quality of their homes.

Adra has been zoned by the Welsh Government to develop homes in 5 North Wales counties (Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham) and the recently revised Development Strategy increases the development ambition by setting a target of developing over 1,200 new homes by 2025.

Adra has established itself as a key partner with many housing developers in the region, and 12 sites started in 2019/20 across North Wales. These schemes will deliver the first 250 new homes outlined in the Development Strategy. The Adra group approved its first market sale scheme in 2019/20, to be developed through the subsidiary, Medra.

Rebranding

In October 2019, following extensive consultation with customers, partners, staff and Board Members, Cartrefi Cymunedol Gwynedd formally changed its name to **Adra**. This rebrand introduced a new look and feel to the organisation including a new name, logo/brand and a new tone of voice simplifying the language used. These changes ensure that the association is much more accessible to customers.

Refinancing

Adra refinanced its legacy debt portfolio in December 2019 which resulted in new borrowing facilities totalling £155m. This ensures that Adra has the necessary funding in place to support its ambitious growth and development plans over the next few years.

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Customer Satisfaction

Customer feedback is closely monitored to ensure that services continue to improve. We have established ambitious goals to increase customer satisfaction rates and are looking at achieving over 90% satisfaction (i.e. either very satisfied or fairly satisfied) with all our front facing services by 2022. Feedback on satisfaction with our services at the end of the 2019/20 financial year is shown below:

		Very Satisfied	Fairly Satisfied	Neither	Fairly Dissatisfied	Very Dissatisfied
Customer satisfaction with...	Inspection Service	64%	20%	11%	0%	5%
	New Developments	83%	17%	0%	0%	0%
	Rents Team	81%	14%	2%	2%	1%
	Assets Team	64%	16%	8%	4%	8%
	Anti-Social Behaviour Service	62%	11%	10%	7%	10%
	Gas Servicing	83%	11%	4%	1%	1%
	Lettings Team	79%	16%	1%	2%	2%
	Trwsio (Repairs and Maintenance)	81%	9%	5%	2%	3%

Tenant satisfaction with how we deal with repairs and maintenance, that we listen and act upon tenant views, the service received is as expected and the overall level of service received all improved in 2019/20. The biggest improvement was seen in satisfaction with how we deal with repairs and maintenance. Feedback from tenants against the Regulator's customer service questions in 2019/20 is shown below:

		Very Satisfied	Fairly Satisfied	Neither	Fairly Dissatisfied	Very Dissatisfied
Customer satisfaction with...	Overall level of service	58%	23%	11%	4%	4%
	Quality of home	57%	24%	11%	5%	3%
	How Adra deals with repairs and maintenance	59%	22%	12%	4%	3%
	Listens and acts on tenants' views	62%	20%	10%	4%	4%
	How Adra deals with Anti Social Behaviour	58%	16%	14%	5%	7%
	Rent provides value for money	63%	20%	13%	2%	2%
	Service received at the expected level	66%	20%	8%	3%	3%
	Trustworthiness of the organisation	71%	16%	7%	3%	4%
	Neighbourhood as a place to live	68%	17%	8%	3%	4%

Repairs and Maintenance

Adra's in-house workforce continued to deliver repairs and maintenance and part of the capital improvement programme. Tenant satisfaction with the repairs service exceeded the target throughout

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2019/20 and also saw an improvement against the 2018/19 results. The transition of this service has provided further organisational efficiencies and savings, and customer satisfaction levels with the service continue to be high.

Through our commitment to maintain the Health and Safety ISO accreditation, we continue to prioritise the health and safety of tenants, staff and the public.

Following the ethos of value for money, our fleet management arrangements were reviewed during the year with the decision made to purchase our own vehicle fleet rather than the previous leasing arrangement. This will generate significant savings over the five-year expected lifespan of the fleet, and the new Adra branded vehicles could be seen on our roads from January 2020.

Community Strategy

The 2018-2030 Community Strategy outlines how we will continue to invest in and support our communities. The five priority themes are Employment and Skills, Health and Wellbeing, Crime and Safety, Environment, and Language and Culture. Through the strategy, we continue to improve the contribution to community investment and to delivering social value to communities.

Implementing the strategy saw many positive results during 2019/20 with the main focus being on the development of an Employment and Skills Strategy for Adra. Achievements during the year included:

- 22 apprenticeships provided through our appointed contractors, and a tenant helped back into work through direct employment by Adra
- 6 graduate and post graduate opportunities provided by Adra
- 8 volunteering opportunities created through us or our partners

Universal Credit and Welfare Reform

Universal Credit came into force in Gwynedd in December 2018. At the end of 2019/20, namely the first full financial year, approximately 20% 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 CAB, Gwynedd Council, Department for Work and Pensions. Its aim is to mitigate the impact of Universal Credit on Gwynedd residents, and this work helped to ensure that Adra's current tenant arrears remained at a similar level to that seen at the end of 2018/19. Adra's rent arrears therefore remain significantly below the UK and Welsh average arrears. The intensive support provided to Adra tenants who go into financial arrears will continue.

