

Financial Statements

For year ended

31 March 2013



CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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CARTREFI CYMUNEDOL GWYNEDD CYF

BOARD MEMBERS AND PROFESSIONAL ADVISORS

BOARD MEMBERS

John Glyn Jones (Chair)
Margaret Bracegirdle (Vice Chair)
Trefor Edwards (Resigned July 2012)
Richard Humphreys (Resigned September 2012)
Brian Jones
Claire Russell Griffiths
Anne Lloyd-Jones
Vicky Norton
Michael Sol Owen (Appointed July 2012)
Alan Moseley (Appointed September 2012 – Resigned May 2013)
Dean Swindell
John Wyn Williams
Nerys Williams
Elfed Williams (Appointed September 2012 – Resigned – October 2012)
Arwel Jones (Appointed December 2012)

Secretary and Registered Office

Rhys Evans
Unit 6 & 7,
Llys Castan, Parc Menai,
Bangor, Gwynedd
LL57 4FH

Executive Officers

Ffrancon Williams - Chief Executive
Kevin Williams - Director of Corporate Services & Company Secretary (resigned May 2013)
Rhys Jones – Director of Customers and Communities
Mick Butler – Director of Assets and Investments

External Auditors

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

Solicitors

Trowers & Hamlins
Sceptre Court,
40 Tower Hill,
LONDON
EC3N 4DX

Bankers

Barclays Bank plc
3rd Floor,
Windsor Court,
3 Windsor Place,
Cardiff
CF10 3ZL

Funders

Barclays Bank plc
3rd Floor,
Windsor Court,
3 Windsor Place,
Cardiff
CF10 3ZL

Financial Advisors

Sector Weedon Grant
The Registry,
34 Beckenham Road,
Beckenham
BR3 4TU

Cartrefi Cymunedol Gwynedd Cyfyngedig is an Industrial and Provident Society registered with charitable rules, Industrial and Provident Society Number:30776R. Registered Social Landlord number L152.

CARTREFI CYMUNEDOL GWYNEDD CYF
Board Report
for the Year 1 April 2012 to 31 March 2013

The Management Board of Cartrefi Cymunedol Gwynedd presents this report and the audited financial statements for the year 1 April 2012 to 31 March 2013.

Throughout the report and Financial Statements 'CCG' or 'Association' has been used to refer to Cartrefi Cymunedol Gwynedd Cyf.

Principal Activities

CCG is a Housing Association formed in April 2010 following the transfer of some 6,300 homes from Gwynedd Council. CCG is an Industrial and Provident Society registered with charitable rules. CCG is a Registered Social Landlord and is regulated by the Welsh Government.

CCG's primary purpose is to provide affordable rented homes to those in housing need.

On the 31 March 2013 CCG had a total of 6,291 properties throughout the Gwynedd area, with the vast majority located in the Arfon district. Although stock is mainly concentrated in the largest settlement towns of Bangor, Caernarfon, Pwllheli, Blaenau Ffestiniog, Dolgellau, Bala and Tywyn many properties are spread across a wide area of the County in villages and isolated rural locations.

Within the stock there are around 400 homes designated as Sheltered Housing for older tenants, for tenants living in such properties, wardens are employed to help ensure that tenants can enjoy as much independence as possible.

The first three years of operation has seen CCG make significant progress towards fulfilling the promises made to tenants on transfer, which included the aim of improving the properties to the Welsh Housing Quality Standard (WHQS) by 2015.

Objectives and strategies

CCG's corporate vision is "to be the main provider of social housing in Gwynedd and putting the customer at the centre of everything we do". The vision is supported up by a number of core values;

- Effective: True to our word.
- Flexible: Ready to listen and respond.
- Approachable: fair and honest.
- Innovative: We welcome new ideas.

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The Corporate Plan 2010 - 2015, and the 10 Corporate Strategic Objectives contained within, sets out how the association is to achieve this vision.

