

Bro Myrddin Housing Association  
Annual Report and Financial Statements 2019/20







Our Vision is simple...  
To be there for our people

**Our aspiration is to be an exceptional Housing Association. We will do everything within our resources to deliver excellence for our people and our communities.**

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Registered Office:  
Plas Myrddin,  
Merlin Street,  
Carmarthen,  
SA31 1RU.

Registration  
The Association is registered;  
I. as a charitable association under the Co-operative and Community  
Benefit Societies Act 2014 with Registration Number 23055R; and  
II. with the Welsh Government with Registration Number L069.

## A Message from the Chair



*Having been involved in this amazing sector for a great number of years, I am heartened, but not surprised, to have seen how it pulled together to support people and communities during such dark times, maintaining essential services regardless of that they encounter.*

2019/2020 has been a unique year for the Association, ultimately it has been another excellent year for us as we endeavour to be there for our people. It also saw us celebrate our 40th year in business marked by a Resident Fun Day on 30 July 2019.

However, and most notably, the end of the year (March 2020) saw our communities encounter the most challenging modern day times thought possible, due to the COVID-19 (C-19) global pandemic.

We live in hope that we are now through the most difficult and fatal times of the virus, I am incredibly proud of the way our excellent staff responded to the challenge with energy, commitment and passion. The transition away from business as usual was seamless and I must particularly thank our Care Homes staff who continue to act courageously every day to deliver key services to our most vulnerable resident group.

Having been involved in this amazing sector for a great number of years, I am heartened, but not surprised, to have seen how it pulled together to support people and communities during such dark times, maintaining essential services regardless of that they encounter. We know many of our people will have experienced financial loss as a direct result of C-19 and we suspect this will continue as the country gradually returns to a form of normality. We will work closely with those impacted and support them to maintain their tenancies well in to the future. We will also continue to deliver our C-19 welfare services until well beyond any trace of this virus has disappeared.

CYMDEITHAS TAI  
BRO MYRDDIN



BRO MYRDDIN  
HOUSING ASSOCIATION

As we dare to think of us as having come through the most difficult times, we look forward with optimism, hope and a renewed sense of what is important. Community spirit and support has never encountered such a test, it passed the darkest of times with flying colours, but the uncertainties and worry continue. Our services have become ever more important as we do all within our capabilities to be there for our people as we support those grieving and look to restore lives and communities.

It gives me pleasure to introduce our 2019/2020 Annual Report and Financial Statements which evidences the excellent strides the Association has taken towards delivering its vision and priorities. As we move in to the new financial year and beyond, our focus remains on Caring, Listening and Delivering for our People and Communities.

**Lesley Penn**  
Chair, Board of Management



# Chief Executive's Introduction



*We have always regarded ourselves as an engaging Association, however, demonstrating engagement with our people has been a key priority for us this year.*

**A total investment of almost £18m**



**building 89 new homes and purchasing 9 individual properties**

It gives me pleasure to present to you our Annual Report for 2019/20 as we complete yet another exciting year for the Association.

We are blessed with an array of stories and performance measures that are testament to the hard work and commitment of everyone involved with the Association.

As a developing Association, we are proud to have worked in partnership with local development firms, Tycroes Group, Jones Brothers (Henllan) and Morgan Construction to increase our social housing stock by 7% during 2019/20, with a further 4% set for completion before summer 2020. This sees a total investment of almost £18m, building 89 new homes and purchasing 9 individual properties throughout our communities to increase the supply of social housing homes within Carmarthenshire.

This level of investment is only possible due to the continued support of our key strategic partners, Carmarthenshire County Council and Welsh Government, who provide housing grants for much needed social and affordable housing in Wales. Our funders also play a pivotal role and have to date provided us with over £23m in funding.

We are passionate about our people and communities and delivering services based on their various needs. We have always regarded ourselves as an engaging Association however demonstrating engagement with our people has been a key priority for us this year. Our long-standing estate walkabouts have been held at each of our sites this year as opposed to every two years of old. These walkabouts saw us engage directly with 10% of our people, and we're thrilled that 89% were positively satisfied with the Association and the services we deliver and 91% of them felt we listen to them.

We celebrated our 40th year in business this year and marked the occasion with a Resident Fun Day held at the Excel Bowl in Carmarthen. Our cover picture is of Ella-Rose and Zac who won the selfie competition, pipping to the post First Minister Mark Drakeford who popped by. It was lovely to see so many of our residents attend, 122 in total, many of who were young families who enjoyed a fun filled day of activities, designed to be central to our business planning, helping to shape our current and future services.



  
**£40.7k**  
**of additional money secured for residents**

Nationally, 2019/20 was a unique and turbulent year, it began with the uncertainties around Brexit and concluded with the challenges of COVID-19. This has been really tough on our people and I am proud of how all staff have pulled together and worked tirelessly to change and shape our services to continue to support residents, despite being in lockdown. Our Financial Inclusion service for example has directly supported resident access £40.7k of additional money that would have ordinarily been lost. In addition to this, 137 residents were supported with UC logs, 47 council tax reduction claims, 18 white goods grants and 7 residents were successfully supported in getting loan debt cases written off.

Our report demonstrates the many other examples of great work and successes during the year and touches on how we intend to push these further over coming months and years. Our 2020 Corporate Business Plan provides more of this detail and I invite you all to read that to learn how we achieve our vision of being there for our people by Caring, Listening and Delivering.

**Hilary Jones**  
Chief Executive



# About us

## Our Mission...

To enrich people’s lives by providing good quality and sustainable homes through an organisation that people are proud to be associated with.

We want to make a lasting and positive difference to the lives of all our current and future people. Our Residents are who we exist for and our Staff are who we are,

it is important to us that those two stakeholders are instrumental in shaping the Association and the services it delivers.



## Our Homes and Communities

Our communities are within the South West Wales counties of Carmarthenshire and Pembrokeshire.