Affordable Homes

Adra's first Rent to Own and Intermediate Rent properties were completed in 2019/20. Arrangements to manage the allocation process for these properties have been established with SARTH (Single Access Route to Housing) in Conwy, Denbighshire and Flintshire, Tai Teg and Wrexham County Council. Adra's first Shared Ownership and Market Rental properties will be ready in 2020/21.

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Void Strategy and Standard.

The revised void strategy and standard have bedded-down and have delivered many benefits. These include creating further sustainable tenancies, ensuring that the turnover of housing stock is amongst the lowest in Wales, reducing evictions, and a significant improvement in customer satisfaction which now stands at 95% for the service. Adra's re-let days have also reduced by 10 days in the past 12-months.

Customer Services

Adra secured the Customer Service Excellence accreditation for the first time in 2019. A corporate Customer Service Excellence project has been established with the goal of ensuring that services attain customer satisfaction levels of 90% and above. This target has been met. Adra's Contact Centre was shortlisted for the best in-house contact centre in Wales and was the only representative from the housing sector on this shortlist.

Community involvement

A review of Adra's participation framework involved comprehensive consultations with tenants, the Tenant and Resident Partnership, Board members, Adra staff and other key stakeholders. The resulting new framework ensures that our participation model is fit for purpose for current and future customer participation and consultation needs. This framework is supported by a Customer Engagement Strategy, which includes an action plan that will drive continued improvements. The review itself was carried out independently by TPAS Cymru, who will also be involved in a midterm review to see whether the new framework is working effectively and meeting the needs of Adra and our customers.

Safeguarding

Adra has developed a revised Safeguarding policy and works in partnership with key stakeholders including North Wales Police, Betsi Cadwaladr University Health Board and Gwynedd Council. This ensures that a comprehensive and joined-up approach is provided to all tenants who experience safeguarding issues.

COVID-19 Gwynedd Community Resilience Group

In response to the Covid-19 pandemic, Adra has been working in partnership with Cyngor Gwynedd, Mantell Gwynedd, Menter Môn and Grwp Cynefin who are all members of the Gwynedd Community Resilience Group. The Group coordinates several projects and schemes aimed at supporting local communities, and residents who are vulnerable or facing hardship. Projects include food parcel delivery schemes (for shielding groups and other identified vulnerable categories), support for foodbanks and buddy/volunteering schemes. Adra has provided financial support and staff resource to undertake welfare calls and to carry out deliveries and collections of foodbank donations, food parcels and PPE.

Sustainable procurement

We recognise the benefits that our activities have for the wider 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. In 2019/20 we implemented our revised approach to capital procurement to enable greater competition and support the development of Small and Medium Sized businesses in our operating area. This change has increased our customers satisfaction with our capital works programmes and helped support the local economy.

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Gwna Wahaniaeth

To help ensure that Adra values and develops staff so that they deliver our commitments to customers and communities, the organisational development programme “Gwna Wahaniaeth” (“Make a Difference”) continued in 2019/20. A strong indicator of the success of this strategy is the results of the staff survey carried out in November 2019 which highlighted that 97% of staff feel that Adra is a good employer.

The strategy also focussed in 2019/20 on supporting and improving the health and wellbeing of our staff, and on their career development. This resulted in a number receiving accreditation in ILM 2, 3 & 5 and other qualifications.

Recognition

Previous successes in obtaining industry awards for good practices and achievements continued. As well as being shortlisted for the contact centre of the year, our inclusive approach to supporting customers through welfare reforms meant that we were also shortlisted for the Chartered Institute of Housing (CIH) Cymru award for working with others.

Business Transformation

The Business Transformation Project continued to focus on providing better and more modern services, transforming culture and working practices, and increasing financial viability. The primary focus in 2019/20 was the implementation of the core business system.

Other improvements included the introduction of a new communications and telephony system (Ring Central) that enables much more flexibility in respect of agile working and conducting meetings remotely. This was supported by the introduction of a new collaborative working system (Microsoft Teams) that enables staff to collaborate easier and quicker with one another, reduces the risk of duplication and enables better document control. Such initiatives meant that Adra was very well placed to continue to work effectively following the Covid-19 restrictions.

Charitable work

Adra staff choose a charity to support each year. Gafael Llaw was chosen for 2019/20 and over £3,600 was raised by staff through various fund-raising activities.

Governance

Language and equality

In accordance with the Welsh Language Act 1993 and the Regulatory Code for Housing Associations in Wales 2006, Adra has a Welsh Language Scheme that adopts the principle that it will treat the Welsh and English languages 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.