Progress against achievement of the objectives is monitored through the Performance Management Framework, which is designed to link a series of Directorate Delivery and Improvement Plans and Service Delivery and Improvement Plans, all of which are underpinned by a number of Key Performance and Corporate Performance Indicators.

Financial Review

Financial Viability Assessment

The Welsh Ministers have powers under section 33A of the Housing Act 1996 to regulate RSLs in Wales in relation to the provision of housing and matters relating to governance and financial management. Regulatory assessments undertaken follow a risk based approach which seeks to make a judgement relating to the financial viability of the Association.

Following the Welsh Ministers review they concluded that CCG's Financial Viability Judgement as at 28 March, 2013 was 'Pass'. This is defined as that;

"the Association has adequate resources to meet its current and forecasted future business financial commitments."

The Board considered this to be a positive result which reflects well on an organisation of CCG's maturity.

Financial Performance

The financial results for the third year of operation compare well to our third year business plan, with a surplus on ordinary activities for the year of £8.9m. This surplus is after receipt of dowry for the year from WG of £4.1m.

CCG had net tangible fixed assets of £50.7m at the year end, being the cumulative cost of improvement works carried out since transfer, net of capital grants received. There were net current liabilities at the year end, mainly due to accrued expenditure and £12.0m of bank loans which are repayable during 2013/14. Revenue reserves at the year end amounted to £26.1m, which will be retained within CCG to fund future improvement works.

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The balance of loans outstanding stood at £29.0m at the year end, made up of two fixed rate loans, totalling £17.0m which are repayable in April 2031 and April 2033 and £12.0m in variable rate loans which are repayable during 2013/14. The loans were drawn down under an £82.0m facility arrangement with Barclays Bank.

Assets

There was significant investment in improvement works in the year, with expenditure of £31.3m. Together with the £25.1m spent in the previous two years, this expenditure represents just under 50% of the planned investment in the first five years of operation required to deliver CCG's substantial WHQS improvement programme.

Rents

In accordance with the promises made to tenants at transfer, CCG's rent policy ensures that taken as a whole rents would not increase by more than they would have done if homes had stayed with the Council, and WG's rent policy remained as it was pre transfer. Rents for pre-transfer tenants are based on Local Authority Guideline rents whilst new tenants' rents are based on the RSL Benchmark Rents. Currently Local Authority Guideline rents are around 5.2% lower than RSL Benchmark Rents.

Right to Buy/Acquire

The Offer Document noted that tenants who transferred to CCG from Gwynedd Council would have a 'preserved right to buy' rights. During the year a total of 5 right to buy sales were completed, the proceeds of which have been incorporated into the 2012/13 revenue accounts.

New tenants since transfer do not have the same right to buy rights as transferred tenants, however, under certain criteria they may be able to purchase their homes through the 'right to acquire' process, which is based on a grant rather than a discount. To date CCG has not sold any properties under the right to acquire.

Operational Review

As a fast moving organisation, CCG continues to evolve and develop; the third year of operation saw the focus remain firmly on delivering the promises made to tenants at transfer, particularly in the delivery of the WHQS improvement programme, and as detailed below, progress remains on course for completion in 2015.

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Other operational priorities focused on embedding a customer service culture of “being true to our word” across the organisation, building upon processes and systems in place to ensure that service delivery in key areas continues to improve and ensuring that CCG is strongly placed to face the challenges as the result of the Welfare Reform Act.