### Stock profile



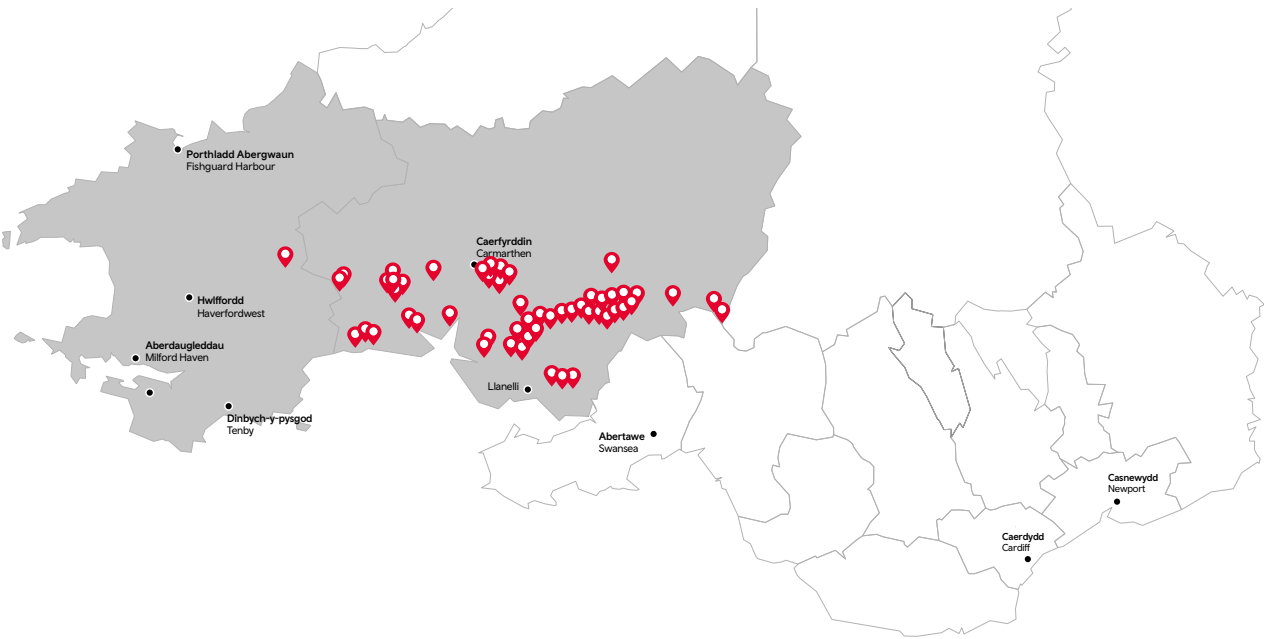
We have **396** flats



We have **443** houses



We have **96** bungalows

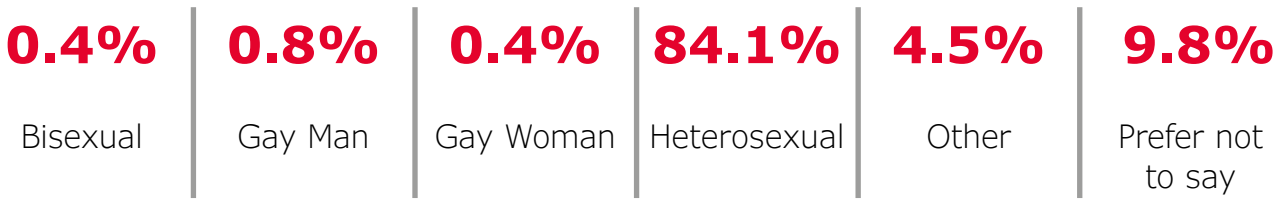


## Our Services

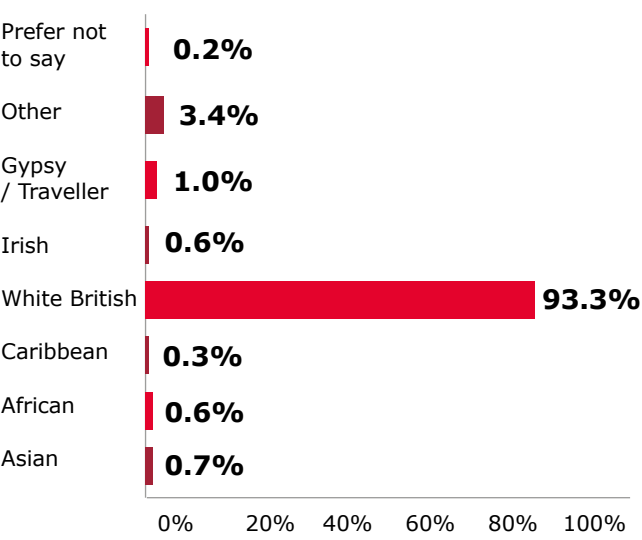


## Our Residents

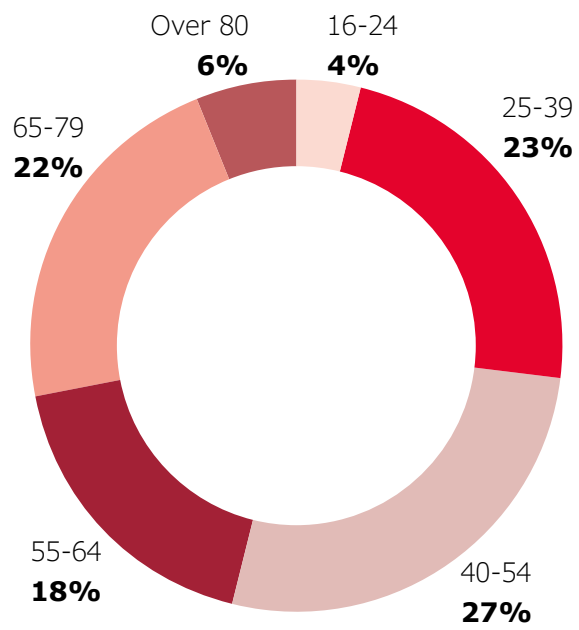
### Residents Sexual orientation



### Residents Ethnicity



### Residents age profile





Resident Forum

Our resident forum is one of our ways of listening to residents and is open to all residents. The Forum broadly meet every quarter and play an integral role in shaping current and future services, policies and strategies.

Members meet in their capacity as individuals and are not representatives of other residents. The forum met 3 times during 2019/20.



Our Executive Management



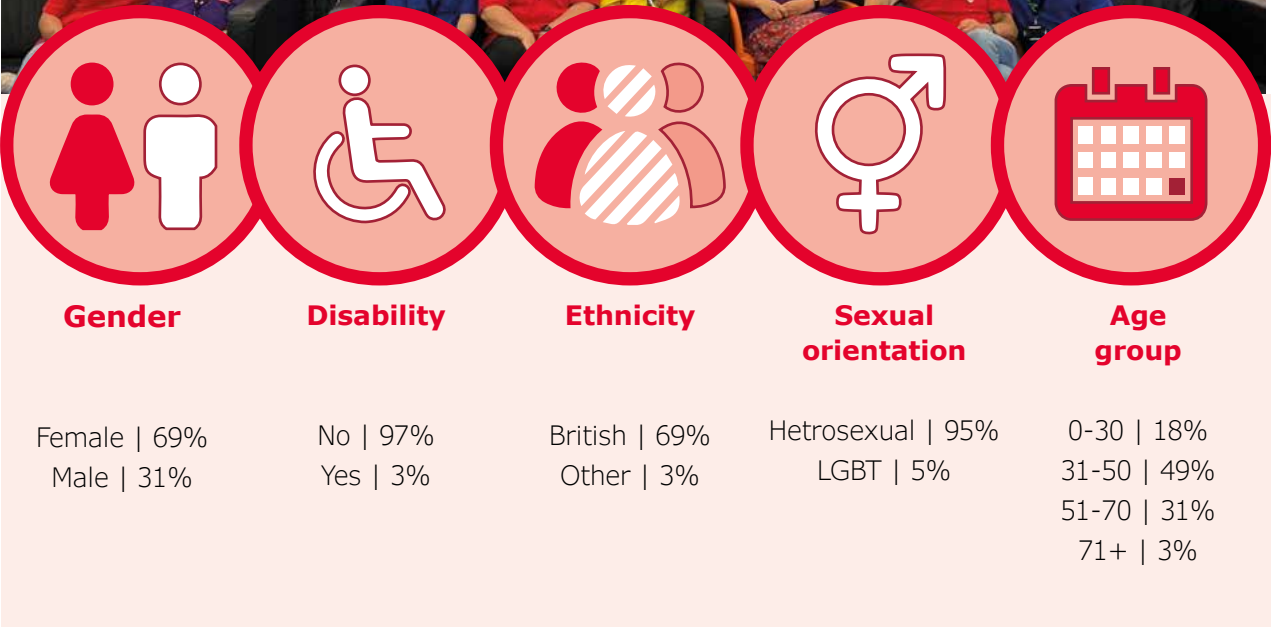
**Rhodri Jones**  
Director of  
Resources

**Hilary Jones**  
Chief Executive

**Tracy Rees**  
Director of  
Operations

Our Staff

Our staff are representative of our communities, **85%** of the **39** individuals who work at the Association live in our communities.



Our Advisors

**BevanBuckland LLP**  
Chartered accountants, tax and financial planners

External Auditors:  
Bevan Buckland LLP  
Langdon House,  
Langdon Road,  
Swansea, SA1 8QY

**tiaa**

Internal Auditors:  
TIAA Ltd  
Artillery House,  
Fort Fareham,  
Newgate Lane,  
Fareham, PO14 1AH

**BARCLAYS**

Principal Bankers:  
Barclays Bank PLC,  
Corporate Banking Centre,  
1st Floor,  
1 Callaghan Square,  
Cardiff, CF10 5BT

**Devonshires**  
solicitors

Devonshires Solicitors LLP  
30 Finsbury Circus,  
London, EC2M 7DT

**H|J**

Hugh James LLP  
Two Central Square,  
Cardiff, CF10 1FS

**DARWIN GRAY**

Darwin Gray LLP,  
10 Churchill Way,  
Cardiff, CF10 2HE



# Our Priorities

Our Business Planning is developed entirely in consultation with all of our People and focuses in on what our Residents and Staff tell us, that we Care, Listen and Deliver.

We deliver our priorities through five Delivery Streams;

## Improving homes



## Maintaining tenancies, homes and communities



## Delivering more homes



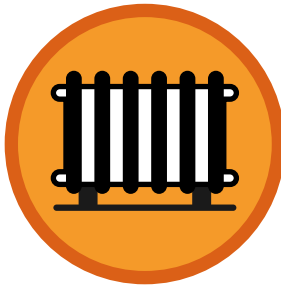
## Being a well-run business



## Focusing on our people and communities



## Improving homes



**116**  
homes had Heating upgrades, with new, more efficient systems



**36**  
homes were fitted with new windows



**28**  
homes received kitchen upgrades



**8**  
homes had their bathrooms upgraded

Having the right living environment is important on many levels, sometimes we all too often concentrate solely on efficiency and affordability. We are equally as passionate about the impact on a persons physical and mental wellbeing.

A property's efficiency rating make both a more affordable and comfortable home for our people. As at 31 March 2020 the average Energy Performance Certificate (EPC) rating for the Association's housing properties stood at 70.22 (2018/19:69.3) this is against a national average of 61 (reported October 2019). This is achieved through a combination of property upgrade works and development of new efficient homes.

Last year, having listened to our residents, we targeted heating upgrades, in particularly electric storage heaters, and we upgraded 116 of our homes with new more efficient systems. A further 36 homes were fitted with new windows, 28 homes received kitchen upgrades and 8 homes had their bathrooms upgraded.