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 most recent Regulatory Judgement published in December 2019 gave a ‘standard’ status (i.e. the highest rating)

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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 continue 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 current Code's publication in 2018. The conclusions were that Adra could demonstrate compliance with the vast majority of the Code, and actions were put in place to ensure full compliance. Specifically, it was agreed that Adra would more regularly review its Risk Management Framework, and that there would be an evaluation of the Board in the Annual Report. Both actions were subsequently implemented.

Adra will re-evaluate its compliance with the Code as part of the 2020 Self-Evaluation process – thereby assessing that good practices and measures remain in place.

Board and Committee Structure

Adra updated its Rules in January 2019 in response to the Regulation of Social Landlords (Wales) Act 2018. The revisions provided that the Board would have 12 members, comprising 4 tenants, up to 2 Local Authority nominees and 6 independents, together with up to 3 co-optees. 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.

The annual Board appraisals are used to inform training / support requirements and any recruitment needs. Adra targeted housing and development skills in its latest recruitment efforts, resulting in successful appointments to the Adra and Medra Boards. Both Boards have a strong array of relevant skills, knowledge and experiences.

Adra's governance structure comprises the following Committees / Standing Panel to review specific business areas:

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

A 'Refinancing Task & Finish Group' was also created in 2019/20 to support the exercise and review associated matters.

Statement of Board Responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the accounts on the going concern basis unless that is inappropriate.

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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 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 the Association's strategy and policy framework, operational management and implementation is delegated to the Executive and wider staff.

Shareholder Membership

Adra had 49 Shareholders at the end of 2019/20, with each having a £1 share in Adra. Shareholders influence decision-making at Adra through their right to vote at General Meetings. All tenants have the right to apply to become shareholders.

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-optees) 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 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 the Association'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 the Association is exposed and is consistent with 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 was approved in December 2019 and outlines the processes involved in Risk Management, including the identification, analysis and scoring of risks, as well as how risks are monitored. The framework refers to two levels of risk, namely strategic and operational.

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This process enables the association to identify key risks and uncertainties, and the highest scoring risks identified in the year were:

- The impact of Welfare Reform on Adra's tenants and tenancies
- The impact of a No Deal Brexit on Adra's operational capability and overall stability
- The impact of accelerated decarbonisation for social housing
- That the fear and/or presence of coronavirus negatively impacting Adra and the wider community

The identification of such risks helps enable appropriate risk monitoring, management and mitigation, and there is regular reporting to the Senior and Executive Leadership Teams.

The review of the SWOT and PESTLE analysis in 2019/20 supported the development and setting of the Board's risk-appetite and provides a guide to manage thematically based risks.

The internal audit function, which is provided by an independent firm of accountants, follows a risk-based audit programme, and reports directly to the Audit and Assurance Committee. In order to review more operational areas of the business to support the strategic audits, in-house HSQE audits were piloted in year. These were based on the Adra's ISO accreditations, namely ISO45001 (Health and Safety), ISO14001 (Environment) and ISO9001 (Quality).

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.

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 by the Audit and Assurance Committee, which also approves the quarterly treasury management report. Adra's committees also regularly review relevant key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

A quarterly report is submitted to our Funders as part of the loan facility agreements.

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. This committee considers internal control and risk in every meeting.

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The Audit and Assurance Committee also conducts an annual review of the effectiveness of the system of internal control and takes into account 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 2019/20 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:

Mark Jones – Chair

Date: 16 September 2020

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADRA (TAI) CYFYNGEDIG

Opinion

We have audited the Group financial statements of Adra (Tai) Cyfyngedig ("the Association") for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. 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 and Association's affairs as at 31 March 2020 and of its deficit 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 Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Other information

The other information comprises the information included in the annual 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 Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we 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 are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are 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 intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 <http://www.frc.org.uk/auditors/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our Report

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

Beever and Struthers
Statutory Auditors
St George's House
215 – 219 Chester Road
Manchester
M15 4JE

Date: 16 September 2020

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Consolidated and Association Statement of Comprehensive Income

For the year ended 31 March 2020

	Notes	Consolidated 2020 £'000	Consolidated 2019 £'000	Association 2020 £'000	Association 2019 £'000
Turnover	2	36,414	34,654	36,414	34,654
Operating Expenditure	2	(26,614)	(26,272)	(26,595)	(26,272)
Gain on Disposal of Property, Plant & Equipment		3,037	2,249	3,037	2,249
Operating Surplus		12,837	10,631	12,856	10,631
Decrease in Valuation of Investment Property	8	(50)	-	(50)	-
Interest Receivable	4	20	10	20	10
Interest and Financing Costs	4	(3,357)	(3,798)	(3,357)	(3,798)
Loan finance issue Costs	4	(92)	-	(92)	-
Loan Breakage Costs	4	(20,943)	-	(20,943)	-
(Deficit)/Surplus before Tax		(11,585)	6,843	(11,566)	6,843
Taxation	21	0	0	0	0
(Deficit)/Surplus for the Year		(11,585)	6,843	(11,566)	6,843
Actuarial Gain/(Loss) in Respect of Pension Schemes	16	2,233	(1,266)	2,233	(1,266)
Total Comprehensive Income for the Year		(9,352)	5,577	(9,333)	5,577

The association's results relate wholly to continuing activities.

