

RIHA

Board Report and Financial Statements

Year Ended 31st March 2024



WE ARE

RESPONSIBLE

HONEST



AUTHENTIC

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Information

Board Members

Chair	Peter Hughes		
Vice Chair	Jonathan Roberts		
Other Members	Scott Allin	Neil Morgan	Bethan Evans
	Raelle Fontenot	Scott Caldwell	Alison Clements
	Dafydd Thomas	Haydn Thomas	Gerry Fox
	Aaron Hill	Ibrar Mian	Sarah Botterill (res. July 2023)
	Neil Edwards (co-optee Committee Member)		

Executive Directors

Chief Executive	Luke Takeuchi
Director of Resources	Sara Foster
Director of Homes & Communities	Jennifer Ellis
Director of Development & Regeneration	Rhianydd Jenkins
Company Secretary	Luke Takeuchi



Registrations

Registered Office
9 Compton Road
Tonypany
Rhondda Cynon Taff
CF40 1BE

Welsh Government Registration No. L056

HMRC Charity Number EW4445

Registered as a charitable Housing Association under The Co-operative and Communities Benefit Act 2014 – No. 22527R

RHA Wales Group Limited (RHA) has adopted charitable rules.

Professional Advisors

External auditors
Bevan Buckland LLP
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Internal auditors
TIAA Ltd
Artillery House
Fort Fareham
New Gate Lane
PO14 1AH

Legal advisors
Hugh James
114 – 116 St Mary Street
Cardiff
CF10 1DY

Clarke Willmott
2nd Floor Emperor House
Pierhead Street
Cardiff
CF0 4PH

Principal bankers
Barclays Bank PLC
Windsor Court
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Cardiff
CF10 3ZL

Strategic Report



Introduction

The Board of Management is pleased to present their strategic report and audited financial statements for the year ended 31 March 2024.

The Association

RHA Wales Group Limited is a “not for profit” organisation, administered by an independent board. The Association is registered under The Co-operative and Communities Benefit Act 2014 under “charitable” rules and is a Registered Housing Association with the Welsh Government. The Association obtained HMRC charitable status with effect from 13 January 1999. We are one of the longest serving Associations in Wales with over 40 years’ experience of delivering high-quality services to tenants and stakeholders.

Principal activities

The principal activity of the Association is the provision of high-quality community-based housing services in Rhondda Cynon Taff. Owning and managing over 2,100 homes we deliver much needed regeneration and community focussed services. We pride ourselves on our personalised approach in delivering services, regenerating areas by improving infrastructure, building quality homes and helping those who need us most.

We are one of the area’s largest employers, and our team of over 80 staff work with our partners and suppliers to deliver more than just housing. Our holistic approach to our work ensures that we strive

to build sustainable communities and improve the lives of those around us. We work to improve the quality of life of our tenants by increasing opportunities in areas such as employment, skills and overcoming social exclusion.

The Board and Executive Directors consider annually the Association’s Corporate Plan and the strategic direction of the Association. In 2024 the Association launched a new three-year Corporate Plan. The Plan focusses on four strategic themes, Places, People, Prosperity, Sustainability, and sets out our vision to create places where people can prosper. The Corporate Plan is underpinned by our values and behaviours.

The Future

In November 2023 RHA announced that we are exploring a merger opportunity with Coastal Housing Group. Both organisations believe that by joining forces we can create an even more resilient organisation with greater capacity and scale to invest and improve in services for the future. Both organisations have a shared vision for how we can work together and we remain committed to our communities and tenants as we explore this. We have spent a number of months working through the various stages and we are well advanced in this process. We continue to ensure that our focus remains on delivering against our current objectives and our usual business activities. We aim to complete the merger towards the end of 2024.



Our Vision

To create places where people can prosper.

Our Values and Behaviours

The Association's values underpin all aspects of our work and it is important to us that all our stakeholders embrace and support our values and behaviours.

VALUES. We act with...

✓ **RESPECT**
We demonstrate respect for all, treating people equally and demonstrating an inclusive culture throughout the organisation

✓ **TRANSPARENCY**
We are open with our customers, our colleagues and our partners. We involve our tenants in key decisions wherever possible and provide up to date accurate information

✓ **INTEGRITY**
We aim to deliver to the highest standards possible and do not settle for second best

✓ **OPENNESS**
We continually challenge ourselves to do things better, looking outside our business and our sector to learn new ways of working

BEHAVIOURS. We will be...

✓ **POSITIVE**
We will approach our work with a can-do attitude and try to overcome any barriers or hurdles

✓ **INNOVATIVE**
We think creatively and embrace new ideas and ways of working.

✓ **PROFESSIONAL**
We demonstrate the highest levels of professionalism in all that we do.

✓ **AUTHENTIC**
We are proud of what we do and we want to do it in a meaningful way. We are committed to providing our tenants with the best possible services and products

Financial position

Financial performance

The Association generated a surplus on ordinary activities of £1,277k during the year, compared to £403k in 2023.

Growth in our fixed asset base continues with the delivery of a social housing grant funded programme and the acquisition of housing stock from another social landlord during the year. The Statement of Financial Position highlights growth of fixed assets from £151 million in 2022/23 to £161 million in 2023/24 as a result.

Regulatory assessments

In 2021 RHA achieved the highest level of achievement with a Standard-Standard Governance and Financial judgement. RHA complete their Regulatory Self Evaluation Annually, and the 2023-24 Report is available on their website. RHA continue to have regular engagement with their Welsh Government Regulatory Manager.

Treasury management

The Association has a Treasury Management Policy and Strategy that is reviewed annually by the Board of Management. The Board regards the successful identification, monitoring and control of risk and ensuring sufficient liquidity to be the prime criteria by which the effectiveness of its treasury management activities will be measured.

During the year RHA agreed a new ESG-linked term loan facility with Principality building society totalling £10m to fund our five year development programme. At 31 March 2024 the overall borrowing of the Association stood at £52.2 million, compared with £57.3 million at 31 March 2023. The Association has continued to meet all its loan covenants.

Future financial viability

Our future performance depends on continuing financial viability. Our 30-Year Financial Plan is based on key assumptions of inflation, interest rates, effective control of costs and the receipt of consistent income streams. The Plan has been subject to sensitivity analysis and stress testing to identify areas of concern and options for mitigation. The achievement and maintenance of

effective cost control and Value for Money is vital to ensure our continued financial viability.

Statement of Comprehensive Income & Expenditure	2024 £'000	2023 £'000	2022 £'000
Turnover	13,560	11,965	10,891
Operating surplus	3,010	1,894	1,838
Operating surplus (excluding FV adjustment of other tangible assets)	3,010	2,682	1,838
Operating margin	22.2%	15.8%	16.8%
Operating margin (excluding FV adjustment of other tangible assets)	22.2%	22.4%	16.8%
Surplus on ordinary activities (excluding FV adjustment of other tangible assets)	1,277	403	283
Margin	9.4%	3.3%	2.6%
Margin (excluding FV adjustment of other tangible assets)	9.4%	9.9%	2.6%

Statement of Financial Position	2024 £'000	2023 £'000	2022 £'000
Tangible and intangible fixed assets	160,960	150,836	136,691
Total loans	52,297	57,308	55,079
Reserves	13,346	12,735	13,984