We understand the importance of planning our work to both minimise disruption for our people, and to provide our people with a clear picture of expectations. During 2019/20 we continued to work hard on our asset management and investment planning. Our ratio of responsive works to planned works for the year stood at 35/65, this outperforms the sector best practice of 40/60. This demonstrates efficient allocating of work and promotes value for money in our operating environment.

The external environment is equally as important and during the year we spent £40k on external boundary work and repairs. This included over 250m of fencing at 30 of our homes/sites.

Some other areas of course are our residents pride and joy or even an area of solace. We ran our annual glorious gardens competition during the summer and this year the top prize of best garden went to Mrs Butterworth picture here for the most beautiful array of colours on show.





Maintaining homes, tenancies and communities

One of our number one priorities each day is the **Health & Safety** responsibilities we hold as landlords as this provides the foundations that we work from.

Maintaining property servicing **compliance** is a paramount factor in this and we continue to set ourselves a target of 100% compliance within all 7 areas; Gas, Oil, Electric, Coal, Legionella, Asbestos and Fire Risk. During the year we added our live compliance reporting dashboard to both staff and Board portals.

The last remaining Asbestos inspection reports were completed during the year and, with the exception of electrical certificates, a 100% compliance rate was maintained throughout the year. The electrical certificates dropped to 99.8% at 31 March 2020 due to two properties denying access during the COVID-19 pandemic.

Working with internal auditors TIAA we increased the level of scrutiny on our compliance reporting, introducing targeted quarterly compliance checks and increasing the frequency of deep dives on each area to every two years. TIAA completed four compliance checks and we were pleased to receive full compliance on all reviews.

**Sustaining successful tenancies** is of paramount importance to us and we measure this by assessing the level of tenancies over 12 months.

As at 31 March 2020 85% of tenancies were over 12 months, excluding new homes brought in to management during the year, the figure stands at 91% up from the 90% reported in 2018/19. 84% of the tenancies ended during the year related to tenancies that were more than 12 months.



100% compliance maintained

85% of tenancies are over 12 months

There are occasions where people face the harsh dilemma that their home is no longer suitable for their needs and face the real possibility of having to move away from their much loved **community**.

A resident of ours' health had deteriorated rendering them confined to the ground floor of their 3 bed house. All bar one of their children had flown the nest placing a great deal of pressure on them and restricted the residents ability to live independently.

Aware of an empty bungalow on the same site we purchased the property and renovated to better meet their needs. Working with partner agencies, we also supported them to access grants.



Their life has changed beyond recognition and are much happier. The property is also more affordable to run. One of their favourite hobbies is now relaxing on their patio, enjoying the sunshine.

**Repairs** is a substantial part of our business and their efficient and effective remedy is of vital importance to our people. Our approach this year has been to reduce the level of reactive repairs necessary by targeting planned works. During the year we invested £2.2m (2018/19: £2.1m) in maintaining our homes, undertaking 3,948 repairs and doing so within communicated timescales.

As with all Associations, **arrears** management is a large part of the job. During the year our arrears increased to 3.8% (2018/19: 3.4%). This is largely the result of an increased roll out of Universal Credit (UC) with 175 UC tenancies as at 31March 2020 compared to 53 in 2019. The average arrears of a UC tenancy has also increased from £320 to £428 as at 31 March 2020.

One of our most highly valued services, our **financial inclusion service** is there to support residents to maximise their income and manage their finances. During 2019/20 the service supported 220 of our residents access over £40k in income that may have ordinarily been lost.

A service we are very proud of is our work on **Physical Adaptations Grants** (PAG). Working with various partner agencies we delivered £0.2m of PAGs in 2019/20.



Sarah and Daniel (pictured here) are residents of Pendine. Sarah was struck by a rare virus which resulted in the loss of her fingers and toes. The simplest of tasks such as boiling the kettle, opening drawers/cabinets, using the cooker became challenging.

Working with Howdens we designed a kitchen that gave Sarah her independence back.

The investment has been liferestoring for Sarah, Daniel and their two children.

2017/18	2018/19	2019/20	Target
Emergency repairs average days	1	1	0.9
Urgent repairs average days	3	4	4
Routine repairs average days	12	13	14

2017/18	2018/19	2019/20
Emergency repairs	888	840
Urgent repairs	1632	1820
Routine repairs	1084	1627





Delivering more social and affordable homes

It is well documented that there is a shortage of good quality social and affordable homes throughout the country. We're passionate about playing our part in increasing the supply and we do this by working in partnership with local contractors to build new homes and by acquiring individual properties within our communities and bringing them up to standards.

During 2019/20 we acquired 3 individual properties and completed on 52 new homes at 3 development sites, a total investment of £8.9m, and we have more to come. A 37 unit site was scheduled to complete May 2020 (prior to COVID-19 pandemic), a 19 unit site commenced works March 2020 and an additional acquisition completed April 2020. These equate to a further £8.3m investment in our communities.

This level of investment is only possible due to the continued support of our key strategic partners, Carmarthenshire County Council and Welsh Government who provided £9.9m capital housing grants.



Over many years, our communities have seen an increasingly aging population. In our support of the authorities strategy we have provided more affordable family homes. 80% (44 homes) of the homes completed during the year were homes for 4 or more residents. This will drop to 51% (29 homes) with the remaining sites, however this is due to the 37 unit site being within Carmarthen town centre which has a shortage of 1 bedroom flats.

Residents of our latest site at Maes Y Bryn Llangennech stated the following;



*"Very good property, very quiet and I've had an excellent experience with BMHA."*

*"Everything about the whole moving in process was good and the house is great".*

*"the house is lovely and spacious, lots of space for the children to play. Really handy having two toilets and a wet room and a lovely big kitchen".*

53

**new homes built across 3 development sites**

Our homes are accessible to all through Carmarthenshire's Canfod Cantref/Home Finder site which replaced the former housing register in 2019/20. The site allows current and prospective residents to register and bid for properties. During the year we had 137 homes become void and along with the 55 new properties, we received 4,706 bids.

**Total investment of £8.9m in our communities**

Average days



80%

**of homes completed contained 4 or more bedrooms**

One such case was a young family who lived in South West England. In an abusive relationship our resident had 2 sons, one of which was severely disabled with very specific, and complex physical needs. Working closely with the Accessible Homes team and Occupational Therapists we found a property that would be able to be adapted to meet their needs. With extended family living in Carmarthenshire, the boys and their parent love their new home, it's completely changed their life for the better. "I can't thank Bro Myrddin enough for making it possible".

Void turnovers are closely managed to balance loss of income against planned versus responsive works ratio, on the basis that doing as much work prior to a resident moving in as possible is both beneficial to the resident and the Association. This, along with a small number of challenging empty homes, has seen the average void cost increase to £2.2k from last years £1.3k. However through improved planning, the void turnover days have decreased throughout each category.



Void turnover






2017/18	2018/19	2019/20
Average Void relet days - standard		
2.6	14.8	0.0
Average Void relet days - Component replacement		
13.5	30.2	26.2
Average Void relet days - Major Repair		
32.9	91.0	48.3
Average void cost		
£1,355	£1,297	£2,209

Rent Affordability was, rightly so a hot topic during 2019/20. In 2018, 87% of our residents felt the rent offers value for money. During the year we engaged with residents to better understand their view on affordability and developed a minimum wage rent affordability model. Our 2019/20 rent and service charges were on average 28% of a household income, based on a household working 30 hours per week, paid at minimum wage, in 3 bed home or below and 37 hours per week at minimum wage if living within 4 bed or more.

**87%**  
**of Residents feel their rent charges offers value for money**

Focusing on our people and communities

Engaging and listening with our residents is a priority of ours. During the year we have increased the number of communication channels we operate, in particularly social media and the likes of SMS, e-mail and resident self-service portal, mindful of peoples changing preferences for contacting.

	2018/19	2019/20
 Telephones	5997	9,936
 Social Media	n/a	13,258
 In Person	3633	2,699
 Website (incl App)	10	88
 Other (SMS, surveys, email)	2711	3,540

During the year we held a number of events such as our resident fund day, which was attended by 122 residents, and estate walkabouts at 789 of our homes drawing involvement from 157 residents. We asked residents whether they felt we listen to them and are proud to have receive a 91% satisfaction rating.

Resident engagement in events



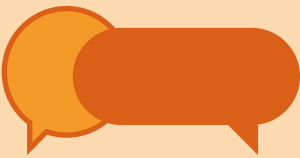
100% of stakeholders would recommend Bro Myrddin

Our ‘you said, we did’ initiative was rebranded during the year to ‘we listened’ and we logged 16 (2018/19: 12) direct actions taken, these include providing new washing lines, new car park parking bays and installed new aerials, to name a few.

We received 19 complaints during 2019/20, down from 25 the previous year. 100% of complaints were successfully resolved with only 3 resolved at stage 2. The number of compliments received during the year doubled from the previous year’s 52 to 101. We receive compliments across all areas and services including staff and contractors. By its nature, one of our most valuable service for residents is the financial inclusion service; “The drop in service provided by Bro Myrddin has been an incredible help and I do not know where I would be if this was not available, the help from Louise has been lifesaving”.