The financial statements on pages 19 to 24 were approved and authorised for issue by the Board on 16 September 2020 and were signed on its behalf by:

Mark Jones – Chair

Abigail Tweed – Vice Chair

Aled Davies – Secretary

The notes on pages 25 to 50 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Consolidated and Association Statement of Changes in Reserves

For the year ended 31 March 2020

	Consolidated	Consolidated	Association	Association
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance as at 1 April 2019	60,924	55,347	60,924	55,347
(Deficit)/Surplus from Consolidated Statement of Comprehensive Income	(9,352)	5,577	(9,333)	5,577
Balance as at 31 March 2020	51,572	60,924	51,591	60,924

The notes on pages 25 to 50 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Consolidated and Association Consolidated Statement of Financial Position as at 31 March 2020

	Note	Consolidated		Association	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Fixed Assets	6, 7, 8	168,874	147,527	168,862	147,527
Current Assets					
Stock	9	93	95	93	95
Trade and Other Debtors	10	15,038	11,184	15,044	11,184
Cash and Cash Equivalents	11	4,546	4,220	4,541	4,220
Less: Creditors Due Within One Year	12	(13,642)	(12,851)	(13,642)	(12,851)
Net Current Assets		6,035	2,648	6,036	2,648
Total Assets less Current Liabilities		174,909	150,175	174,898	150,175
Debtors: Due After One Year	10	45,917	53,584	45,947	53,584
Creditors: Due After One Year	13	(164,536)	(137,424)	(164,536)	(137,424)
Provision for Liabilities:					
Pension Provision	16	(4,718)	(5,411)	(4,718)	(5,411)
TOTAL NET ASSETS		51,572	60,924	51,591	60,924
Reserves:					
Non-equity Share Capital	14	-	-	-	-
Income and Expenditure Reserve		51,572	60,924	51,591	60,924
TOTAL RESERVES		51,572	60,924	51,591	60,924

The financial statements on pages 18 to 23 were approved and authorised for issue by the Board on 16 September 2020 and were signed on its behalf by:

Mark Jones – Chair

Abigail Tweed – Vice Chair

Aled Davies – Secretary

The notes on pages 25 to 50 form an integral part of these accounts.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Net Cash Generated from Operating Activities (see Note i)		20,386		14,212
Cash Flow from Investing Activities				
Purchase of Tangible Fixed Assets	(28,105)		(20,581)	
Proceeds from Sale of Tangible Fixed Assets	3,694		2,880	
Grants Received	6,560		8,765	
Interest Received	20		10	
		<u>(17,831)</u>		<u>(8,926)</u>
Cash Flow from Financing Activities				
Interest Paid	(3,205)		(3,703)	
New Secured Loans	97,244		3,300	
Repayment of Borrowings	(74,384)		(3,600)	
Loan Breakage Costs	(20,943)		-	
Finance Costs	(941)		-	
		<u>(2,229)</u>		<u>(4,003)</u>
Net Change in Cash & Cash Equivalents		<u>326</u>		<u>1,283</u>
Cash & Cash Equivalents at Beginning of the Year		4,220		2,937
Cash & Cash Equivalents at the End of the Year		4,546		4,220

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Free Cash Flows

For the Year Ended 31 March 2020

	2020	2019
	£'000	£'000
Net Cash Generated from Operating Activities (see Note i)	20,386	14,212
Interest paid	(3,357)	(3,703)
Loan Breakage Costs	(20,943)	-
Interest received	20	10
Adjustments for reinvestment in existing properties		
Component replacements	(7,707)	(10,007)
Purchase of other replacement fixed assets	(1,688)	(260)
Component replacement grant received	0	0
Free cash (consumed) / generated before loan repayments	(13,289)	252
Loans repaid (excluding revolving credits and overdrafts)	0	0
Free cash (consumed) /generated after loan repayments	(13,289)	252

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	Year Ended 31 March 2020		Year Ended 31 March 2019	
	£'000	£'000	£'000	£'000
Surplus for the year - before Loan Breakage Costs		9,352		6,843
Adjustments for Non-Cash Items:				
Depreciation of Tangible Fixed Assets	6,173		6,198	
Decrease / (Increase) in stock	2		(18)	
Decrease / (Increase) in Trade & Other Debtors	3,398		(362)	
Increase / (Decrease) in Trade & Other Creditors	287		(922)	
Increase / (Decrease) in Provisions	-		-	
Pension Costs less Contributions Payable	1,339		1,029	
Carrying Amount of Fixed Asset Disposals	585		674	
		11,784		6,599
Adjustments for Investing or Financing Activities:				
Proceeds from the Sale of Tangible Fixed Assets	(3,694)		(2,880)	
Government Grants Utilised in the Year	(241)		(138)	
Interest Payable	3,205		3,798	
Interest Received	(20)		(10)	
		(750)		770
Net Cash Generated from Operating Activities		20,386		14,212