Key achievements 2012/13

- The successful mobilisation of CCG’s partners ensured that progress on achieving WHQS remained on course for 2015, at 31 March 2013 the number of completions were as follows;
 - Kitchens – 2,725
 - Bathrooms – 2,795
 - Heating – 4,377
 - Electrics – 3,114
 - Windows – 5,108
 - Doors – 5,981
- Successfully completed 116 (69%) of the promises made in the Offer Documents, with the remaining promises on course to be achieved by 2015.
- Following a comprehensive root and branch review of Health and Safety arrangements, CCG now has in place an integrated Health, Safety, Quality and Environment (HSQE) system designed to enable the association to better manage health, safety and environmental issues and to ensure consistency and quality in all our processes.
- The Board commissioned an external consultancy to undertake a review of the Repairs and Maintenance Service; this resulted in the development of an options appraisal on the future of this key service area. The Board then agreed to undertake a Transformation Project in order to bring about significant service improvements through a structure and management review and the embedding of a performance led culture within the service area.
- The first tenant profiling exercise was undertaken successfully; CCG has now profile data for 70% of the tenants which has assisted in identifying those most affected by the Welfare Reform Act. The data is also used to ensure that services are tailored according to the needs of tenants.

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- The implementation of the Programme Management (PM) framework has enabled a number of organisational projects to be developed. The purpose of the PM function is to direct and implement a portfolio of priority projects and activities that deliver change, in the form of outcomes and benefits, which are of strategic importance to the business. This approach provides a framework for implementing corporate strategies with an overall focus on delivering the desired change. This has resulted in more effective management of resources and budgets to deliver the desired outcomes, and provided a framework for the transition of the solutions, developed by the projects, into day to day business operations.
- In response to the potential adverse impact of the Welfare Reform Act on our tenants and on the organisation as a whole, the Board approved the allocation of additional resources for the Income Management Team, to employ temporary Rent Advisors to assist those identified as being at most risk.
- The implementation of the Customer Services project has helped improved the way CCG deals with tenants choosing to make contact over the telephone. The project led to the establishment of an integrated Call Centre where members of the team are on hand to respond to tenants request for services and enquiries. The target within the next three years is that the team will be able to deal with 90% of enquiries at the first point of contact, which will help in the aim of improving services to tenants and service users. Over the year 94% of the staff attended Customer Services training based on the key message of being “True to our word”
- The second Tenant Satisfaction Survey was undertaken with the results being used to identify areas of strength and areas for improvement in service delivery.
- The Targeted Recruitment and Training unit, formed as a part of the commitment to ensure that the WHQS improvement programme provides employment and training opportunities locally, received national recognition by winning a Chartered Institute of Housing (Wales) Award. The work of the unit has helped facilitate the employment of 64 trainees on the WHQS programme at the end of March 2013.
- The CCG Community Investment Fund supported a total of 44 community based organisations to develop a range of projects across the Gwynedd area – the total grant awarded was £284,606, this helped the organisations secure a further investment of £2.1 million in the community projects through ‘match funding’.
- The CCG Local Tenant Participation Strategy was launched This important strategy underpins CCG’s commitment to facilitate tenant involvement across the organisation, and to assist in achieving the aim of “putting the customer at the centre of everything we do”

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- The implementation of the Common Housing Register, in partnership with other local Social Housing providers and the Local Authority, saw the responsibility for managing the Housing Register (Waiting List) to the newly established Housing Options Team hosted within Gwynedd Council.
- CCG has continued to build upon the suite of strategic and operational policies and procedures, key policies reviewed or developed over the year included the development of the Adaptations Policy and Tenant's Improvements Policy, the review of the Complaints Policy, Financial Regulations and Standing Orders.
- The Service Level Agreements agreed with the Local Authority at transfer (12 in total) have been reviewed individually over the year. Every agreement was assessed in terms of the future options, which included the option of bringing the service in-house, extending the current arrangements or going out to open tender.

These key achievements are consistent with the Future Developments identified within the 2011/12 Board Report

During the forthcoming year, CCG will strive to continue building on the achievements since transfer and strengthen as an organisation further, particular key development areas are;

- Ensuring the full implementation of the HSQE system with the aim of achieving ISO 18001 accreditation for Health and Safety, 9001 for Quality Systems and 14001 for Environment.
- Further embedding Performance Management across the organisation, particularly around employee performance, this being one of the corporate training priorities for the year to come.
- Develop initiatives for future New Build programmes

Governance and Regulatory Overview

Housing Association Regulatory Assessment

Part 2 of the Housing (Wales) Measure 2011 (the Measure), which amends Part 1 of the Housing Act 1996 gives powers to the Welsh Ministers to regulate RSL's in Wales. The measure provides the Welsh Ministers with enhanced regulatory and intervention powers.