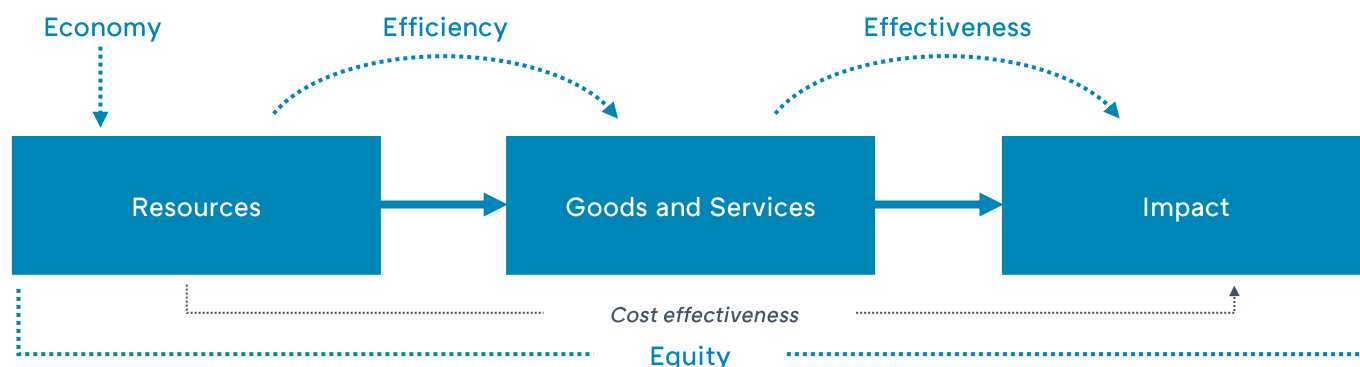
Statement of Cash Flows	2024 £'000	2023 £'000	2022 £'000
Net cash flow from operating activities	(2,610)	767	3,877

Homes in Management	2024	2023	2022
Total homes managed	2,152	2,119	1,817
New homes handed over in the year	2	56	4
New homes started on site in year	69	82	70
Homes acquired in the year	31	271	

Investment in Existing Homes	2024 £'000	2023 £'000	2022 £'000
Component replacement and PAG works	1,578	1,741	1,076

Value for Money

Value for Money (VfM) is an important part of our culture and is more than just saving money, it means providing quality services at the best price we can. It is commonly defined as the relationship between economy, efficiency, effectiveness and equity, often referred to as the “4 E’s” illustrated below



Economy – spending less

Economy is about minimising the cost of resources for an activity (i.e. doing things at the right cost). It is the careful use of resources to save expense, time or effort.

Efficiency – spending well

Efficiency is primarily associated with process and delivery such as performing tasks with reasonable effort (i.e. doing things the right way). It is the way of delivering the same level of service for less expense, time or effort.

Effectiveness – spending wisely

Effectiveness is primarily associated with the outcomes for tenants and staff i.e. the extent to which objectives are met (i.e. doing the right things). It is the delivery of a better service or return for the same amount of expense, time or effort.

Equity – spending fairly

Equity is about being fair, impartial and honest in decision making and also ensuring that the services reach the people they are intended for. Equity underpins our approach to VfM.

RHA’s Value for Money commitment

RHA is committed to embedding VfM within our governance, business planning and decision-making processes. To do this we support employees to understand what VfM means to RHA, provide VfM information that is meaningful and regularly review our approach.

It is key for us to understand how our tenants feel about our services so we can understand the impact the VfM activity has had on services we provide

Value for Money examples



Get Set Tenancy Coach has supported 74 new tenants settling into their home.



14 tenants completed the Rent Debt Share Scheme, where arrears are written off to the equivalent amount that they have paid. Diverting money away from costly legal processes and better supporting tenants. If these cases had been entered into court, the cost to RHA would have been £5K. Between them these 14 tenants have paid off £3.5K of rent arrears with RHA writing off the equivalent amount. This generated an efficiency saving of £1.5k



200 tenants engage with us regularly to review policies, take part in surveys and direct service delivery.



Lease additional floors of our main office to commercial tenants to maximise use of space and resources. Extra cash reinvested into the services we provide.



In response to service charge value for money feedback, we have not passed on fire prevention and compliance costs such as Legionella and emergency lighting testing relating to our blocks of flats, equating to a £114,735K reduction in charges to tenants.

How we compare

Benchmarking our achievements to the sector in Wales helps us continually improve our services.

Measure	2023/24	2022/23	2022/23 sector median
Operating margin (%)	22.0%	22.2%	16.8%
Gearing (%)	34.0%	36.9%	33.7%
Average interest rate (%)	3.3%	3.2%	3.4%
EBITDA - MRI Interest cover	135.4%	154.0%	154.1%
Headline social housing cost per unit (£)	£4,157	£3,823	£4,360
Management cost per unit (£)	£994	£830	£1,404
Routine maintenance cost per unit (£)	£894	£802	£1,392
Major repairs (capital and revenue) cost per unit (£)	£1,348	£1,320	£1,085
Void loss per social housing unit (£)	£88	£66	£81
Arrears per social housing home (£)	£209	£148	£299

*2022/23 Operating margin (%) is stated excluding in year fair value adjustment on fixed assets.

Main findings of the comparative analysis are:

- Despite an increase in operating costs since last year, margins remain strong and higher than the sector average.
- Average interest rate is slightly lower than the sector average. This is due to the large-scale refinancing carried out in 2020 to take advantage of low interest rates available at the time and secure long-term, fixed rate financing.
- Headline social housing cost per unit, and management cost per unit are rising due to the cost of inflation, insurance and pay costs, however they remain below sector averages.
- Major repairs and routine maintenance costs are broadly in line year on year.
- Rent collection remained strong during the year despite challenges presented by the Energy Crisis and the Cost of Living crisis. This is the result of consistent support offered and innovative approaches such as the rent debt share scheme to help tenants maintain healthy rent accounts.
- Void loss has increased in 2023/24, this is due to additional compliance requirements impacting void turnaround times.

Our future Value for Money priorities

- Achieve even greater value from greater purchasing power and economies of scale as a result of merger
- Maintain and grow alternative income generation through commercial leases for reinvestment in our services
- Continuous improvement in procurement of all goods and services
- Investing in IT and digital technologies to promote smarter working and better delivery of services
- Further investment in front-line teams to allow greater quality services to be delivered including expanding the in-house repair team

Environmental, Social & Governance

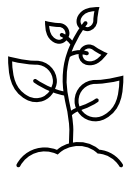
Environmental, Social and Governance reporting is of growing importance, and RHA have committed to reporting annually on our performance as early adopters of the new Sustainability Reporting Standard for Social Housing.

It is our aspiration that ESG reporting will provide us with increased understanding of risks and opportunities for RHA, and will help to demonstrate the importance of the links between financial and non-financial information. It will also provide us with valuable benchmarking information to help us understand our performance and how we can continue to improve and develop.

In early 2024, RHA successfully secured its second ESG-linked funding with Principality Building Society. Our performance against some of the key ESG metrics are:



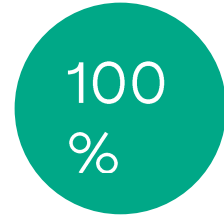
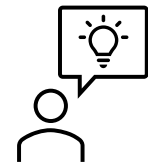
Target: All new homes minimum EPC A



Target: Carbon Literacy training for staff 75%



Target: Improved EPC rating 73



Target: Energy advice to 10% tenants



Operational Performance

Stock Acquisition

In November 2023 RHA completed the acquisition of 31 properties from Habinteg Housing Association which supports the continued growth ambitions of the organisation. The properties based in one scheme in Talbot Green also provided some diversity of stock, as all the units are classified as ‘accessible’ and are for housing applicants who require adaptations. Staff from both associations worked closely to ensure that tenants were supported through the transition over a number of months, welcoming RHA’s new tenants and providing support during the handover process. RHA also welcomed 1 new member of staff as part of the acquisition.

New developments

Our development programme has continued to grow and in 2023-24 alongside our traditional new home delivery we commenced work on a large town centre regeneration project, demonstrating our commitment to play our part as an anchor organisation in Rhondda Cynon Taf to support communities to continue grow and prosper.

Key highlights for the year included:

Completion of build on **5** homes:

- 1 bespoke build in Rhydyfelin in partnership with the Local Health Board.
- 4 refurbished properties

Commencement of build of **69** new homes:

- 51 new homes in Tonypanyd alongside 11,000sqft of commercial spaces which together form our town centre regeneration project known as The Big Shed.
- 18 new homes in Tylorstown.