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020. 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 review of the business plan included specific Covid-19 related stress testing, together with an assessment of how Covid-19 will affect the Association's financial position. This work concluded that the Group will remain financially viable, and so 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" page 26. 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 likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

- **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.

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 the next page, 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.
- **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. This provision has been increased in 2020/21 due to the Covid-19 pandemic. 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.
- **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. Further details are given in note 16.
- **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.

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 business plan for the next 30 years 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.

Following the assessment of impairment, including consideration of Covid-19 impacts, no impairment losses 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.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Consolidated Statement of Financial Position. Following this review for 2019/20, it has been considered appropriate to increase the useful life of kitchens from 15 to 18 years and bathrooms from 25 to 30 years. The effect of this change in 2019/20 is a reduction in depreciation charge of £615k.

Useful economic lives for identified components are therefore as follows:

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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:

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Consolidated Statement of Financial Position. Following this review for 2019/20 it has been considered appropriate to increase the useful life for Vehicles and Plant and Equipment from 3 to 5 years. As the Net Book Value at 2018/19 was Nil there will be no effect of this change in 2019/20.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, stock is 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.

SHG and HFG2 must be recycled under certain conditions, if a property is sold, or if another relevant event takes place. 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 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.

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 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.

ADRA (TAI) CYFYNGEDIG

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

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.

Investment properties are recognised initially at cost and subsequently held at fair value. Any gains or losses arising from changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. TURNOVER, OPERATING COSTS AND SURPLUS

	2020			2019		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
SOCIAL HOUSING LETTINGS (Note 3)	36,044	(26,424)	9,620	34,390	(26,144)	8,246
OTHER SOCIAL HOUSING ACTIVITIES						
Development costs written off	-	(33)	(33)	-	(32)	(32)
NON-SOCIAL HOUSING ACTIVITIES						
Lettings of Shops and Other Land	150	(36)	114	138	(41)	97
Letting of Garages to Non-Tenants	193	(75)	118	120	(49)	71
Leaseholders	27	(27)	-	6	(6)	-
Association Total	36,414	(26,595)	9,819	34,654	(26,272)	8,382
Medra Subsidiary	-	(19)	(19)	-	-	-
Consolidated Total	36,414	(26,614)	9,800	34,654	(26,272)	8,382

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2020				2019		
	General Housing	Supported Housing	Other Social Housing Letting Income	Total	General Housing	Supported Housing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Rents receivable net of identifiable service charges and net of voids	28,683	1,358	21	30,062	27,553	1,259	28,812
Service charge income	457	177	1	635	297	16	313
Rents receivable	29,140	1,535	22	30,697	27,850	1,275	29,125
Supporting People	-	331	-	331	-	334	334
Revenue Grants Received	4,081	213	-	4,294	4,088	214	4,302
Capital Grants Applied	241	-	1	242	134	-	134
Miscellaneous Income	456	24	-	480	471	24	495
TURNOVER FROM SOCIAL HOUSING LETTINGS	33,918	2,103	23	36,044	32,543	1,847	34,390

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

OPERATING EXPENDITURE

Service charge costs	(1,404)	(546)	(1)	(1,951)	(1,390)	(567)	(1,957)
Management	(8,255)	(431)	(3)	(8,689)	(8,358)	(438)	(8,796)
Routine maintenance	(5,100)	(91)		(5,191)	(5,319)	(204)	(5,523)
Planned maintenance	(4,102)	(41)		(4,143)	(3,372)	(33)	(3,405)
Rent losses from bad debts	(212)	(11)		(223)	(195)	(10)	(205)
Depreciation of Housing Properties	(5,560)	(339)	(12)	(5,911)	(5,674)	(363)	(6,037)
Other Expenditure	(300)	(16)		(316)	(211)	(10)	(221)
TOTAL OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS	(24,933)	(1,475)	(16)	(26,424)	(24,519)	(1,625)	(26,144)
OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS	8,987	628	7	9,620	8,024	222	8,246
Void Losses – Properties	436	21	-	457	410	22	432
Void Losses – Garages & Shops	237	0	-	237	211	0	211
Void Losses - Total	673	21	-	694	621	22	643