The Housing Association Regulatory Assessment (HARA) undertaken by the Housing Regulation Team on behalf of the Welsh Ministers follows a risk based approach to regulation and seek to identify strengths and areas for improvement in meeting the 10 Delivery Outcomes as set out in the Framework for Housing Associations Registered in Wales (the Framework).

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The Framework outlines the need for Housing Associations in Wales to prepare a Self Assessment (SA) Report that is to be shared with the regulator. The purpose of the SA is to give the Board's overall view of how the Association is performing against the Delivery Outcomes. Having shared CCG's first SA report with the regulator at the end of February 2012 the HARA was conducted during October and November 2012.

Following the HARA, CCG was assessed as requiring a 'medium level of regulatory engagement' in the future. The Board felt that the conclusions of the HARA were a fair reflection on CCG and has provided focus on the areas for improvement to be prioritised.

Charter for Good Governance

The Board have continued to follow the Community Housing Cymru's (CHC's) Charter for Good Governance which has been developed to demonstrate a visible commitment to good governance – constant reviews of activities are undertaken to ensure that as the organisation develops, we continue to have the correct governance processes in place.

Board and Committee structure

CCG's Board is made up of twelve members, comprising four tenants, four Local Authority nominees, and four independents, all are Non-Executive Directors of CCG. Members are from a wide background, bringing a range of professional, commercial and local experiences to CCG. The members of the Board of Management and the Executive Management Team who served during the year are set out on page 1.

In order to enable the Board to maintain a focus on the policy framework and the overall strategic direction of CCG, four committees with delegated powers have been established to enable effective scrutiny of more operational issues, the current committee structure comprises of

- Audit Committee
- Finance Committee
- Operations Committee
- Human Resources & Remuneration Committee

The roles and powers of the committees are defined within the Standing Orders.

Statement of Board responsibilities

The Industrial and Provident Societies Acts require the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that period. In preparing these accounts the Board are required to:-

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

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

The Board is responsible for the Association's strategy and policy framework, but delegates the day to day management and implementation to the Chief Executive and the Executive Management team.

Board Development Framework

Over the year, the Board Development Framework has been established, this is seen as key in enabling the Board to continue to provide the necessary strategic leadership for the organisation. The Framework covers matters relating to Board recruitment, evaluation, training and succession planning.

Shareholder membership

At the end of the year, CCG had a total of 45 shareholders, each member having a £1 share in CCG. Shareholders are able to influence decision making within the Association through their right to vote at the Annual General meeting, all tenants have the right to apply to become shareholders.

The Local Authority hold one share capital on behalf of the Local Authority nominees on the Board, and the remaining Board members are all shareholders. None of the senior officers hold any interest in the share capital of the Association.

Internal Control

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

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The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within general management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with WG's RSL02/10 housing circular: 'Internal controls and reporting'.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks:

CCG's Risk Management Strategy defines the process for the identification, evaluation and control of significant risks. The Strategy provides for the regular reporting of risk to the Audit Committee. To complement the risk management process for these Service level risks the Executive Management Team have also developed a Corporate Risk Register which is regularly reviewed.

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

It is anticipated that the Risk Management process across the Association will be reviewed over the forthcoming year in order to complement the HSQE system.

Overall control procedures:

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

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Information and financial reporting systems:

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the executive directors and are considered and approved by the Finance Committee quarterly (and are forwarded to our Funders as part of the loan facility agreement). The Operations Committee also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring and corrective action:

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

The internal control framework and the risk management process are subject to regular review by Internal Audit who report to the Audit Committee. The Audit Committee considers internal control and risk at each of its meetings during the year, and will routinely review a number of operational risk maps.

The Audit Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process.

The Board confirms that there is an on-going process for identifying, and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report and accounts, and is regularly reviewed by the Board.