We undertook an independent stakeholder survey during the year receiving an average 5 star rating of 4.9 and 100% of respondents would recommend us. The report concluded that “Bro Myrddin is strongly endorsed as being a professional organisation, with integrity, a strong local presence and can-do attitude. Stakeholders value the customer focus, ambition and partnership work and unanimously cite the business plan priorities as important”.

These statistics are testament to our staff who care about delivering high quality services and an unquestionable commitment for being there for our people.



Average of 8.4 days training days per staff member

Their energy and passion doesn’t stop there, during the year we raised £800 for local charities, donated numerous foodbank parcels and many of our staff volunteer across our communities supporting local clubs and societies.

Investing in our staff is a longstanding commitment of ours and we are proud to continue. During the year each staff member received an average of 8.4 days of training a monetary investment of over £40k. This year’s programme included a bespoke Leadership Development Training for senior managers developed in partnership with training providers TSW.

A number of our staff have successfully completed various qualifications such as Women Lead the Board, Charter Member Status of CIH and CIH Level 3 Certificate in Housing. In return we were awarded Apprentice Employer of the year for 2020 by Gower College.

Looking externally, we continued our partnership with Coleg Sir Gâr increasing the number of work experience days for their ICT students to 13 (2018/19: 8). We also held mock interviews with year 10 pupils at Bryngwyn School, Llanelli to provide them with invaluable interview experience.



2019/20 saw us establish our Community Fund which, when fully operational in 2020/21, will see residents and community groups access resources to support them in delivering projects that supports a lasting legacy within our communities.

The fund will support the ongoing community benefits work that we do, which we delivered £10k worth of benefits during 2019/20. One project completed during the year was the external regeneration works at DrMz youth drop in centre in Carmarthen. The youth project is attended by many of our residents aged between 11 and 25 where they provide a comfortable, safe, informative and stimulating place for young people to meet. The community benefits project saw an investment of £8k to the centres external environment and was delivered in partnership with Morgan Construction, our principal developers at our Cwmgwili development site.

£10k of Community Benefits delivered during the year





Being a well-run business

Our purpose is clear and we achieve what we set out to do – knowing who does what and why. We are clear in our position that the corporate vision is driven by the top. The Board of Management hold ultimate responsibility for the governance, leadership and stewardship of the Association. Board do this through a strict Code of Governance that establish and maintain clear roles, responsibilities and accountabilities for Members and Officers.

During the year, Board held six business meetings, a Business Planning Away Day was held in February 2020 and in January 2020 a Special General Meeting was held for the adoption of the new Community Housing Cymru Model Rules 2017. The Boards sub committees; the Performance, Audit and Risk Committee and the Personnel and Remuneration Committee met four times and twice respectively.

Bimonthly performance meetings are held between line managers and each staff member to discuss and review the requirements of their role, current performance and how each role is entwined with organisational priorities. 202 meetings were held in total during the year by 13 line managers, a completion rate of 98%.

Having in place a robust risk management framework is a key component of any well-run business. Our strategic risk register reports and monitors our highest Strategic, Operational, Compliance, Financial and Reputational risks. As at 31 March 2020 a total of 33 strategic level risks were identified, 12 of which were deemed high enough to be escalated to our Board Assurance Framework Risk register. Page 27 provides further insight in to our principal risks.



In addition to a risk register our Board Assurance Framework includes an internal control register. This identifies 12 key activities we undertake, and details the relating strategy and three tiers of assurance.

Our independent internal auditors play a pivotal role in supporting us make a judgement around assurance. We worked closely with our internal audit providers TIAA at the start of the year to develop a plan that better supports our ever evolving business needs. This saw the introduction of high level compliance checks targeted at our landlord health and safety compliance and our risk assurance management.

TIAA completed 11 reviews during the year and made only 3 routine and 8 operational recommendations. Concluding with; “TIAA is satisfied that, for the areas reviewed during the year, Bro Myrddin Housing Association has reasonable and effective risk management, control and governance processes in place”.

System	Assurance Assessment	Urgent	Important	Routine	Operational	Outstanding
Development review	Substantial	-	-	1	2	
Duty of Care – Fire Safety	Substantial	-	-	-	-	
Duty of Care - Asbestos Management	Substantial	-	-	1	-	
Quarterly Operational Risk Assurances	Passed	-	-	-	1	
Quarterly Core Controls Compliance	Passed	-	-	1	-	
Follow-up	Follow Up					0

Our scrutiny panel provide an additional level of internal probity. They monitor performance and identify areas that need further attention and provide recommendations to improve services where found necessary.

As at 31 March 2020, the panel had 7 members and met 9 times during the year. They made 3 formal recommendations having reviewed Anti-Social Behaviour service and were instrumental in the development of our new Resident Involvement Strategy.

Our values are what drive our behaviours and both are of unequivocal importance to us. A primary concern of ours, is how residents view us and our services and that they regard our services, as providing value for money. We were pleased therefore to learn that 89% of residents

gave positive responses about our services. “Very happy with Bro Myrddin as a landlord”, “You have been brilliant I can’t praise you enough”.

We want to do more and during the year we undertook our inaugural lean review which looks at the practices and processes within the business to see where improvements can be made. The aim of these, along with other initiatives such as agile working, is to drive greater efficiencies in the business so that we can do more and drive up satisfaction even further. We believe this is key for creating even more value for money for our people.



## Our Values

Motivated

We care about all of our people and what we do, we are driven to provide opportunities for positive outcomes.

Accountable

We set our destination through dialogue with our people and are honest about the journey towards those ever evolving goals.

Proactive

We strive to position ourselves ahead of the curve, seeing ourselves as a customer focused, solutions centred organisation that is innovative in thought.

Together

We are united in our common purpose and our want to achieve what we set out to. We work collaboratively as individuals, communities and as a sector.

Efficient

We maximise our resources and minimise wasted effort to achieve value for money in all that we do, doing things right first time at the right time.

A key component of any successful business is compliance with statutory requirements. In May 2019 we received our continued top regulatory judgement of Standard/Standard and there continues to have been no data protection breaches or missed statutory submissions.

Our Annual report acts as our primary form of publishing our self-evaluation and includes a detailed blend of statistics, figures and insight that demonstrates achievement of our corporate priorities. This is supported by our corporate business plan that details our current and future priorities.

Our finances speak for themselves.



	Turnover	Operating Surplus	Cash at bank	Land & Buildings	(cost) Reserves
	£'000	£'000	£'000	£'000	£'000
17/18	5,072	1,219	2,653	53,395	8,008
18/19	5,278	1,138	3,628	59,787	8,050
19/20	5,346	1,120	3,228	67,685	8,465



## Governance

### Board of Management

Bro Myrddin Housing Association is a Public Benefit Entity whose principal activities are the development and management of social housing within the South Wales authority areas of Carmarthenshire and Pembrokeshire.

The Association is led by a board of up to 10 voluntary, non-executive members who hold one vote each.

The expected length of service of board members will be to serve for at least three years and for a maximum period not exceeding nine years.

Co-opted Board Members can be appointed should there be a need for supplementary skills. Not more than five co-optees can be appointed at any one time. They hold the same voting rights as elected members, save on matters pertaining to positions of office to the board or matters affecting shareholders.

Meetings are typically held six times each year and quorum is three members, or half of its membership whichever is the lower. Executive Officers attend but hold no voting rights.

A Chair and Vice Chair is appointed annually by the Board at the first meeting after the Annual General Meeting. The term of office of the Chair is usually no greater than three years in any five year period but a maximum of five years in any seven years can be agreed should circumstances dictate. The Company Secretary is the Chief Executive Officer.

Chair of the Board	Lesley Penn
Vice Chair	Andrew Sivertsen
Board members	Ann Thomas
	Arwyn Davies
	Arwyn Thomas
	Delyth Evans Appointed: 19 August 2019
	Netia Louis-Preece Resigned: 24 June 2019
	Paul Ryan Appointed: 19 August 2019
	Simon Campbell-Davies
	Tim Llewelyn Co-opted: 16 March 2020



The Board has overall responsibility for control of the Association’s affairs. It is the strategic and policy making body; it sets targets and monitors performance.

The essential functions of the board are to:

- define and ensure compliance with the values and objectives of the Association;
- approve strategies and plans to achieve those objectives and to take decisions on any matters which have significant financial or other risk to the Association;
- approve the Association’s annual accounts, annual budget, five year corporate business plan and 30 year financial forecast;
- establish and oversee a framework of delegation and systems of internal control;
- establish and oversee a framework for the identification and management of risk;
- monitor the Association’s performance taking into account customer feedback and the performance of comparable Associations;
- appoint (and, if necessary dismiss) the Chief Executive and (based on the recommendation of the P&R Committee) approve the remuneration package and terms of employment;
- satisfy itself that the Association’s affairs are conducted lawfully and in accordance with the generally accepted standards of performance and propriety;
- approve Assets & Liabilities Register;
- approve Board Assurance Framework;
- establish and oversee a framework of compliance with landlord Health & Safety requirements and the wider health, safety and wellbeing of its people and its services.