In addition to the completions and new starts on site, during 2023-24, RHA also had 5 active construction sites underway with local contractors which upon completion will deliver **102** new homes and commercial spaces.

In the year to March 2024, we have continued to build on our commitment to regenerate the town of Tonypanyd. Our capital projects alongside the community and local business work we are undertaking across the town will ensure our 360 approach to regeneration is measurable and going forward we will be able to track the impact of our work within the town and the wider area.

We continue to proactively acquire sites in high demand areas where affordable housing is vital, and this will see further homes being provided. These new

builds will include further affordable homes and regeneration opportunities to align with our Corporate Plan.



Investment in our homes

As well as continuing to develop, we are committed to enhancing standards across our stock through the delivery of our Asset Management Strategy and our compliance with the Welsh Housing Quality Standard (WHQS). Throughout the year, we continued our planned maintenance programmes investing £1,578k on component replacements and physical adaptation grant (PAG) works.

This investment included 2 new fire alarm systems, 14 new bathrooms, 2 electrical rewires, 29 new kitchens, 27 new heating systems, 43 new external doorsets, 157 new fire doorsets and new windows to 67 homes. We also spent £380k on works to void properties and on improving void properties ready to re-let. We continued work on our Decarbonisation Strategy and were allocated just under £825k of Optimised Retrofit funding from Welsh Government. This funding enables us to further expand our Solar PV programme, positively impacting on the energy bills of our tenants. demonstrating the impact the solar PV and battery has at each home in reducing energy bills.



Management of our homes

Our void re-let period has improved during the year and is now back to pre-pandemic performance. Tenancy turnover rate was 7.57% at the end of the year, which has increased slightly but is still low compared to sector average. The increase could be attributed to the result of post Covid housing mobility and also the increased development of flats, which usually provide accommodation for a more transient cohort of tenant. In addition we are experiencing more voids in our acquired older persons due to tenants moving to residential care or passing away.

Over the last 12 months, we continued to provide tailored financial support to our tenants, particularly those directly affected by cost of living increases. Universal Credit (UC) was rolled out in Rhondda Cynon Taff in November 2018, and we have seen a steady increase of claimants since this time, rising from 30 cases in November 2018 to 728 cases at the end of March 2024. We have maintained our specialist resources within the Payment Advice Team to support our tenants and provide financial inclusion advice. We have mapped our financial inclusion offer and identified opportunities to further extend the services we provide, by working in partnership with others.

Our innovative Rent Debt Share Scheme which was launched in October 2020 has had continued success in 2023/24. This offers tenants with rent arrears the opportunity to enter into a payment plan and at the end of maintaining this for 12 months, to have their arrears written off by RHA to the equivalent amount that they have paid off. 46 tenants have successfully completed the scheme to date and 47 tenants are still on the scheme and making regular payments. Over the year, rent collection performance has remained consistently strong during extremely challenging times.

We took handover of 5 new general needs homes during the year and have let 145 homes in total to people in housing need. In addition, we facilitated 15 mutual exchanges for tenants who wanted to move outside of the common housing register. During the last year we have continued to focus on building relationships with our tenants.

In Autumn 2023, we conducted our tenant-wide perception survey. Overall satisfaction with the service provided by RHA to our tenants was 77%. The response rate was 37% which is significantly higher than previous surveys. The 2023 survey resulted in positive responses across a range of questions, particularly in relation to the quality and safety of our homes.

- 81% said that they were satisfied that RHA was easy to deal with
- 81% were satisfied with the overall quality of their home
- 84% of tenants said that they were satisfied with the safety and security of their home.

We ask also our tenants to complete satisfaction surveys when they receive day to day services in the following areas:

- Day to Day repairs
- Complaints
- Anti-social behaviour
- New tenancies
- New build homes

Our average satisfaction with repairs in 2023/24 was 84.8% against a target of 85% and on average we completed 88% of repairs on time at the end of the year. We have introduced a peer led approach to satisfaction surveys and we have tenant volunteers who contact tenants and complete over the phone surveys on a weekly basis.



Keeping our tenants safe

Ensuring our tenants safety is paramount to us, and we manage a comprehensive programme of compliance work to ensure we continually meet our legal obligations.

In response to changing legislation, RHA has adopted a new Fire Safety policy, we continued our Fire Risk Assessment (FRA) programme supported by our contractor and RHA's Health & Safety Business Partner. We successfully tendered for the replacement of flat entrance and communal fire door sets at numerous sites, with the programme due to commence later in 2023. Staff within our Assets & Compliance, Maintenance and Development teams received fire safety awareness training.

Our gas servicing and repairs contract was re-tendered at the end of 2022. The new ten year contract, includes Hafod Housing, Cynon Taf

Community Housing Group and Merthyr Tydfil Housing Association. The process was managed by Procurement for Housing, and Liberty Gas Group were awarded the contract which commenced on 1st April 2023.

Our combined average compliance score during 2022/23 was 97.6%. This was in relation to the areas of fire safety management, asbestos, legionella, gas, and electrical safety.

During the year we did not have any RIDDOR or Covid-19 related health and safety incidents.

Partnerships and collaboration

We work in collaboration with 7 other support agencies to provide supported accommodation. The accommodation comprises 31 self-contained flats (8 of which were newly developed in partnership with the local authority, and handed over in 2022, based in Treherbert), 19 shared houses and 1 emergency room used to accommodate a young person facing homelessness/crisis and in need of a safe place to stay. These properties provide accommodation for people with a range of support needs, including mental health, young persons and people with learning disabilities and homelessness.

Last year we issued 18 new occupancy agreements, enabling those people to progress to more independent living in the future.

Local Partnerships, Community engagement and Tenant Involvement

Tenant Involvement Commitment

We have continued to deliver on our commitment to listen to the views of our tenants when planning and providing our services, we have 200 tenants who take part in consultations, service reviews and policy decisions.

We established a new framework and relaunched our commitment in September 2022, we now have 6 Tenant Review groups who will support us to review areas of service such as Health & Safety, Equality, Diversity & Inclusion and Repairs & Maintenance, as well as a Tenant Committee comprising of representatives of all Tenant Review Groups.



RHA / Get SET / Get SKILLED / Get INFORMED / Get TOGETHER / Get INVOLVED

Get Informed

- We run a Get Involved Facebook group with 60 members, where we promote all engagement opportunities
- We create an annual newsletter, sharing information on our services, important and useful information on living well and money saving, and promoting opportunities for tenants to get involved or take part in our community projects.

Get Together

Our Community Hub - 'Little Shed' was launched in October 2022 and is now home to many weekly activities. Our Community Fridge project has expanded to providing food and essentials 5 days a week (*surplus stock from local supermarkets made available to those in need*). We offer Warm Space sessions, a Health & Wellbeing Drop-In (GP referral service), Yoga sessions, a Repair Café, Library Of Things, a craft session, and a digital skills class as part of 'Get RCT Online.' We are seeing regular visitors, with 3567 visits last year, including visits for:

- Warm Space – 296
- Community Fridge -1941
- Craft - 586
- Wellbeing - 148
- Volunteering - 177
- Repair Cafe - 28
- Library Of Things - 40.



Get Involved

This year we have focussed on strengthening the work of our core tenant groups.

Our Tenant Committee has:

- Reviewed Welsh Government’s Service Charge Setting policy.
- Reviewed our internal Service Charge Setting policy and made recommendations for improvement.
- Worked with our Board Of Management to ensure tenant voice is represented at a strategic level.

We worked with our Tenant Communication Group and Communications Business Partner to ensure all tenant materials are accessible, meaningful, and eye-catching.

Our Customer Experience Group have supported us in reviewed our refuse and recycling process, our complaints Policy and agreed the questions and design of our all-tenant Satisfaction Survey.

A review of our Rechargeable Repairs Policy, Lettable Standards, Garden Contract and information provided to tenants in new homes, was completed by our Development Group.

Our Community Projects group approved our Equality, Diversity & Inclusion Service Standard and Tenant Involvement (Get Involved) Service Standard, as well as reviewing and approving our Tenant Involvement Commitment and Volunteer Policy.