Statement of compliance

This Operating and Financial Review has been prepared in accordance with the principles set out in Para 33 and 34 of the 2010 SORP Update for registered providers.

CARTREFI CYMUNEDOL GWYNEDD CYF
Independent Auditors Report to Members of
Cartrefi Cymunedol Gwynedd Cyf.

We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on pages 8 and 9, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 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.

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

Date: 18 September 2013



Income and Expenditure Account
For the Year 1 April 2012 to 31 March 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	27,035	26,163
Operating Costs	2	(17,305)	(14,218)
Operating Surplus		9,730	11,945
Surplus on Sale of Fixed Assets		260	362
Interest Receivable and Similar Income	4	128	255
Interest Payable and Similar Charges	4	(1,280)	(623)
Surplus on Ordinary Activities for the Year	5	8,838	11,939

All amounts relate to continuing activities.
The above surpluses are the historical cost surpluses.



Statement of Total Recognised Surpluses and Deficits

For the Year 1 April 2012 to 31 March 2013

	Notes	2013 £'000	2012 £'000
Surplus for the Year		8,838	11,939
Actuarial (Loss)	18	(1,668)	(952)
Total Recognised Surplus for the Year		7,170	10,987

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



Balance Sheet As at 31 March 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Tangible Fixed Assets					
Housing Properties at Cost less Depreciation	6	49,721		22,571	
Other Grants	6	<u>(695)</u>		<u>(650)</u>	
			49,026		21,921
Other Tangible Fixed Assets	7		<u>1,672</u>		<u>1,881</u>
			50,698		23,802
Current Assets					
Debtors (including prepayments)	8	2,259		2,045	
Stock	9	33		84	
Work in Progress	10	4,566		2,042	
Short Term Deposits	11	3,904		1,818	
Cash at Bank and in Hand	12	<u>49</u>		<u>29</u>	
			10,811		6,018
Current Liabilities					
Creditors : Amounts Falling Due Within One Year	13		<u>(18,005)</u>		<u>(7,071)</u>
Net Current Liabilities excluding Pension (Liability)			(7,194)		(1,053)
Pension (Liability)	18		(2,192)		(607)
Net Current Liabilities Including Pension (Liability)			(9,386)		(1,660)
Creditors : Amounts Falling Due after more than 1 Year	14		(17,000)		(5,000)
NET ASSETS			<u>24,312</u>		<u>17,142</u>
Represented By :					
Non Equity Share Capital	15		-		-
Pension Reserve	18		(2,192)		(607)
Designated Reserves	16		387		397
Revenue Reserves	16		<u>26,117</u>		<u>17,352</u>
			24,312		17,142

The financial statements on pages 14 to 33 were approved and authorised for issue by the Board on 18 September 2013 and were signed on its behalf by:

John Glyn Jones – Chair

Margaret Bracegirdle – Vice Chair

Rhys Evans – Secretary



Cash Flow Statement
For the Year Ended 31 March 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net Cash Inflow from Operating Activities			8,609		13,495
Returns on Investments and Servicing Finance					
Interest Received		30		40	
Interest Paid on Loans		(1,280)	(1,250)	(623)	(583)
Net Cash Flow from Returns on Investments and Servicing of Finance			7,359		12,912
Capital Expenditure					
Purchase and Construction of Housing Properties		(28,751)		(16,724)	
Purchase of Other Fixed Assets		(169)		(314)	
Capital Grants Received		45		-	
Sales of Properties		263		354	
Sales of Other Fixed Assets		-	(28,612)	20	(16,664)
Net Cash (Outflow) before Use of Liquid Resources and Financing	21		(21,253)		(3,752)
Management of Liquid Resources					
(Increase) / Decrease in Short Term Deposits			(2,085)		84
Financing					
Loan Advances Received		24,000		5,000	
Loan Principal Repayments		-		(3,500)	
Net Cash Inflow from Financing			24,000		1,500
Increase / (Decrease) in Cash			662		(2,168)