The Board delegates some of its responsibilities for execution to the Performance, Audit & Risk Committee, to the Personnel and Remuneration Committee and to Executive Officers employed by the Association.

Both Committees comprise of up to 6 members appointed by the Board on an annual basis with members serving, if possible, not more than a five year term in succession.

Respective Committees appointed its Chair at the first meeting after the Annual General Meeting.

Performance Audit and Risk Committee (PARC)

A minimum of four meetings are held a year. Executive Officers and the Association’s Auditors attend meetings. The role of PARC is to be independent and its objective is to consider and make recommendations to the Board in respect of the internal controls operating within the Association. It takes an overview of the Association’s operations and hold consideration for value for money issues as well as probity. Its operation follows the Code of Audit Practice issued by Welsh Government.

Personnel and Remuneration Committee (P&R)

Two meetings are held a year and Executive Officers attend the meetings. The role of P&R is to consider matters relating to both the workforce and members in areas of employment, learning and development.

Board member recruitment

Board Members are ultimately responsible to the Association’s stakeholders; residents, funders, employees, local authority, wider community, future customers plus the Financial Conduct Authority and Welsh Government.

Members are tasked to work together constructively to ensure that the Association is managed and controlled appropriately; to ensure that it is accountable to its legitimate interest groups and stakeholders, and to ensure that it works within the requirements of the law and its funding bodies.

To act as a “guardian” of the mission and values of the Association.

Members are primarily recruited based on skills, knowledge and experience, these include, but are not limited to; legal, business, financial, governance, technical, housing and public sector, and HR.

The Board seeks to reflect its communities including its diversity, in terms of age, gender and minority groups such as disability and ethnicity.



Risk management

Responsibility for managing risks ultimately rests with the Board of Management who are committed to having in place a robust and effective risk management framework that safeguards the achievement of our vision and objectives.

The Board approves the Risk Strategy, Policy and Procedures and reviews the complete risk register at least annually. The Board Assurance Framework (BAF), which includes a Risk Assurance Register that provides details of the three lines of assurance on all the Association’s highest risks, is reviewed at least four times each year. The BAF also includes an Internal Controls Register which details the three lines of assurance on achievement of primary activities and deliverables.

Board delegate responsibility of monitoring the effective management of risk to the Performance, Audit and Risk Committee (PARC) who in turn entrusts the executive team with the responsibility for the day to day management of risk. PARC review the complete strategic risk register at every meeting and approve the accompanying Board Assurance Framework for subsequent reporting the Board.

Risks are scored on a 5x5 point matrix basis measuring the link between likelihood of the risk occurring and the most likely impact on the Association. Relating strategies are set to control and/or mitigate risks and these are monitored and reported to PARC/Board. The BAF Risk Register reports risks with a score of 8+.

Board define its Risk Appetite as ‘Cautious’.



Principal risks and uncertainties

ID		Score	
35	Coronavirus (Care Homes)	20	Operational plan in place that focuses on preventing virus entering homes and predetermined actions in the event of an outbreak.
9	Administration of medicines (Care Homes)	16	Strict monitoring of delivery and dispensing in place. Staff trained in medication handling and understanding side effects.
7	Collection and recovery of rent and service charges	16	Accounts monitored by assigned Officers. Referrals to financial inclusion service. Regular monitoring by management and Board.
34	Coronavirus (General)	16	Non-care staff working from home. Contactless services in place. C19 system monitoring. Weekly briefings. Financial provisions made.
1	Care Home delivery model change	12	Regular meetings with Commissioners, PQQ for Domiciliary Care submitted January 2019. Closer voids monitoring and planning.
23	Landlord Health & Safety compliance	12	24/7 remote monitoring and policies and procedures in place. Risk assessments of C19 residents implemented. Gas servicing continues.
15	Changes from Affordable Housing Review	10	Affordable rent model in place. Preparations for expected grant changes underway.
3	Resident abuse (including finances)	9	All staff trained in safeguarding. Independent private discussions held with residents and families. Quality of life questionnaires issued.
24	Failure to provide homes of WHQS	9	Full understanding of stock and its condition. Annual budget and 30 year Forecast demonstrate ability to fund works.
8	Interruption/loss of IT systems	9	Latest technologies deployed. Quarterly vulnerability testing in place. Datacentre offers 24/7 remote availability. NAS backup of all systems.
32	Failure to comply with UK	9	Plans in place to pilot refurbishment of a decarbonisation targets C rated property (76% of its stock) to understand ability and costs.
25	Failure to adhere to Financial Regulations	8	Trained staff. Systems automate approval limits to orders/invoice. Finance have control procedures in place to police compliance.
2	Impact of Brexit	8	30 year Forecast tested. Brexit planning memorandum prepared in the event of crash out.



Statement on Internal control

The Association wish to comply with Welsh Government Circular RSL 02/10 ‘Internal Controls and Reporting’.

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

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

It is the Board’s responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association’s assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;

- forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and in the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board reviews reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes regular reviews of the risks facing the Association and the existence of a two tier Board Assurance Framework that monitors both the Association’s highest scoring risks and delivery of its key deliverables;
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports;
- monitoring of the control system by internal and external auditors.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020 and until 22 June 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors’ report on the financial statements.

Statement of Board Responsibilities

The Board of Management are required, under housing association legislation, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements they are required to:

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

They are also responsible for:

- keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and enable us to ensure that the financial statements comply with the requirements of Financial Reporting Standard 102 (‘FRS 102’) and Housing SORP 2014, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015;
- safeguarding the company’s assets;
- taking reasonable steps for the prevention and detection of fraud.

Auditors

The auditors Bevan Buckland LLP are willing to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.

The report of the Board was approved on 22 June 2020 and signed on its behalf by

**Ms Lesley Penn**  
Chair of the Board



# Auditor’s Report on Corporate Governance

## Independent Auditor’s report to the members of Bro Myrddin Housing Association Limited on corporate governance.

In addition to our audit on the financial statements for the year ended 31 March 2020, we have reviewed the Board’s statement of Bro Myrddin Housing Association Limited (“the association”) compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting (“the Circular”).

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular, and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association’s corporate governance procedures or its internal financial control.

### Opinion

With respect to the Board’s statement on internal financial control on page 28, in our opinion the Board of Management has provided the disclosures required by the Circular, and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

*Bevan Buckland Use*

Bevan Buckland LLP  
Chartered Accountants & Statutory Auditors  
Langdon House  
Langdon Road  
Swansea  
SA1 8QY

Date: 22 June 2020



## Independent Auditor’s report to the members of Bro Myrddin Housing Association Limited on corporate governance.

### Opinion

We have audited the financial statements of Bro Myrddin Housing Association for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

### In our opinion the financial statements:

- give a true and fair view of the state of the Association’s affairs as at 31st March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Boards’ 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 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.





Independent Auditor’s report to the members of Bro Myrddin Housing Association Limited on corporate governance.

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 are 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 where the Cooperative and Community Benefit Societies Act 2014 require 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 of the Association; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 29), 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 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 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 Association or to cease operations, or have no realistic alternative but to do so.

Independent Auditor’s report to the members of Bro Myrddin Housing Association Limited on corporate governance.

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 website at <https://www.frc.org.uk/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 Part 7 of the Co-operative 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.