Our Maintenance Group reviewed and approved our Planned and Reactive Maintenance Service Standards, and they supported us in developing key messaging around managing damp, mould and condensation.



Tenant Welfare and Practical Support

Our Grub Hub and Community Fridge project continues to run in partnership with RCT Healthy Hearts Community Shop and Tonypanyd Foodbank, to ensure we reach as many people as possible. We receive regular donations from Lidl, Farmfoods, Coop and this year Sainsbury’s have joined our partnership. Our Community Fridge project has extended to offer support via a smaller satellite provision in Llanharan Community Development Project on Mondays and Tuesdays, meaning access to food support is growing.

We have also continued with our own fund-raising efforts, carrying out a 21-mile sponsored walk from Tonypanyd to Cardiff and applying for small grants, which have allowed us to provide:

- 75 Christmas hampers
- 60 winter warm packs.

Be Active

Our Healthy Living Officer has worked with 143 individuals and 5 community group, offering one to one support and access to free health sessions such as yoga classes and walking groups.

122 tenants and community members have taken part in online and in person seated yoga, wellbeing drop-in session, health walks, chair exercise and dance classes and menopause support sessions. Tenants have also benefited from personal support such as exercise programmes, health and wellbeing telephone support, home visits and referrals to other support agencies.

Participants have told us that:

‘[I] enjoyed so much and still am happier now thanks to you and your wellbeing help and kindest assistance to us all. Thank you’

'Having your session, I feel has put a spring in our steps both mentally and physically. Thank'



RHA/Giving Back

As part of our Giving Back commitment, we have continued to support Tonypandy Chamber of Trade by chairing their monthly meeting and sponsoring their Christmas and Easter events.

We have supported four local school projects, including promotion of the housing sector at two employment events, funding and facilitating a photography project for development site hoarding in Tonypandy town centre and delivering construction safety talks.

Our contractors have supplied in-person and financial support to two community gardens as well as site safety support for a local Boys and Girls Club. We have provided our own Community Benefits support via our social leasing offer; we currently lease at peppercorn rent to:

- Welcome To Our Woods (old Tappers Garage Site)
- Men's Sheds and Grow Rhondda (old Art Surgery building)
- a community gardening and social space for Llanharan Community Development Project.

Board Report

Board members and executive officers

The membership of the Board is set out on page 4. The Board is ultimately responsible for setting the future direction and strategy for the Association, for determining policies, managing strategic risks and monitoring performance. The obligations of the Board Members are set out in the Code of Conduct. The board meets a minimum of 4 times per annum.

The Chief Executive holds no interest in the shares of the Association and has no legal status as a director although he acts as executive within the authority delegated by the Board.

The Board is expected at all times to act in the best interest of the Association and is responsible for controlling the Association's affairs in an efficient, effective and accountable manner. Member's obligations are:

- Be committed to the aims and objectives of the Association;
- Contribute to and share responsibility of the Community decisions; and
- Act only in the interests of the Association and not on behalf of any constituency or interest group.

Skills and experience

The Board will ensure that its members have appropriate skills and experience aligned to business priorities and risk. Essential skills and knowledge required by the Board include;

- Financial management
- Housing and Asset management
- Legal
- Strategic Management
- Community / Regeneration work
- Risk & Audit
- Construction and Development

The Association wishes to achieve a balance of Board membership in accordance with its Equal Opportunities Policy. It will therefore seek to maintain a balance of age, gender, ethnic origin and disabilities appropriate to the areas in which it works.

Shareholder policy

An applicant for a share shall apply in writing to the Association's offices, setting out their reason for applying and their qualification (in accordance with the policy) and pay the sum of £1 which shall be returned to them if the application is not approved. The Board shall have the power in their absolute discretion to accept or reject the application.

Risk management

The Board recognises that the Association continues to face a significant range of business and performance related risks and that these have been compounded by the ongoing social / economic climate. The Board reviewed the strategic risks faced by the Association during the year and ensures that the Executive Team continues to maintain the Corporate Risk Register and Board Assurance Framework. The Board is responsible for preparing the Board Report and the Financial Statements in accordance with applicable law and regulations.

Statement of Responsibilities of the Board

The Board is required under The Co-operative and Communities Benefit Act rules to prepare financial statements for each financial year. Under those regulations, the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with The Co-operative and Communities Benefit Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities and maintaining an adequate system of internal control.

In so far as the Board are aware there is no relevant information of which the Association's auditors are unaware and the Board has taken all steps that they ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

Internal control

The Board of Management acknowledges that it is ultimately responsible for the Association's system of

internal control. This is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

In order to carry out this responsibility, the Board of Management ensures that formal policies and procedures are in place including the prevention, detection and reporting of fraud and that appropriate delegation of authority exists. Authority is delegated to the executive officers of the Association in accordance with the schedule of delegated authority and financial regulations which are subject to annual review and update. The Board of Management is involved in the recruitment of the executive officers and ensures that the staff appointed to these posts, are suitably experienced and qualified.

Each year the Board of Management approves the annual budget and the rolling five-year Corporate Plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year. Variances from budget and forecast are reported quarterly via the Management Accounts. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

The key policy documents of the Association concerning the internal control systems are the risk management policy and the treasury management policy which are subject to regular review.

The Audit and Risk Committee (ARC)

The Committee has delegated responsibility for all matters relating to internal and external audit, internal control, insurance and risk, finance and treasury, subject to those identified as requiring a recommendation to the Board.

The ARC meet at least 4 times per year. The ARC, consisting of up to 5 Board Members receives and responds to the external auditor's Management Letter and makes a recommendation to the board for approval. The ARC also approves the annual internal audit programme.

The Development and Asset Management Committee (DAMC)

The Committee has delegated responsibility for considering and where necessary, reporting to Board

for approval all matters relating to the development, acquisitions, development programme, asset management and disposal programme. The limits included in the main duties are aligned to the limits included in the Financial Regulations and Schedule of Delegated Authority (SODA)

The committee meet at least 4 times per year. The committee consists of up to 5 board members.

The Remuneration and People Committee

The Committee has delegated responsibility for considering and making recommendations to Board for the approval of all matters relating to establishing and reviewing the remuneration package, terms and conditions and severance conditions in relation to the Executive Management Team, the core terms and conditions of other staff and the annual cost of living award and Board member pay. The Committee has delegated responsibility for all matters relating to

approval of the use of exemptions under Schedule 1 of the Housing Act 1996

The committee meet at least twice annually and consists of 4 board members.

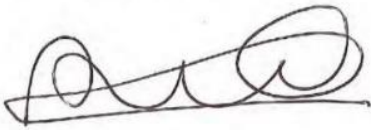
Going concern

The Board has a reasonable expectation that the Association has adequate resources to continue operations for the foreseeable future. For this reason, the going concern concept basis has been adopted in these Financial Statements.

Annual general meeting

The Annual General Meeting will be held on 18 September 2024.

The report of the Board was approved on 10 July 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Peter Hughes', written over a horizontal line.

Peter Hughes
Chair

Auditor's Report



Independent auditor's report to the members of RHA Wales Group Ltd on corporate governance

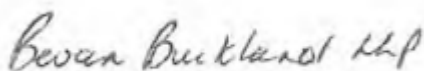
In addition to our audit on the financial statements for the year ended 31 March 2024, we have reviewed the Board's statement of RHA compliance with the Welsh Government Circular 02 / 10, Internal Financial Control and Financial Reporting ("the Circular").

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 controls assurance on pages 18, 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 on the financial statements.



Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 10 July 2024

Independent auditor's report to the members of RHA Wales Group Ltd registered under The Co-Operative and Community Benefit Societies Act 2014 for the year ended 31 March 2024

Opinion

We have audited the financial statements of RHA for the year ended 31 March 2024 which comprise the Association statements of comprehensive income, the statements of changes in reserves, the statements 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 2024 and of the 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 draw attention to Note 1 of the financial statements. There is a material uncertainty that the potential merger, if executed, would result in the Association being unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The Board are responsible for the other information. The other information comprises the information included in the Association 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 Co-operative 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; 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 18 and 19), 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.