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. INTEREST PAYABLE AND INTEREST RECEIVABLE

	Consolidated		Association	
	2020	2019	2020	2019
a. Interest Payable and Similar Charges	£'000	£'000	£'000	£'000
On Loans	3,096	3,587	3,096	3,587
Non-Utilisation Fees	109	116	109	116
Net Return on Pension Fund Investments	152	95	152	95
TOTAL	3,357	3,798	3,357	3,798
b. Interest Receivable and Similar Income	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
On Investments	20	10	20	10
Net Return on Pension Fund Investments	-	-	-	-
TOTAL	20	10	20	10
c. Loan Finance Costs	92	-	92	-
d. Loan Breakage Costs – Mark to Market Costs	20,943	-	20,943	-

Adra refinanced its debt portfolio in December 2019. This resulted in new loan facilities totalling £155m, the cancelling of the previous £82m loan facility and breakage costs incurred of £20.9m

5. SURPLUS FOR THE YEAR

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
The operating surplus for the year is stated after charging:				
Auditor's Remuneration – in their capacity as auditors	18	17	18	17
Operating Lease Payments	616	589	616	589
Depreciation of Housing Properties	5,913	6,037	5,913	6,037
Depreciation of Garages	2	2	2	2
Depreciation of Other Assets	259	159	259	159

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

6. TANGIBLE FIXED ASSETS (HOUSING)

Consolidated	Housing Properties Held for Letting	Assets Under Construction	Shared Ownership Properties Under Construction	Work in Progress	Total
	2020	2020	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000
Cost					
At Beginning of Year	158,364	11,185	-	8,508	178,057
Disposals	(748)	-	-	-	(748)
Transfer to Completed Works	26,522	(14,180)	-	(12,342)	-
Additions	-	19,136	112	7,214	26,462
Cost at End of Year	184,138	16,141	112	3,380	203,771
Depreciation and Impairment					
At Beginning of Year	31,639	-	-	-	31,639
Disposals	(164)	-	-	-	(164)
Charge for the Year	5,915	-	-	-	5,915
At End of Year	37,390	-	-	-	37,390
Net Book Value:					
At End of Year	146,748	16,141	112	3,380	166,381
At Beginning of Year	126,725	11,185	-	8,508	146,418

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

4,034 properties are pledged as security to lenders as part of Adra's funding arrangements.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Association	Housing Properties Held for Letting	Assets Under Construction	Shared Ownership Properties Under Construction	Work in Progress	Total
	2020	2020	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000
Cost					
At Beginning of Year	158,364	11,185	-	8,508	178,057
Disposals	(748)	-	-	-	(748)
Transfer to Completed Works	26,522	(14,180)	-	(12,342)	-
Additions	-	19,124	112	7,214	26,450
Cost at End of Year	184,138	16,129	112	3,380	203,759
Depreciation and Impairment					
At Beginning of Year	31,639	-	-	-	31,639
Disposals	(164)	-	-	-	(164)
Charge for the Year	5,915	-	-	-	5,915
At End of Year	37,390	-	-	-	37,390
Net Book Value:					
At End of Year	146,748	16,129	112	3,380	166,369
At Beginning of Year	126,725	11,185	-	8,508	146,418

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. OTHER TANGIBLE FIXED ASSETS

Consolidated and Association	Offices	Vehicles	IT, Furniture and Office Equipment	Total 2020
	£'000	£'000	£'000	£'000
Cost				
At Beginning of Year	306	90	2,181	2,577
Additions	-	1,262	431	1,693
Disposals	-	(35)	(375)	(410)
Cost at End of Year	306	1,317	2,237	3,860
Depreciation				
At Beginning of Year	128	90	1,750	1,968
Charge for the Year	11	56	192	259
Disposals	-	(35)	(375)	(410)
At End of Year	139	111	1,567	1,817
Net Book Value				
At End of Year	167	1,206	670	2,043
At Beginning of Year	178	-	431	609

8. INVESTMENT PROPERTIES

Consolidated and Association	2020	2019
	£'000	£'000
At the start of the year	500	500
Change in Recognised Value	(50)	0
TOTAL	450	500

Notwithstanding the material uncertainty around property values as a result of Covid19, independent (MRICS) valuation advice was that our investment property value decreased slightly in the year.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9. STOCK

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Repairs and Maintenance Materials	93	95	93	95
Staff Benefit Vouchers	-	-	-	-
TOTAL	93	95	93	95

10. DEBTORS

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Debtors Due Within One Year:				
Arrears of Rent and Service Charges	1,693	1,140	1,693	1,140
Less: Provision for Bad Debts	(753)	(689)	(753)	(689)
	940	451	940	451
Other Debtors and Prepayments	5,039	2,189	5,039	2,189
Grants Receivable	59	-	59	-
Amounts due from subsidiary company	-	-	6	-
Stock Transfer Obligation	9,000	8,544	9,000	8,544
TOTAL	15,038	11,184	15,044	11,184

Debtors Due After One Year:

Stock Transfer Obligation	42,620	50,315	42,620	50,315
Amounts due from subsidiary company	-	-	30	-
Grants Receivable	3,297	3,269	3,297	3,269
TOTAL	45,917	53,584	45,947	53,584

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. CASH AND CASH EQUIVALENTS

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank Deposits				
Instant Access Deposit Accounts	4,518	4,192	4,513	4,192
Current Bank Account and Cash in Hand	28	28	28	28
TOTAL	4,546	4,220	4,541	4,220

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	1,551	1,464	1,551	1,464
Accruals and deferred income	2,004	2,369	2,004	2,369
Rent and Service Income Received in Advance	482	286	482	286
Land for Housing Loan	300	-	300	-
Grants Received but not Applied (Note 13a)	293	179	293	179
Miscellaneous	12	9	12	9
Stock Transfer Obligation	9,000	8,544	9,000	8,544
TOTAL	13,642	12,851	13,642	12,851

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans not Repayable by Instalments:				
Revolving Loans	-	19,000	-	19,000
Between 1 and 2 Years	544	684	544	684
Between 2 and 5 Years	-	5,000	-	5,000
Over 5 Years	95,000	44,000	95,000	44,000
Other long-term Creditors	95,544	68,684	95,544	68,684
Finance Costs	(941)	-	(941)	-
	94,603	68,684	94,603	68,684
Grants Received but not Applied (Note 13a)	27,252	18,425	27,252	18,425
Capital Replacement Costs	61	-	61	-
Stock Transfer Obligation	42,620	50,315	42,620	50,315
Total	164,536	137,424	164,536	137,424

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 2020 and 2052.

The profile of the loans due after more than one year as at 31 March 2020 was:

Total Loans £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term Years
95,544	544	95,000	2.75	20.10

The Group had undrawn facilities of £60m as at 31 March 2020.

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13a. DEFERRED CAPITAL GRANT

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At the start of the year	18,604	6,647	18,604	6,647
Grant recognised in year *	9,183	12,091	9,183	12,091
Released to income	(242)	(134)	(242)	(134)
At the end of the year	27,545	18,604	27,545	18,604

Creditors:

Amount due to be released < 1 year	293	179	293	179
Amount due to be released > 1 year	27,252	18,425	27,252	18,425
	27,545	18,604	27,545	18,604

* All grants recognised during 2020 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.

14. NON-EQUITY SHARE CAPITAL

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Shares of £1 each, fully paid and issued at par				
At 1 April	47	46	47	46
Shares Issued During the Year	2	2	2	2
Resignations During the Year	-	(1)	-	(1)
At 31 March	49	47	49	47

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15. CAPITAL COMMITMENTS

	Consolidated		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	25,902	13,886	25,902	13,886
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	13,201	1,294	13,198	1,294
TOTAL	39,103	15,180	39,103	15,180
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<u>Anticipated financing sources:</u>				
Committed loan facilities	23,948	6,641	23,945	6,641
Welsh Government Social Housing Grant	11,351	8,539	11,351	8,539
Welsh Government - Rent to Own Grant	3,804	-	3,804	-
TOTAL	39,103	15,180	39,100	15,180

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 was carried out as at 31st March 2020 and in order to recognise the McCloud judgement an adjustment has been made to the 2019 valuation data and recorded separately as Past Service Cost. This valuation 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 2020. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted

ADRA (TAI) CYFYNGEDIG
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

to their present value. Adra's contribution rate from 1st April 2019 to 31st March 2020 was 17.0% of members' pensionable pay. (17.0% in 2018/19)

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	23.4 years
Future Pensioners	22.2 years	25.1 years
	% per annum	% per annum
	2020	2019
Pension Increase Rate	1.8%	2.4%
Salary Increase Rate	2.1%	2.4%
Expected Return on Assets	2.3%	2.5%
Discount Rate	2.3%	2.5%

	% per annum	Market Value	% per annum	Market Value
	2020	2020	2019	2019
		£'000		£'000
Expected Return on Assets				
Equities	2.3%	16,272	2.5	15,010
Bonds	2.3%	0	2.5	0
Property	2.3%	2,199	2.5	2,028
Cash	2.3%	3,518	2.5	3,245
		21,989		20,283

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£'000	£'000
Fair Value of Employer Assets	21,989	20,283
Present Value of Defined Benefit Obligation	(26,707)	(25,694)
Total Scheme (Liability) / Asset	(4,718)	(5,411)

The movement in the net surplus is as follows:

	2020	2019
	£'000	£'000
Contributions Paid	976	966
Current Service Costs	(2,274)	(1,995)
Past Service Costs	(90)	-
Sub-total	(1,388)	(1,029)
Interest Cost on Defined Benefit Obligation	(669)	(591)
Interest Income on Plan Assets	517	496
Actuarial Gain / (Loss)	2,233	(1,266)
Net Movement in Year	693	(2,390)