*Bevan Buckland LLP*

Bevan Buckland LLP  
Chartered Accountants & Statutory Auditors  
Langdon House  
Langdon Road  
Swansea  
SA1 8QY

Date: 22 June 2020



STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 £	2019 £
Turnover	2	5,345,706	5,277,595
Operating costs	2	(4,257,966)	(4,139,264)
Surplus on sale of housing fixed assets	6	-	69,300
Operating surplus	4	1,087,740	1,207,631
Interest receivable	8	11,302	17,598
Interest payable	9	(716,655)	(429,440)
		382,387	795,789
Finance costs - pension deficit	20	(32,000)	(32,000)
Surplus for the year		350,387	763,789
Other comprehensive income			
Recognition of multi-employer defined benefit pension		-	(528,066)
Actuarial gains/(losses) in respect of pension schemes	20	725,000	(194,000)
Surplus for the year and total comprehensive income for the year		1,075,387	41,723

None of the association’s activities were acquired or discontinued during the above two financial years

STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £	Major repairs reserve £	Total reserves £
At 1 April 2019	7,800,097	250,000	8,050,097
Surplus from statement of comprehensive income	1,075,387	-	1,075,387
Transfer to major repairs designated reserve	-	-	-
At 31 March 2020	8,875,484	250,000	9,125,484



STATEMENT OF FINANCIAL POSITION

	Notes	2020 £	2019 £
<b>Tangible fixed assets</b>			
Housing land and buildings – historical cost	10	67,684,875	59,786,814
– depreciation	10	(9,579,960)	(8,992,916)
		58,104,915	50,793,898
Other tangible fixed assets	12	85,505	124,897
<b>Fixed asset investments</b>			
HomeBuy loans receivable	13	286,871	286,871
<b>Total fixed assets</b>		58,477,291	51,205,666
<b>Current assets</b>			
Debtors: falling due within one year	14	316,525	515,995
Debtors: falling due after more than one year	15	2,169,771	2,245,878
Cash and cash equivalents		3,227,691	3,628,287
		5,713,987	6,390,160
<b>Current liabilities</b>			
Creditors: falling due within one year	16	(2,952,546)	(2,494,600)
Social housing and other government grants: amounts falling due within one year	18	(255,022)	(245,500)
<b>Net current assets</b>		2,506,418	3,650,060
<b>Total assets less current liabilities</b>		60,983,709	54,855,726
<b>Non-current liabilities</b>			
Creditors: falling due after more than one year	17	(23,820,843)	(19,140,672)
Social housing and other government grants: amounts falling due after more than one year	18	(27,409,341)	(26,236,914)
		9,753,525	9,478,140
Pensions liability	20	(628,000)	(1,428,000)
<b>Total net assets</b>		9,125,525	8,050,140
<b>Capital and reserves</b>			
Called-up share capital	21	41	43
Total reserves		9,125,484	8,050,097
<b>Total capital and reserves</b>		9,125,525	8,050,140

The financial statements on pages 34 to 55 were approved by the Board on 22 June 2020 and signed on its behalf by;

Chair of the Board – Ms L Penn

Vice Chair of the Board – Mr A Sivertsen

Secretary – Mrs H Jones

STATEMENT OF CASHFLOWS

	2020 £	2019 £
<b>Operating surplus</b>	1,087,740	1,207,631
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	662,602	609,741
Government grants utilised in the year	(255,023)	(246,967)
Re-measurement of Pension Liability	139,000	98,000
<b>Working capital movements:</b>		
(Increase)/Decrease in trade and other debtors	194,018	10,630
Increase/(Decrease) in trade and other creditors	(317,466)	557,780
Increase/(Decrease) in provisions		
Pension deficit cash contributions paid	(246,000)	(156,000)
<b>Net cash generated from operating activities</b>	1,264,872	2,080,815
Interest received	11,302	17,598
Interest and mortgage fees paid	(738,996)	(564,166)
<b>Adjustments for reinvestment in existing properties:</b>		
Component replacements	(480,108)	(590,440)
Purchase of other replacement fixed assets	(26,657)	(30,568)
<b>Free cash generated before loan repayments</b>	30,411	913,239
Loans repayments	(261,509)	(7,386,026)
<b>Free cash generated/(consumed) after loan repayments</b>	(231,098)	(6,472,787)
<b>Cash flow from investing activities</b>		
Purchase and development of properties	(7,527,618)	(5,630,906)
Grants received	2,358,120	3,743,626
<b>Cash flow from financing activities</b>		
New secured loans	5,000,000	9,335,167
<b>Net increase in cash and cash equivalents</b>	(400,596)	975,100
<b>Cash and cash equivalents at the beginning of the year</b>	3,628,287	2,653,187
<b>Cash and cash equivalents at the end of the year</b>	3,227,691	3,628,287

Notes to the financial statements  
For the year ended 31 March 2020

1. Basis of preparation

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 (registration number: 23055) and is a registered social landlord (National Assembly for Wales registration number: L069). The Association is a public benefit entity and adopted charitable rules with effect from 20 January 2005.

Format of accounts

The financial statements have been prepared in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice for “Accounting by Registered Social Housing Providers” as updated in 2018 (“SORP 2018”), and comply with the Accounting Requirements for Social Landlords Registered in Wales – General Determination 2015.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting.

Going concern

After reviewing the Association’s forecasts and projections, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

Turnover comprises rental and service charge income, fees, amortisation of grants and revenue grants receivable.

Value Added Tax (VAT)

The Association is partially exempt for VAT purposes, and claims are made for repayment of VAT on items that are specifically allowable. Expenditure is shown inclusive of irrecoverable VAT.

Taxation

The Association has no liability to corporation tax on its surplus for the year due to its charitable status.

Pensions – defined benefit schemes

The Association participates in an industry wide multi-employer defined benefit pension scheme, classed as a defined benefit scheme in the UK.

The Association accounts for its obligations on a Defined Benefit basis reporting its Net Pension Liability within the Statement of Financial Position.

Pension– defined contribution schemes

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

Provisions

Provisions are recognised where uncertainty exists in relation to the timing or amount that may be required to settle potential liabilities. Any amounts provided are included as expenditure in the statement of comprehensive income and recognised as liabilities in the statement of financial position based upon the Association’s best estimate of the associated liability.

Housing properties

Housing properties are principally properties available for rent and are stated at cost. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of the enhancement of economic benefits of the property.

Depreciation is charged on the historic cost of property components. Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of leases. The depreciable amount is written off over the estimated useful lives from the date of purchase/build.

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Deprecation is charged on cost on a

straight line basis over the component’s expected economic useful life.

The Association’s recognised components and associated useful lives are as follows:

Component	Years
Main Structure	50-150
Kitchens	20
Heating	15-20
Bathrooms	25-35
Windows	35
Front Doors	35
Back Doors	35

Grants and amortisation

Social Housing Grants (SHG) are capital grants receivable from the Welsh Government which are repayable in the event of disposal, demolition or change of use to an ineligible activity, save in circumstances where the Welsh Government considers it appropriate to reduce the amount repayable. These are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired.

Grants received from central government agencies and local authorities are shown within creditors on the face of the statement of financial position. Grants relating to assets are recognised in income on a straight line basis over the expected useful life of the asset. Government grants received for housing properties are recognised in income over the expected useful life of the housing property structure as follows:

Houses – main structure	150 years
Flats – main structure	50 years

Where grants are received in advance they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. Grants receivable in respect of completed schemes or those under construction are included as debtors in the financial statements.

Grants are repayable under certain circumstances, primarily following the sale of a property. Such repayable grants are included within creditors in the statement of financial position.

SHG received in respect of revenue expenditure is credited to the income and expenditure account in

the same period as the expenditure to which it relates.

Physical Adaptation Grants (PAGs) and the expenditure to which they relate are credited/debited to the income and expenditure account as from 1 April 2015. (Prior to this, they were credited/debited to Social Housing Grant/Housing Property Cost on the balance sheet).

Housing finance grants

Housing finance grants (HFG) are capital grants receivable from the Welsh Government which are repayable to the extent that such amounts have been received in the event of the disposal, demolition or change of use to an ineligible activity. These are designed as a contribution towards the capital cost of providing new social housing and are received in instalments over a term of 30 years commencing once a scheme is approved for development

Impairment

Impairment reviews are carried out annually. Where it is recognised that there is a diminution of value of an asset, the full reduction in value is written off to the income and expenditure account in the year.

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.

During the year the Association did not identify any scheme where the future income stream is limited, and no impairment provision has been recognised.

Other property, plant and equipment and depreciation

Depreciation is provided evenly on the cost of other property, plant and equipment to write them down to the estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Furniture and office equipment	15% - 25%
Computer equipment	25%
Hostel furniture equipment	25%



Notes to the financial statements  
For the year ended 31 March 2020

Capitalisation of Costs of Development

Costs that are directly attributable to bringing properties into working condition for their intended use are included in housing property costs.

HomeBuy loans receivable

Equity loans have been made, under low cost home ownership arrangements, to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages. Equity loans are included in the statement of financial position at historic cost. The Association is entitled to a proportion of the market value corresponding to the equity interest at a time when homeowners either dispose of their property or when they choose to repurchase some, or all, of the equity loan.

Loans

Loan arrangement fees are capitalised and recognised as expenditure over the term of the loan through the effective interest rate applied to the loan and amendments thereto when subsequent fees arise during the course of such loans. Interest on loans is recognised in like manner using the present value of estimated future interest payments.

Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Low Cost Home Ownership

Surplus or deficit made on either the administration of Do-it-Yourself Homebuy Option or on the development of subsequent sale of Low Cost Home Ownership properties are charged or credited to the Statement of Comprehensive Income at the time the full sales proceeds are received. In the case of properties where the Association retains an equity share, no surplus is reported until such a time as the equity share is sold.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- Impairment of social housing properties
- Defined benefit pension scheme
- Categorisation of properties between investment properties and property, plant and equipment

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

- Depreciation
- Bad and Doubtful Debt
- Provision for future liabilities required to return parity to the Association's operating environment subsequent to the COVID-19 global pandemic

Notes to the financial statements  
For the year ended 31 March 2020

2(a) Turnover, operating costs and operating surplus

	Turnover 2020 £	Operating costs 2020 £	Operating surplus 2020 £	Turnover 2019 £	Operating costs 2019 £	Operating surplus 2019 £
Social housing lettings	5,040,913	(3,727,274)	1,313,639	4,892,117	(3,615,091)	1,277,026
Other social housing activities						
Development Services	182,846	(263,019)	(80,173)	241,294	(288,666)	(47,372)
Non-social housing activities						
Other	121,947	(128,673)	(6,726)	144,184	(137,507)	6,677
Re-measurement of Pension Liability	-	(139,000)	(139,000)	-	(98,000)	(98,000)
Total	5,345,706	(4,257,966)	1,087,740	5,277,595	(4,139,264)	1,138,331

2(b) Income and expenditure from social housing lettings

	General needs and sheltered housing £	Supported housing £	Other social housing £	2020 total £	2019 total £
Income					
Rent receivable	4,237,419	335,007	-	4,572,426	4,412,874
Service charge income	195,874	-	-	195,874	205,278
Grant income for support services	17,590	-	-	17,590	28,465
Amortisation of social housing and other government grants	255,023	-	-	255,023	245,500
Turnover from social housing lettings	4,705,906	335,007	-	5,040,913	4,892,117
Operating costs					
Management of operations	(687,936)	(356,640)		(1,044,576)	(1,188,228)
Service charges	(233,432)			(233,432)	(219,516)
Routine maintenance	(1,125,994)	(10,099)		(1,136,092)	(1,090,948)
Major repairs expenditure	(515,597)	-		(515,597)	(409,264)
Bad debts	(83,438)			(83,438)	(35,466)
Depreciation of housing properties	(714,139)			(714,139)	(671,669)
Operating costs on social housing lettings	(3,360,536)	(366,739)	-	(3,727,274)	(3,615,091)
Operating surplus/(deficit) on social housing lettings	1,345,370	(31,732)	-	1,313,639	1,277,026
Memorandum information: Rent foregone due to properties being vacant	36,911	84,766		121,677	58,232

Central overheads are allocated based on staff utilisation in each year.

Notes to the financial statements  
For the year ended 31 March 2020

3(a) Key management personnel

The remuneration paid to key management personnel (defined as members of the Board and the Executive Officers) of Bro Myrddin Housing Association Limited was:

	2020 £	2019 £
Aggregate emoluments of executive officers	326,084	272,627
Aggregate emoluments of Board Members	-	-
Emoluments of highest paid director (Chief Executive), excluding pension contributions	100,045	86,495

The full time equivalent number of key management personnel whose remuneration payable (including pension costs) in the period fell within the following bands was:

	2020 £	2019 £
£50,000 – £59,999	-	2
£60,000 – £69,999	1	-
£70,000 – £79,999	1	1
£80,000 – £89,999	-	-
£90,000 – £99,999	-	1
£100,000 – £109,999	1	-
£109,000 – £119,999	-	-

The Chief Executive is an ordinary member of a contributory pension scheme (Social Housing Pension Scheme). No enhancement or special terms apply and the Association makes no contribution to any individual pension arrangement. The contributions for the year in respect of the Chief Executive's pension fund (comprising contributions from both employee and employer) amounted to £20,602 (2019: £18,076).

3(b) Employee information

The average number of staff (including executive officers) employed during the year was:

	2020 Staff	2019 Staff
Average number of employees (full time equivalent) during the year	35	37
Actual number of employees (headcount) at year end	38	41

	2020 £	2019 £
<b>Staff costs</b>		
Wages and salaries	1,119,822	1,076,098
Social security costs	95,679	102,794
Pension costs	139,428	45,011
<b>Total staff costs</b>	<b>1,354,929</b>	<b>1,223,903</b>

Notes to the financial statements  
For the year ended 31 March 2020

4. Operating surplus

	2020 £	2019 £
Profit for the year from continuing activities is stated after charging/(crediting):		
Depreciation		
– housing properties	714,139	671,669
– property, plant and equipment	34,771	48,609
Amortisation	(255,023)	(245,500)
Bad debts	83,438	35,466
External auditors' remuneration:		
– In their capacity as auditors	12,570	11,580
– In respect of other services	-	-
Internal auditors	10,120	10,363
Operating lease rentals:		
– Land and buildings	63,480	60,870
– Other assets	4,286	3,348

5. Re-measurement of Pension Liability

	2020 £	2019 £
<b>Re-measurement of Pension Liability</b>	<b>139,000</b>	<b>98,000</b>

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The scheme's actuary estimates these factors in determining the net pension obligation in the balance sheet and the movement from re-measurement is put through the Statement of Comprehensive Income's Operating costs.

6. Surplus on sale of fixed assets

	2020 £	2019 £
<b>Sales proceeds:</b>		
– Homebuy	-	193,809
<b>Cost of sales:</b>		
– Homebuy	-	(124,509)
<b>Surplus on sale of fixed assets</b>	<b>-</b>	<b>69,300</b>



Notes to the financial statements  
For the year ended 31 March 2020

7. Contingent liabilities

The Association amortises government grants over the useful life of the properties, as required by Housing SORP 2018. Although the Association has no current plans to sell its housing land and buildings, if it were to then government grants may become repayable. The total contingent liability at year end is £7,257,476 (2019: £7,002,434).

An employer debt could arise on withdrawal from the Association's final salary pension scheme arrangements through the Social Housing Pension Scheme (SHPS). The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30 September 2019 was £5,308,775 (2017: £4,968,625). As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.

8. Interest receivable and similar income

	2020	2019
	£	£
Interest receivable from investments	11,302	17,598

9. Interest payable and similar charges

	2020	2019
	£	£
Interest payable on bank loans and overdrafts	716,655	429,440

Interest payable includes £26,209 (2019: £33,862) of imputed interest from the effective interest rate calculation.

Notes to the financial statements  
For the year ended 31 March 2020

10. Tangible fixed assets - Housing land and buildings

	Social Housing Properties £	Shared ownership £	Properties in the course of construction £	Total £
<b>Cost</b>				
At 1 April 2019	52,638,684	94,995	7,053,134	59,786,813
Property acquisitions	529,069	-	7,018,605	7,547,674
Development schemes completed	9,057,941	-	(9,057,941)	-
Components replaced in existing properties	477,484	-	-	477,484
Component disposals	(127,096)	-	-	(127,096)
Housing property disposals	-	-	-	-
<b>At 31 March 2020</b>	<b>62,576,082</b>	<b>94,995</b>	<b>5,013,798</b>	<b>67,684,875</b>
<b>Depreciation</b>				
At 1 April 2019	8,992,916	-	-	8,992,916
Charge for the year	669,933	-	-	669,933
Component disposals	(82,889)	-	-	(82,889)
Housing property disposals	-	-	-	-
<b>At 31 March 2020</b>	<b>9,579,960</b>	<b>-</b>	<b>-</b>	<b>9,579,960</b>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<b>52,996,122</b>	<b>94,995</b>	<b>5,013,798</b>	<b>58,104,915</b>
At 1 April 2019	43,645,768	94,995	7,053,134	50,793,898

	2020	2019
	£	£
Housing properties comprise:		
Freehold land and buildings	58,104,915	50,793,898

The components replaced in existing properties above represent works undertaken to replace kitchens, heating systems, electrics, windows and doors within existing properties.

11. Units in management

	General needs	Shared ownership	Supported housing (bed spaces)	Homebuy properties	Under construction	Total units owned and managed
Opening units 1 April 2019	880	2	8	22	89	1,001
New builds	-	-	-	-	19	19
Property acquisitions	3	-	-	-	-	3
Transfers	52	-	-	-	(52)	-
<b>Closing units 31 March 2020</b>	<b>935</b>	<b>2</b>	<b>8</b>	<b>22</b>	<b>56</b>	<b>1,023</b>

Available social housing include 15 units vacant at 31 March 2019 (2019: 3 units).

Notes to the financial statements  
For the year ended 31 March 2020

12. Other tangible fixed assets

	Furniture and office equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2019	192,032	305,457	497,489
Disposals	(36,000)	(144,000)	(180,000)
Additions	3,033	23,624	26,656
			-
<b>At 31 March 2020</b>	<b>159,065</b>	<b>185,081</b>	<b>344,146</b>
<b>Depreciation</b>			
At 1 April 2019	147,683	224,909	372,592
Disposals	(36,000)	(144,000)	(180,000)
Charge for year	22,781	43,268	66,049
			-
<b>At 31 March 2020</b>	<b>134,464</b>	<b>124,177</b>	<b>258,641</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>24,601</b>	<b>60,904</b>	<b>85,505</b>
At 1 April 2019	44,349	80,548	124,897

The additions within computer equipment include a number of items that are provided to individuals external to the Association through a third party contract entered during the year.