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.

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

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

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

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

- enquiring of management, including obtaining and reviewing supporting documentation,

concerning the company's policies and procedures relating to:

- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Association, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and

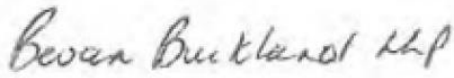
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of 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
Chartered Accountants & Statutory Auditor
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 10 July 2024

Statements



Statement of Comprehensive Income & Expenditure

	Notes	2024 £'000	2023 (Restated) £'000
Turnover	2a	13,560	11,965
Operating costs	2a	(10,789)	(9,506)
Gain on disposal of fixed assets	3	239	223
Impairment (loss) on other tangible fixed assets	2a	-	(788)
Operating surplus	2a	3,010	1,894
Interest receivable and other income	6	171	79
Interest payable and similar charges	7	(1,850)	(1,520)
Fair value (loss) / gain on investment property	12	(54)	(50)
Surplus on ordinary activities		1,277	403
Actuarial gain / (loss) in respect of pension schemes	20	(795)	(501)
Total comprehensive income / (expenditure) for the year		482	(98)

The association's turnover and expenses wholly relate to continuing activities. The accompanying notes form part of these financial statements.

Statement of Changes in Reserves

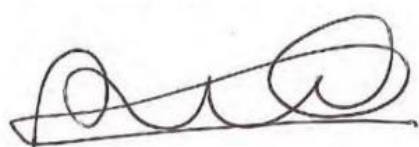
	Revenue Reserves £'000	Major repairs £'000	Total reserves £'000
At 1 April 2022 (Restated)	9,986	2,976	12,962
Surplus for the year	403	-	403
Actuarial gain / (loss) in respect of pension schemes	(501)	-	(501)
Transfer to designated reserve			
At 31 March 2023	9,888	2,976	12,864
At 1 April 2023	9,888	2,976	12,864
Surplus for the year	1,277	-	1,277
Actuarial gain / (loss) in respect of pension schemes	(795)	-	(795)
Transfer to designated reserve	-	-	-
At 31 March 2024	10,370	2,976	13,346

Statement of Financial Position

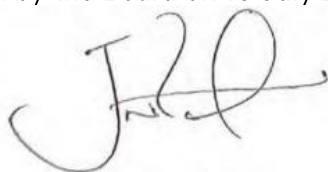
	Notes	2024 £'000	2023 (Restated) £'000
Fixed Assets			
Intangible Fixed Assets	10	147	76
Housing properties	11	157,855	147,670
Investment property	12	2,218	2,272
Other fixed assets	2a	580	658
Fixed assets investment	14	160	160
		160,960	150,836
Current Assets			
Housing properties held for sale	15	846	918
Debtors due within one year	16	3,647	801
Cash at bank and in hand		3,721	3,499
		8,214	5,218
Debtors due after more than one year	16	5,911	5,872
Creditors: amounts falling due within one year	17	(19,192)	(8,759)
Social housing and other government grants: amounts falling due within one year	19	(1,390)	(1,271)
		(6,457)	1,060
Net current assets			
Creditors: amounts falling due after more than one year	18	(53,985)	(59,132)
Social housing and other government grants: amounts falling due after more than one year	19	(85,328)	(78,288)
Provision for pension liability funding	20	(1,826)	(1,592)
Provisions for liabilities and charges	21	(18)	(20)
Total net assets		13,346	12,864
Capital and Reserves			
Share capital	24		-
Total reserves	26	13,346	12,864
Total capital and reserves		13,346	12,864

The accompanying notes form part of these financial statements.

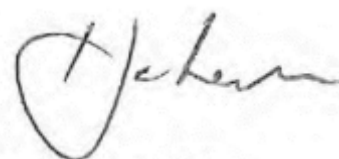
The financial statements were approved by the Board on 10 July 2024 and signed on its behalf by:



Peter Hughes
Chair



Jonathan Roberts
Vice Chair



Luke Takeuchi
Secretary

Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities	27	(2,610)	767
Cashflow from investing activities			
Purchase of tangible fixed assets		(12,466)	(17,961)
Proceeds from sale of tangible fixed assets		1,036	717
Grants received		21,790	10,544
Interest received		171	61
Cashflow from financing activities			
Interest paid		(1,895)	(1,569)
New secured loans		-	4,000
Repayments and borrowings		(5,804)	(979)
Net change in cash and cash equivalents		222	(4,420)
Cash and cash equivalents at the beginning of the year		3,499	7,919
Cash and cash equivalents at the end of the year		3,721	3,499

Notes

Notes to the financial statements

1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018, and comply with the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

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.

Going concern

The association is currently exploring merger opportunities with Coastal Housing Group. We have spent a number of months working through the various stages and we are well advanced in this process. It is the intention of the Board of Management that the merger will be completed within the next twelve months, subject to approval of the final business case, due diligence works, and legal requirements being completed. It is therefore likely that RHA will cease to exist. However, if the merger were to be paused, or did not complete during this time, RHA would be well positioned to continue as a standalone entity and a going concern.

Significant management judgements

The following are 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.** 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.
- **Estimation uncertainty.** 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 addressed below.
- **Depreciation.** Tangible fixed assets, other than investment properties, are depreciated over their useful lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset. For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful economic lives are assigned to these components.

Turnover

Turnover comprises:

- Rental and service charge income receivable in the year from tenants;
- Supporting people initiative;
- Revenue grants; and
- Amortisation of grants.

Capitalisation of development costs

Directly attributable costs and overheads are allocated to costs of schemes under construction, where considered a normal cost of the development programme.

Costs on schemes which do not proceed are written off to the Statement of Comprehensive Income in the year they become abortive.

Fixed assets – housing properties (land and buildings)

Housing properties are stated at historical cost. The cost of properties is their purchase price together with incidental costs of acquisition and direct costs of the development process.

Housing properties in the course of construction are stated at cost and are transferred to housing properties when completed. Overhead costs directly attributable to bring fixed assets into their working condition for their intended purpose are capitalised and represent only incremental costs to the Association. Expenditure on the initial purchase of land and buildings is capitalised and disclosed as part of housing properties in the course of construction.

Depreciation is charged on the historic cost of property components. Freehold land is not depreciated.

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. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the Statement of Comprehensive Income under proceeds from sale of properties and other fixed assets.

Development administration costs that are directly attributable to the development programme are capitalised, together with administration costs directly attributable to components. These include direct staff costs plus any directly attributable costs incurred directly in bringing a project into management and extending the useful economic life of a component.

All indirect costs are written off to the Statement of Comprehensive Income and included in other costs.

Social Housing Grant

Social housing grant (SHG) is receivable from the Welsh Government and is utilised to reduce the capital costs of housing properties. SHG is allocated proportionally against the historic cost of the land and main structure component of each property. Grant received for physical adaptations to properties and solar panels are allocated against the corresponding component. No grant is allocated to any other property components.

The amount of the SHG received is shown separately on the Statement of Financial Position within creditors. SHG is recognised over the useful life of the housing structure or component, as follows:

New build properties (main structure)	150 years
Housing properties (main structure)	100 years
Solar Panels	20 years
Physical Adaptation Grants	15 years

SHG due from the Welsh Government or received in advance is included as a current asset or liability.

SHG is repayable unless formally abated. Any grant becoming repayable on a property sale may be re-utilised on new property development subject to certain conditions.

Housing Finance Grant

Housing Finance Grant (HFG) is receivable from Welsh Government over a 30-year term. The grant relates to a specific financing model introduced as an alternative to SHG. The grant is for a fixed amount and contributes to the interest and capital repayment incurred by the association over a 30-year period.

HFG is treated in the same way as SHG with regards to its allocation against components and its treatment as an asset or liability.