	2020	2019
	£'000	£'000
Net Asset / (Liability) at Start of Year	(5,411)	(3,021)
Net Movement in Year	693	(2,390)
Net Asset / (Liability) at Year End	(4,718)	(5,411)

Social Housing Pension Scheme (SHPS)

Adra also offers a Defined Contribution scheme via SHPS. The scheme had 110 active members as at 31 March 2020. Employer contributions in the year totalled £151,210. As this is a defined contribution scheme, Adra's liability is limited to the value of the contributions made.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 £5,256. 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	2020	2019
	£	£
The aggregate emoluments paid to or receivable by non-executive Directors and former Directors	44,041	6,180
The aggregate emoluments paid to or receivable by executive Directors and former Directors	554,750	500,918
The emoluments paid to the highest paid Director excluding pension contributions	149,025	133,685
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.	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director.	-	-

Adra started paying non-executive Directors from 1st January 2019. Based on advice from independent consultants, the annual remuneration levels for eligible Board members was set as £9,000 for the Chair, £5,000 for the Vice-Chair and Committee Chairs, and £4,000 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.

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18. EMPLOYEE INFORMATION

Consolidated and Association	2020		2019	
	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	197	192	190	179
Manual Staff	95	89	93	83
Wardens, caretakers & cleaners	7	7	6	6
TOTAL	299	288	289	268

	2020	2019
	£'000	£'000
Wages and Salaries	8,979	8,190
Social Security Costs	844	765
Pension Costs	1,119	1,056
LGPS Pension Movement (Note 17)	1,388	1,029
TOTAL	12,330	11,040

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

	Number
£ 70,000 to £ 80,000	1
£ 80,001 to £ 90,000	1
£110,001 to £120,000	1
£120,001 to £130,000	1
£150,001 to £160,000	1

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

19. ANALYSIS OF CHANGES IN NET DEBT

Consolidated and Association	At Beginning of the Year £'000	Cash Flows £'000	Non-Cash Movements £'000	At the End of the Year £'000
Cash and Cash Equivalents	4,220	326	-	4,546
Loans Due in One Year	-	(300)	-	(300)
Loans Due after One Year	(68,684)	(26,860)	-	(95,544)
	(64,464)	(26,834)	-	(91,298)

20. OPERATING LEASES

The Association holds properties, vehicles and office equipment under non-cancellable operating leases. As at 31 March 2020, commitments of future minimum lease payments were:

Consolidated and Association	2020		2019
	£'000	£'000	£'000
Land and buildings:			
Within the next year	158		177
In the second to fifth years	629		648
In more than five years	419		698
		1,206	1,523
Others:			
Within the next year	116		289
In the second to fifth years	-		-
In more than five years	-		-
		116	289
		1,322	1,812

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21. TAXATION STATUS

The Association has charitable status.

22. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

Consolidated and Association	2020	2019
Under management at end of year:	Number	Number
Housing accommodation	6,018	5,989
Supported housing	314	314
Sub-total	6,332	6,303
Under development at end of year	246	178
Total	6,578	6,481

23. RELATED PARTY TRANSACTIONS

The Board composition is 2 Councillors, 4 Tenants and 6 Independent Members.

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 tenant Board members in 2019/20 was £9,829 (2019: £9,543). There were no arrears on their tenancies at the reporting period end (2019: nil).

The transactions that occurred between Gwynedd Council and Adra during the year to 31st March 2020 are summarised as follows:

Invoices received from Gwynedd Council for services provided under normal commercial terms: £567,797 of which £40,891 (under normal 30 days payment terms) was outstanding as at 31st March 2020.

Invoices sent under normal commercial terms to Gwynedd Council totalled £476,772 (mainly in respect of Supporting People income and contributions towards capital works) with £113,215 owing to Adra as at 31st March 2020. A further £12,977,298 was received from Gwynedd Council for Housing Benefit contributions to 31st March 2020.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24. GRANT AND FINANCIAL ASSISTANCE

Consolidated and Association

The total accumulated government grant and financial assistance received or receivable at 31 st March 2020	Social Housing Grant / HFG2 / RTO	Energy Efficiency and Regeneration	Supporting People	Other
	£'000	£'000	£'000	£'000
Held as deferred capital grant	26,787	758	-	-
Recognised as income in Consolidated Statement of Comprehensive Income in year	437	-	331	-
	27,224	758	331	0

25. GROUP UNDERTAKINGS

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

Set-up work was undertaken in 2019/20 to ensure that Medra was ready to start operating, and some costs were incurred hence the need to produce this first set of Financial Statements for the Adra Group. The separate Medra 2019/20 Financial Statements will be filed with Companies House, and it is anticipated that Medra will start developing its first scheme of properties for market sale in 2020/21.