13. Fixed Asset Investments - homebuy loans received

	2020 Total £	2019 Total £
At 1 April	286,871	322,571
Additions	-	-
Disposals	-	(35,700)
Transfers		
<b>At 31 March</b>	<b>286,871</b>	<b>286,871</b>

Homebuy loans represent a 30% interest in properties acquired under the Welsh Government’s Low Cost Home Ownership scheme. The investment grant (note 19) represents the funding received from the Welsh Government for the above loans. These loans are stated at cost in accordance with Housing SORP 2018.

The Association is entitled to a proportion of the market value corresponding to the equity interest at a time when homeowners either dispose of their Homebuy property or when they choose to repurchase some, or all, of the equity loan.

Notes to the financial statements  
For the year ended 31 March 2020

14. Debtors: amounts falling due within one year

	2020 £	2019 £
Rental and service charge debtors	192,519	253,990
Bad debt provision for rental and service charges	(186,118)	(124,971)
Social Housing Grant debtor	102,390	39,579
Housing Finance Grant debtor	49,919	55,371
Loan transaction costs on hold	-	80,597
Prepayments and accrued income	154,703	204,309
Hostels	3,112	5,769
Other debtors	-	1,351
<b>Total debtors due within one year</b>	<b>316,525</b>	<b>515,995</b>

15. Debtors: amounts falling due after more than one year

	2020 £	2019 £
<b>Housing Finance Grant debtor</b>	<b>2,169,771</b>	<b>2,245,878</b>

16. Creditors: amounts falling due within one year

	2020 £	2019 £
Housing loans	188,524	199,871
Rents and service income received in advance	101,598	64,029
Grants received and receivable in advance	1,491,630	814,536
Maintenance	231,278	93,424
Hostels	61,327	25,020
Capital Expenditure on housing properties	296,739	187,073
Other creditors	581,450	1,110,647
<b>Total creditors due within one year</b>	<b>2,952,546</b>	<b>2,494,600</b>



## Notes to the financial statements

For the year ended 31 March 2020

### 17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Housing loans	19,664,961	14,969,512
Recycled capital grant fund	273,418	273,418
Bond Premium	1,260,125	1,309,622
Housing Finance Grant	2,335,468	2,301,249
Investment grants (note 19)	286,871	286,871
<b>Total creditors due after more than one year</b>	<b>23,820,843</b>	<b>19,140,672</b>

Housing loans are secured by specific charges on the Association's housing properties and a repayable over a 10 to 35 year period. Rates of interest during the year ranged from 0% to 10.14% and at 31 March 2020, 68% (2019: 89%) of loans bore interest at fixed rates and 32% (2019: 10%) at variable rates. The weighted average rate of interest for 2019/2020 of 3.54% (2019: 3.91%).

Housing loans are shown net of capitalised loan fees of £251,582 (2019: £197,194).

#### Recycled capital grant fund movement

	2020 £	2019 £
At 1 April	273,418	250,318
Additions during the year	-	23,100
Utilised during the year	-	-
<b>At 31 March</b>	<b>273,418</b>	<b>273,418</b>

## Notes to the financial statements

For the year ended 31 March 2020

### 18. Social housing and other government grants

	Shared ownership £	Social Housing Properties £	Properties in the course of construction £	Total £
<b>Gross grant creditor</b>				
At 1 April 2019	-	28,854,990	4,629,878	33,484,868
Property acquisitions		328,382	1,108,589	1,436,971
Development schemes completed		3,601,437	(3,601,437)	-
Housing property disposals		-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>32,784,809</b>	<b>2,137,030</b>	<b>34,921,839</b>
<b>Amortisation</b>				
At 1 April 2019	-	7,002,454	-	7,002,454
Credit for the year		255,022	-	255,022
Housing property disposals		-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>7,257,476</b>	<b>-</b>	<b>7,257,476</b>
<b>Net grant creditor</b>				
<b>At 31 March 2020</b>	<b>-</b>	<b>25,527,333</b>	<b>2,137,030</b>	<b>27,664,363</b>
At 1 April 2019	-	21,852,536	4,629,878	26,482,414

### 19. Investment grants - SHG on homebuy scheme

	2020 £	2019 £
At 1 April	286,871	322,571
Recycled	-	(35,700)
Transfers	-	-
<b>At 31 March</b>	<b>286,871</b>	<b>286,871</b>

The investment grant is funding received from the Welsh Government to fully fund the Homebuy scheme, the assets of which are shown as a fixed asset investment (note 13). All amounts are due in more than one year.

Notes to the financial statements  
For the year ended 31 March 2020

20. Pension liability

	2020 £	2019 £
At 1 April	1,428,000	731,934
De-recognition of present value of deficit funding	-	(731,934)
Recognition of net pension deficit under DB scheme accounting	-	1,260,000
Deficit contributions paid during the year net of expenses paid	(246,000)	(156,000)
Re-measurement of Pension Liability	139,000	98,000
Actuarial (gains)/losses recognised	(725,000)	194,000
Finance costs - interest per discount factor	32,000	32,000
At 31 March	628,000	1,428,000

21. Called up share capital

	2020 £	2019 £
Allotted, issued and fully paid		
At 1 April	43	40
Issued during the year	-	3
Shares cancelled during the year	(2)	-
At 31 March	41	43

Shareholders hold the right to vote at general meetings, but do not hold any rights to dividends or distributions on winding up.

22. Capital commitments

	2020 £	2019 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	4,315,773	8,538,892
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-

At 31 March 2020, the Association intended to fund this expenditure from a combination of free cash generation, social housing grants and loan drawdown from loan facilities already in place.

Notes to the financial statements  
For the year ended 31 March 2020

23. Operating leases

	2020 £	2019 £
Leases expiring:		
Within one year	67,840	67,766
Between two and five years	257,268	257,268
Over 5 years	952,200	1,079,160
Total operating lease commitments	1,277,308	1,404,194

24. Pension scheme

	31 March 2020 (£000s)	31 March 2019 (£000s)
PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)		
Fair value of plan assets	4,533	4,316
Present value of defined benefit obligation	5,161	5,744
Surplus (deficit) in plan	(628)	(1,428)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(628)	(1,428)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31/03/2020 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31/03/2020 (£000s)
Defined benefit obligation at start of period	5,744
Current service cost	139
Expenses	6



## Notes to the financial statements

For the year ended 31 March 2020

Interest expense	133
Contributions by plan participants	5
Actuarial losses (gains) due to scheme experience	15
Actuarial losses (gains) due to changes in demographic assumptions	(52)
Actuarial losses (gains) due to changes in financial assumptions	(624)
Benefits paid and expenses	(205)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	5,161

### RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31/03/2020 (£000s)
Fair value of plan assets at start of period	4,316
Interest income	101
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	64
Contributions by the employer	252
Contributions by plan participants	5
Benefits paid and expenses	(205)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	4,533

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £214,000.

### DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2019 to 31/03/2020 (£000s)
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## Notes to the financial statements

For the year ended 31 March 2020

Current service cost	139
Expenses	6
Net interest expense	32
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income	177

### DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31/03/2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	64
Experience gains and losses arising on the plan liabilities - gain (loss)	(15)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	52
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	624
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	725
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	725

### ASSETS

	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	663	726
Absolute Return	236	374
Distressed Opportunities	87	78
Credit Relative Value	124	79
Alternative Risk Premia	317	249
Fund of Hedge Funds	3	19
Emerging Markets Debt	137	149
Risk Sharing	153	130
Insurance-Linked Securities	139	124
Property	100	97

Notes to the financial statements  
For the year ended 31 March 2020

Infrastructure	338	226
Private Debt	91	58
Opportunistic Illiquid Credit	110	-
Corporate Bond Fund	259	201
Liquid Credit	2	-
Long Lease Property	78	64
Secured Income	172	155
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,505	1,579
Net Current Assets	19	8
Total assets	4,533	4,316

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

KEY ASSUMPTIONS

	31 March 2020	31 March 2019
	% per annum	% per annum
Discount Rate	2.36%	2.33%
Inflation (RPI)	2.58%	3.28%
Inflation (CPI)	1.58%	2.28%
Salary Growth	2.58%	2.50%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Notes to the financial statements  
For the year ended 31 March 2020

25. Analysis of changes in net debt

	At 1 April 2019 £	Cashflows £	Other movements £	At 31 March 2020 £
Cash at bank and in hand	3,628,287	(400,596)	-	3,227,691
Debt due within one year	(226,079)	261,509	(259,823)	(224,393)
Debt due after more than one year	(15,018,684)	(5,000,000)	138,009	(19,880,675)
	(15,244,763)	(4,738,491)	(121,814)	(20,105,068)
<b>Total</b>	<b>(11,616,476)</b>	<b>(5,139,087)</b>	<b>(121,814)</b>	<b>(16,877,377)</b>