Other grants

These include grants from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of relevant fixed assets. The amount of capital grant received is shown separately on the Statement of Financial Position.

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate, and the use of these grants are restricted to the purpose to which the funder has specified.

Useful economic lives of tangible assets

The Association separately identifies the major components which comprise its housing properties and charges depreciation to write-down the cost of each component on a straight-line basis. The major components and expected economic useful life are as follows:

New build structure	150 years
Structure	100 years
Roofs	60 years
Kitchens	15 years
Boilers	15 years
Bathrooms	25 years
Windows	35 years
Front doors	35 years
Back doors	35 years
Solar panels	20 years

Depreciation on housing properties is charged during the month the property entered into management.

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line or reducing balance basis over the expected useful economic lives of the assets at the following rates:

Motor Vehicles	25% reducing balance
Office Equipment	20% straight line
Computer Equipment	Variable
Freehold Offices	50-year straight line
Communal Equipment	Variable – straight line

Depreciation is charged on other fixed assets in the month of purchase but no charge is made in the month of disposal.

Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and / or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties. Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by an independent professional valuation on the highest and-best-use basis.

Changes in fair values are recognised in the Statement of Comprehensive Income. Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the Statement of Comprehensive Income.

The cost of maintenance, repairs and minor improvements is recognised in Statement of Comprehensive Income when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

Impairment

All assets are assessed to establish whether an indication of impairment exists at each reporting date. Where there is evidence of impairment, assets are written down to their recoverable amount, being the higher of the value in use and fair value less costs to sell. Any write-down is charged to the Statement of Comprehensive Income.

Recyclable grants

Recyclable grant in respect of properties sold, which may become repayable to the Welsh Government, is included in creditors falling due within one year.

Designated reserve for major repairs and communal equipment

A transfer to / from the reserve for major repairs is made so as to avoid undue fluctuations in total free revenue reserves. We also hold a small reserve for the replacement of communal equipment and the premises repair. A small transfer of £20k was made to the premises reserve during 2021/22.

Other revenue government grants

Other government grants are credited to the Statement of Comprehensive Income over the estimated life of the property on which they were received.

Value added tax

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes and this therefore gives rise to partial exemption calculations. As such, expenditure is shown inclusive of VAT, and any input VAT recovered is included in other income.

Taxation and deferred taxation

The surpluses of the Association are exempt from taxation due to its charitable status.

Provisions

The Association provides where there is uncertainty as to the timing or amount that may be required to settle any potential liabilities. Any amounts provided are charged to the Statement of Comprehensive Income and credited to the Statement of Financial Position based upon the Association's best estimate of the potential liabilities.

Pensions

The Association participates in the Social Housing Pension Scheme (SHPS) defined benefit and defined contribution salary pension schemes. Contributions are based on pension costs across the various participating associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Association. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. The annual contributions payable are charged to the Income and Expenditure account (see note 33).

Deferred income

A proportion of the grant income received on specific grant funded projects has been set aside and treated as deferred income to accord with the commitment given by the Board to fund future community projects.

Loans

Loans are advanced by banks and investment companies under the terms of individual mortgage deeds and security arrangements in respect of each property or housing scheme.

Loan fees and interest

Loan arrangement fees are capitalised and are amortised on a straight-line basis over the duration of the loan, as there was no material difference to using the effective interest rate. Interest is recognised in the Statement of Comprehensive Income under the accruals principle.

2a. Turnover, operating costs and operating surplus

	Turnover £'000	Operating costs £'000	2024 Operating surplus £'000	2023 Operating surplus (Restated) £'000
Social housing lettings				
General needs, sheltered & supported housing Supported people	13,343	10,018	3,325	2,508 (53)
Total social housing lettings	13,343	10,018	3,325	2,455
Commercial property	235	155	80	100
Total from lettings	13,578	10,173	3,405	2,555
Community development activities	84	616	(532)	(380)
Other			(102)	284
Gain on disposal of fixed assets			239	223
Impairment (loss) on other tangible fixed assets			-	(788)
Total			3,010	1,894

2b. Income and expenditure from social housing lettings

	General needs, sheltered & supported housing £'000	Supported people £'000	2024 Total £'000	2023 Total (Restated) £'000
Turnover				
Rents receivable	11,177	-	11,177	9,498
Service charge income	1,002	-	1,002	423
Grant income for support services	-	-	-	312
Amortisation of social housing and other government grants	1,164	-	1,164	1,074
	13,343	-	13,343	11,307
Operating costs				
Management costs	2,141	-	2,141	1,759
Service charge costs	1,157	-	1,157	908
Routine maintenance	1,925	-	1,925	1,700
Major repairs expenditure	1,421	-	1,421	1,311
Bad debts	75	-	75	80
Depreciation of housing properties	2,551	-	2,551	2,159
Other costs	748	-	748	935
	10,018	-	10,018	8,852
Operating surplus / (loss) on social housing lettings	3,325	-	3,325	2,455
Rent losses from voids	(189)	-	(189)	(141)

3. Sale of fixed assets

	2024 £'000	2023 £'000
Turnover from sale of fixed assets	1,036	721
Cost of sales	(797)	(498)
(Loss) / surplus on sale of fixed assets	239	223

4. Units in management at year end

	2024	2023
Total properties in management	2,152	2,119

5. Operating surplus

	2024 £'000	2023 £'000
Operating surplus is stated after charging:		
Rent losses from bad debts	75	80
Depreciation – housing properties	2,525	2,159
Depreciation – other fixed assets	187	218
Amortisation	(1,105)	(1,075)
External auditors remuneration in their capacity as auditors	19	16

6. Interest receivable and similar income

	2024 £'000	2023 £'000
Interest receivable	171	79
Total	171	79

7. Interest payable and similar charges

	2024 £'000	2023 £'000
Loans and bank overdrafts	1,832	1,569
Capitalised interest	(45)	(85)
Net interest on defined benefit liability (note 33)	63	36
Total	1,850	1,520

The Association capitalised interest using the weighted average cost of capital of 3.3% (2022/23: 3.3%).

8. Employee information

The average number of staff employed by RHA Wales during the year was as follows, stated in full time equivalents:

	2024 Number	2023 Number
Office staff	77	71
Wardens, caretakers and cleaners	5	5
Maintenance	3	3
Average	85	79
Total number of staff employed at the end of the year	86	86

Staff costs can be further analysed as follows:

	2024 £'000	2023 £'000
Wages and salaries	2,719	2,465
Social security costs	249	248
Pension costs	369	298
	3,337	3,011
Contracted out staffing services	144	97
Total	3,481	3,108

The charge for pension represents contributions paid by the Association to the pension scheme together with actuarial adjustments.

The ratio between the highest paid director and the median salary is 3.4 : 1 .

9. Members' and senior executives' emoluments

The Association began remunerating Board members from November 2019, and payments totalling £61,600 were paid during the year ending 31 March 2024 (2022/23: £59,200).

Total emoluments paid to senior executives of the Association are as follows:

	2024 £'000	2023 £'000
Emoluments (including pension contributions)	395	363
Termination payments	-	-
	395	363

The emoluments of directors and senior officers disclosed above (excluding pension contributions) include amounts paid to:

The highest paid director	111	103
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The Chief Executive is an ordinary member of the Association's pension scheme with SHPS. No enhanced or special terms apply to his membership and the Association makes no contribution to any individual pension arrangement in respect to the Chief Executive.

No termination payments were made to any director during the financial year (2022/23: nil).

The number of senior executives who received emoluments (excluding pension contributions) was in the following ranges. The Association employed four senior executives during the year (2022/23: four).

	2024 Number	2023 Number
£10,000 to £20,000	-	-
£20,001 to £30,000	-	-
£50,001 to £60,000	-	-
£60,001 to £70,000	-	-
£70,001 to £80,000	3	3
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
	4	4

10. Intangible Fixed Assets

Intangible fixed assets are internally generated and include an IT system under development. Amortisation will be charged when the system is operational.