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



Reconciliation of Operating Surpluses to Net Cash Inflow from Operating Activities

	2013	2012
	£'000	£'000
Operating Surplus	9,730	11,945
Depreciation of Tangible Fixed Assets	1,976	767
Difference Between Pension Charge and Cash Contributions	15	28
Working Capital Movements:		
Decrease in Stock	51	154
(Increase) in Debtors	(215)	(857)
(Increase) in Work in Progress	(2,525)	(1,969)
Increase / (Decrease) in Creditors	(423)	3,427
Net Cash Inflow from Operating Activities	8,609	13,495

Reconciliation of Net Cash Flow to Movement in Net Debt

	2013	2012
	£'000	£'000
Increase in cash in the year	662	(2,168)
Cash flow from Changes in Debt	(24,000)	(1,500)
Cash flow from Management of Liquid Resources	2,085	(84)
Movement in Net Debt in Year	(21,253)	(3,752)
Net Debt at Commencement of Year	(3,795)	(43)
Net Debt at End of Year	(25,048)	(3,795)



Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

Cartrefi Cymunedol Gwynedd is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Welsh Government as a Registered Provider of social housing.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Landlords (updated in 2010) of the United Kingdom. The accounts comply with the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2009. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments.

Turnover

Turnover comprises:

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

Fixed Assets and depreciation

The Association depreciates its housing properties in accordance with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords".

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

Freehold land is not depreciated,

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

Useful economic lives for identified components are as follows:

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



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

Asset	Years
Offices	15 to 80 years
Garages	30 to 60 years
Shops	15 to 80 years
Vehicles and Plant	3 years
IT Equipment	5 to 10 years

Impairment

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified. Impairment reviews are carried out on assets whose useful economic lives are expected to exceed 50 years in accordance with Financial Reporting Standard 11.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the balance sheet date.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account as they are incurred.

Value Added Tax

The Association is registered for VAT. A large portion of its income including rental receipts is exempt for VAT purposes. Where VAT is not recoverable the expenditure for these activities is shown in the accounts inclusive of VAT, with the exception of all major repairs expenditure which is shown exclusive of VAT. The Association has been able to take advantage of the VAT Shelter relief that is available to it.

Provisions

Provisions are recognised where uncertainty exists regarding the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the income and expenditure account and credited to the balance sheet based upon the Associations best estimate of potential liabilities.



Pensions

The Local Government Pension Scheme (LGPS), a defined benefits scheme managed by Gwynedd Council. Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS Scheme are disclosed in accordance with Financial Reporting Standard No.17 – Retirement Benefits.

Designated reserves

Cartrefi Cymunedol Gwynedd designates those reserves which have been set aside for uses which prevent them, in the judgement of the Board, from being regarded as part of the free reserves of the Association.

Service charges

Cartrefi Cymunedol Gwynedd operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the balance sheet.

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

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the turnover note 2. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the income and expenditure from social housing lettings note 3 and matched against the relevant costs.

Loan finance issue costs

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

Taxation

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

CARTREFI CYMUNEDOL GWYNEDD CYF
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover £'000	2013 Operating Costs £'000	Operating Surplus £'000	Turnover £'000	2012 Operating Costs £'000	Operating Surplus £'000
SOCIAL HOUSING LETTINGS	26,670	(17,167)	9,503	25,759	(13,915)	11,844
OTHER SOCIAL HOUSING ACTIVITIES						
Supporting People contract income	117	(74)	43	124	(158)	(34)
NON-SOCIAL HOUSING ACTIVITIES						
Lettings of Shops and Other Land	97	(25)	72	110	(57)	53
Letting of Garages to Non Tenants	151	(39)	112	170	(88)	82
TOTAL	27,035	(17,305)	9,730	26,163	(14,218)	11,945