	Computer Software £'000
Cost	
At 1 April 2023	92
Additions	84
At 31 March 2024	176
Amortisation	
At 1 April 2023	16
Charge for the year	13
At 31 March 2024	29
Net book value at 31 March 2024	147
Net book value at 31 March 2023	76

11. Housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Housing properties total £'000
Cost			
At 1 April 2023	166,296	10,159	176,455
Additions and other capitalised costs	1,143	9,797	10,940
Component additions	1,564	343	1,907
Physical adaptation grant additions	463	-	463
Transfers to properties held for sale (note 15)	(196)	-	(196)
Transfers to other tangible fixed assets (note 13)	-	-	-
Disposals during the year	(557)	(69)	(626)
Component disposals during the year	(306)	-	(306)
Component additions completes in year	250	(250)	-
Schemes completed in year	801	(801)	-
At 31 March 2024	169,458	19,179	188,637
Depreciation			
At 1 April 2023	28,785	-	28,785
Charge for the year - depreciation	2,447	-	2,447
Transfers to properties held for sale (note 15)	(55)	-	(55)
Disposals during year	(193)	-	(193)
Component disposals during the year	(202)	-	(202)
At 31 March 2024	30,782	-	30,782
Net book value at 31 March 2024	138,676	19,179	157,855
Net book value at 31 March 2023	137,511	10,159	147,670

Major repairs and investment in existing properties to let during the year amounted to £2.72million (2022/23: £2.1 million).

	2024 £'000	2023 £'000
Major repairs (revenue)	1,140	831
Capital investment in components	1,907	1,487
Capital investment in physical adaptation grants	463	254
Grant received for funding optimised retrofit programme (see note 19)	(518)	(358)
Grant received for funding physical adaptation grants (see note 19)	(395)	(254)
Total	2,597	1,960
	2024 £'000	2023 £'000
Housing Properties net book value comprise of freehold land and buildings	143,417	135,882

Direct development and asset management administration costs capitalised in the year amounted to £693k (2022/23: £688k).

12. Investment property

	2024 £'000	2023 £'000
Cost		
At 1 April	2,527	2,132
Additions and other capitalised costs	-	-
Transfer from other tangible fixed assets	-	395
At 31 March	2,527	2,527
Fair value adjustment		
At 1 April	(255)	(205)
Fair value (loss) / gain on investment property	(54)	(50)
At 31 March	(309)	(255)
Net book value at 31 March	2,218	2,272

All commercial properties are now stated at fair value, the commercial property at Dunraven Street has not been valued as it's deemed immaterial to the value of the total portfolio. Following an independent valuation, there is a fair value loss of (£54k) (2022/23: £50k). During 22/23, RHA Wales repurposed its head office at Compton Road, leasing office space to commercial tenants, as such the building will no longer be treated as 'Other tangible fixed assets' and has been transferred to 'Investment property'. A valuation took place during February 2023 and a subsequent impairment has been recognised prior to the transfer to investment property on other tangible fixed assets.

13. Other tangible fixed assets

	Freehold offices £'000	Office equipment £'000	Communal equipment £'000	Motor vehicle £'000	Total £'000
Cost					
At 1 April 2023	941	1,367	333	49	2,690
Additions during year	-	95	-	-	95
Disposals during year	-	(631)	-	-	-
At 31 March 2024	941	831	333	49	2,785
Depreciation					
At 1 April 2023	711	1,070	211	40	2,032
Charge for year	25	128	19	1	173
Disposal during year	-	(631)	-	-	-
At 31 March 2024	736	567	230	41	2,205
Net book value at 31 March 2024	205	264	103	8	580
Net book value at 31 March 2023	230	297	122	9	658

14. Fixed asset investments

	2024 £'000	2023 £'000
LCHO at the start of the year	160	160
Additions during the year	-	-
Sales during the year	-	-
LCHO at the end of the year	160	160

15. Housing properties held for sale

	2024 £'000	2023 £'000
Housing properties held for sale at beginning of year net of SHG	918	281
Housing properties transferred during the year (note 11)	162	998
Housing properties sold during the year	(234)	(361)
Housing properties held for sale at end of year	846	918

16. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year		
Arrears of rent and service charges	449	313
Less: provision for bad and doubtful debts	(300)	(251)
	149	62
Other debtors and prepayments	3,498	739
Total amounts falling due within one year	3,647	801
Amounts falling due after more than one year		
M&G security deposit account	167	-
Housing finance grant from Welsh Government	5,105	5,262
THFC interest reserve fund	639	610
Total amounts falling due after more than one year	5,911	5,872

17. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Capital grants received in advance	13,475	3,621
Recyclable capital grants	1,395	740
Housing loans	909	902
Rent in advance	210	208
Other creditors and accruals	3,203	3,288
Bank overdraft	-	-
Total	19,192	8,759

	2024 £'000	2023 £'000
Recycled capital grant at beginning of year	740	342
Additions	655	398
Utilised during year	-	-
Total	1,395	740

18. Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Housing loans	51,388	56,402
THFC interest service reserve	2,559	2,691
LCHO grant	38	39
Total	53,985	59,132

19. Social housing grant and other grants

	Housing properties held for letting £'000	Housing properties under construction £'000	Housing properties held for sale £'000	Housing properties total £'000
Social housing grant creditor				
At 1 April 2023	89,361	6,520	1,026	96,907
Receipts	795	17,820		18,615
Schemes completed in year	382	(382)		-
SHG received in advance		(9,855)		(10,085)
Release to I&E	-	-		-
Reduction on disposals (note 17)	(396)	-	(287)	(683)
Transfer to Held for Sale	(186)	-	186	-
At 31 March 2024	89,956	14,103	925	104,754
Amortisation				
At 1 April 2023	17,011	-	337	17,348
Charge for the year	1,164	-	-	1,164
Reversal of previously charged following sale	(135)	-	(111)	(246)
Transfer to Held for Sale	(66)	-	66	-
At 31 March 2024	17,974	-	292	18,266
Social housing grant less amortisation at 31 March 2024	72,023	14,103	633	86,718
Social housing grant less amortisation at 31 March 2023	72,350	6,520	689	79,559

20. Pension provision

	2024 £'000	2023 £'000
As at 1 April	(1,592)	(1,574)
Actuarial gain / (loss)	(795)	(501)
Difference on costs charged	624	519
Difference on interest charge	(63)	(36)
Total	(1,826)	(1,592)

21. Provision for liabilities and charges

	2024 £'000	2023 £'000
At 1 April	20	33
Provision released unused	-	-
Provision utilised	(2)	(13)
New provision made	-	-
Total	18	20

The Landslip provision relates to the ongoing need for annual assessment at Brithweunydd Road.

22. Housing loans

Housing loans are secured by specific charges on the Association's properties. The interest rates are fixed between 0% and 11.36% or vary with market rates.

	2024 £'000	2023 £'000
Repayable by instalments due as follows:		
Less than one year	909	902
One year or more but less than two years	916	909
Two years or more but less than five years	2,807	2,778
Five years or more	47,665	52,719
Total	52,297	57,308

23. Contingent liabilities

Grants

The Association amortises government grants over the useful life of the properties, as required by Housing SORP 2018. There are no present plans to sell the housing land and buildings however, if this was the case then government grants could become repayable. The total contingent liability as at 31 March 2024 is £18.0 million (2022/23: £17.0 million). During 2022/23 RHA Wales purchased a number of properties from Wales and West Housing Association for £10.6 million, these properties have SHG attached totalling £7.4 million. In the unlikely event RHA Wales was to sell the properties this amount of would be repayable.

Social Housing Pension Scheme

The Association been notified by the Trustee of the Social Housing Pension Scheme (Scheme) that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

EICR issue arising from Renting Homes Wales Act

In March 2024, RHA became aware of a potential issue which could impact organisations in the sector regarding new obligations resulting from the implementation of the Renting Homes (Wales) Act 2016. RHA had undertaken legal advice prior to the implementation of the act to understand the requirements and invested resources to implement new procedures to ensure compliance. When we became aware of the potential sector issue in March 2024, we conducted a detailed review of the processes and procedures that we had put in place to ensure that they are working as designed and sought further legal advice regarding our compliance. As a result of legal and technical advice, we remain confident that we are compliant with these new obligations.

However a number of Registered Social Landlords have issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that any change to our current view and exposure is less than probable however we acknowledge the inherent uncertainty of the current legal proceedings means this is more than remote. We believe that whilst we can arrive at maximum values we cannot arrive at any potential liability with reasonable certainty and hence believe the contingent liability note would not include any monetary value.

24. Share Capital

	2024	2023
	£	£
Shares of £1 each fully paid and issued at par		
At beginning of year	102	110
Shares issued during the year	-	5
Shares forfeited in the year	(7)	(13)
Total	95	102

25. Capital commitment

	2024	2023
	£'000	£'000
Expenditure contracted less certified	30,278	18,625
Expenditure authorised by the Board but not contracted	2,799	110
Total	33,077	18,735

The Board expect that any expenditure they have authorised will be fully financed by grants, mortgages, loans and reserves.

26. Reserves

	2024	2023
	£'000	(Restated) £'000
Revenue reserves		
At 1 April	9,888	9,986
Surplus / (deficit) for the year	482	(98)
Transfer (to) / from designated reserves		-
At 31 March	10,370	9,888
Designated reserves		
Major repair	2,976	2,976
Communal equipment	-	-
Premises	-	-
Total	2,976	2,976
Total reserves	13,346	12,864

Under the Rent Surplus Fund – 1997 Determination there is no requirement to separately identify the rent surplus fund, major repairs, designated reserves and mixed funded major repairs designated reserves. All of these are incorporating in the major repair reserve above.

The Premises designated reserve represents liability for costs of future repairs of Compton Rd and Taff St premises.

27. Cash flow from operating activities

	2024 £'000	2023 £'000
Surplus / (loss) for the year	482	(98)
Non-cash item	(176)	182
Depreciation	2,405	2,369
Fair value loss / (gain) in investment properties	54	50
Impairment (loss) in other tangible fixed assets	-	788
(Increase)/ decrease in debtors	(2,886)	(124)
(Decrease) / increase in creditors	(2,587)	(1,940)
(Decrease) / Increase in provisions	232	(13)
Carrying amount of fixed asset disposals	(797)	(362)
Pension contributions	204	(518)
Government grant utilised during the year	(1,157)	(1,075)
Interest receivable	(171)	(61)
Interest payable	1,787	1,569
Net cash inflow from operating activities	(2,610)	767

28. Free cash flow

	2024 £'000	2023 £'000
Net cash generated from operating activities	(2,610)	767
Interest paid	(1,787)	(1,569)
Interest received	171	61
Adjustments for reinvesting in existing properties		
Component replacements	(2,370)	(1,741)
Purchase of other fixed assets	(10,096)	(16,221)
Component replacement grant received	913	612
Free cash generated / (consumed) before loan repayments	(15,779)	(18,091)
New loans secured	-	4,000
Loans repaid (excluding revolving credit and overdrafts)	(5,804)	(979)
Free cash generated / (consumed) after loan repayments	(21,583)	(15,070)

29. Analysis of changes in net debt

	01 April 2023 £'000	Cash flows £'000	31 March 2024 £'000
Cash	3,499	222	3,721
Bank overdraft	-	-	-
Long-term bank loans	(58,101)	5,971	(52,130)
Total	(54,602)	6,193	(48,409)

30. Obligations under operating leases

	2024 £'000	2023 £'000
Within one year	11	11
Between one and two years	11	11
Between two and five years	33	33
More than five years	231	242
Total	286	297

31. Related party transactions

Owing to the nature of the Association's operations and composition of the Board being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Associations financial regulations and normal procurement procedures.

32. Grants

In addition to receiving Social Housing Grant from the Welsh Government for housing development, the Association sometimes receives various grants to help fund the community initiative / regeneration activities. The use of these grants is restricted to the purpose to which the funder has specified. During the year ending 31 March 2024, £41k was received (2022/23: £52k).

33. Prior year adjustment

During the year 2022/23 the association amended its component capitalisation policy to include roofs. This has meant a prior year adjustment has taken place so that proportion of the cost element previously allocated to structure of properties and depreciated over 100 years is now being depreciated over 60 years, since the signing of the 2022/23 financial accounts it has been found that the original adjustment was actually insufficient this has resulted in the 2022/23 figures being amended. The opening reserves as at 1st April 2022 have reduced by a further £244k, £389k of additional depreciation, £189k of previous roof replacement costs being capitalised and subsequent £43k of net book value being written off. The 2022/23 profit and loss figures have also been amended, £78k reduction in the depreciation charge and £46k net book value being written off in year to correspond with replacement costs capitalised.

34. Pension provision

The Associations' employees belong to the Social Housing Pension Scheme (SHPS). The scheme is a multi-employer defined-benefit plan administered by TPT Retirement Solutions. The latest formal actuarial valuation of the SHPS was 31 March 2018.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2024 £'000	2023 £'000
Fair value of plan assets	7,735	7,820
Present value of defined benefit obligation	9,560	9,419
Defined benefit liability to be recognised	(1,825)	(1,599)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024 £'000	2023 £'000
Defined benefit obligation at start of period	9,419	14,077
Current service cost	154	247
Expenses	11	11
Interest expense	454	391
Contributions by plan participants	30	37
Actuarial loss / (gain) due to scheme experience	33	(539)
Actuarial (gain) / loss due to changes in demographic assumptions	(103)	(21)
Actuarial (gain) / loss due to changes in financial assumptions	(116)	(4,497)
Benefits paid and expenses	(322)	(287)
Defined benefit obligation at end of period	9,560	9,419

Reconciliation of opening and closing balances of the fair value plan assets

	2024 £'000	2023 £'000
Fair value of plan assets at start of period	7,820	12,503
Interest income	391	355
Experience on plan assets (excl. amounts included in interest income) – (loss) / gain	(981)	(5,558)
Contributions by the employer	797	770
Contributions by plan participants	30	37
Benefits paid and expenses	(322)	(287)
Fair value of plan assets at end of period	7,735	7,820

The actual return on the plan assets over the period ended 31 March 2024 was -£590k (2021/22: -£5,203k).

Defined benefit costs recognised in Statement of Comprehensive Income

	2024 £'000	2023 £'000
Experience on plan assets (excl. amounts included in net interest cost) – (loss) / gain	(981)	(5,558)
Experience (loss) / gain arising on the plan liabilities	(33)	539
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	103	21
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	116	4,497
Total amount recognised in other comprehensive income – gain / (loss)	(795)	(501)

Assets

	2024 £'000	2023 £'000
Global equity	771	146
Absolute return	302	85
Distressed opportunities	273	237
Credit relative value	253	295
Alternative risk premia	246	15
Fund of hedge funds	-	-
Emerging markets debt	100	42
Risk sharing	453	576
Insurance-linked securities	40	197
Property	311	337
Infrastructure	781	893
Private Equity	6	-
Private debt	304	348
Opportunistic Illiquid credit	302	334
High yield	1	27
Opportunistic credit	-	1
Cash	153	56
Corporate bond fund	-	-
Long lease property	50	236
Liquid credit	-	-
Secured income	231	359
Liability driven investment	3,148	3,601
Currency Hedging	(3)	15
Net current assets	13	20
Total assets	7,735	7,820

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

	2024	2023
Discount rate	4.91%	4.84%
Inflation (RPI)	3.12%	3.17%
Inflation (CPI)	2.79%	2.79%
Salary Growth	3.79%	3.79%
Allowance for commutation of pension for cash at retirement	75.00% of maximum allowance	75.00% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	2024	2023
Male retiring in 2021	20.5	21.1
Female retiring in 2021	23.0	23.4
Male retiring in 2041	21.8	22.2
Female retiring in 2041	24.4	24.9

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