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2013			2012		
	General Housing £'000	Supported Housing £'000	Total £'000	General Housing £'000	Supported Housing £'000	Total £'000
INCOME						
Rents	(20,788)	(1,023)	(21,811)	(19,893)	(1,084)	(20,977)
Service charges	(56)	(469)	(525)	(48)	(425)	(473)
Charges for support services	-	-	-	-	-	-
Rents receivable	(20,844)	(1,492)	(22,336)	(19,941)	(1,509)	(21,450)
Supporting People Contract Income	-	-	-	-	-	-
Service Level Agreement Income	(106)	(3)	(109)	(156)	(6)	(162)
Revenue Grants Received	(3,846)	(254)	(4,100)	(3,847)	(253)	(4,100)
Miscellaneous Income	(111)	(14)	(125)	(47)	-	(47)
TOTAL INCOME	(24,907)	(1,763)	(26,670)	(23,991)	(1,768)	(25,759)
EXPENDITURE						
Services	1,599	533	2,132	1,214	231	1,445
Management	6,779	444	7,223	5,283	368	5,651
Routine maintenance	4,286	226	4,512	4,859	250	5,109
Planned maintenance	1,593	-	1,593	1,173	-	1,173
Rent losses from bad debts	109	-	109	92	5	97
Depreciation of Housing Properties	1,598	-	1,598	440	-	440
TOTAL EXPENDITURE	15,964	1,203	17,167	13,061	854	13,915
OPERATING SURPLUS ON LETTINGS ACTIVITIES	(8,943)	(560)	(9,503)	(10,930)	(914)	(11,844)
Void Losses	802	167	969	424	105	529



4. INTEREST PAYABLE AND INTEREST RECEIVABLE

a. Interest Payable and Similar Charges	2013	2012
	£'000	£'000
On Loans	1,027	314
Non Utilisation Fees	253	309
TOTAL	1,280	623

b. Interest Receivable and Similar Income	2013	2012
	£'000	£'000
On Investments	30	40
Net Return on Pension Fund Investments	98	215
TOTAL	128	255

5. SURPLUS FOR THE YEAR

	2013	2012
	£'000	£'000
The operating surplus for the year is stated after charging:		
Auditor's Remuneration		
- In their capacity as auditors	17	16
Operating Lease Payments	289	229
Depreciation of Housing Properties	1,598	440
Depreciation of Other Assets	378	327

6. TANGIBLE FIXED ASSETS (HOUSING)

	Housing Properties Held for Letting 2013 £'000
Cost	
At Beginning of Year	23,094
Disposals	(3)
Capitalisation of Improvements at Cost	28,751
Cost at End of Year	51,842
Grant	
At Beginning of Year	650
Grant Received	45
Grant at End of Year	695
Depreciation and Impairment	
At Beginning of Year	523
Charge for the Year	1,598
At End of Year	2,121
Net Book Value	
At End of Year	49,026
At Beginning of Year	21,921

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



7. OTHER TANGIBLE FIXED ASSETS

	Offices	Vehicles	Computers, Furniture and Office Equipment	2013 Total	Offices	Vehicles	Computers, Furniture and Office Equipment	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At Beginning of Year	876	174	1,412	2,462	812	211	1,161	2,184
Additions	-	-	169	169	64	-	251	315
Disposals	-	-	-	-	-	(37)	-	(37)
Cost at End of Year	876	174	1,581	2,631	876	174	1,412	2,462
Depreciation								
At Beginning of Year	32	115	434	581	16	68	194	278
Charge for the Year	37	58	283	378	16	71	240	327
Disposals	-	-	-	-	-	(24)	-	(24)
At End of Year	69	173	717	959	32	115	434	581
Net Book Value								
At End of Year	807	1	864	1,672	844	59	978	1,881
At Beginning of Year	844	59	978	1,881	796	143	967	1,906

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



8. DEBTORS

	2013	2012
	£'000	£'000
Debtors Due Within One Year:		
Arrears of Rent and Service Charges	1,010	973
Less : Provision for Bad and Doubtful Debts	<u>(717)</u>	<u>(706)</u>
	293	267
Loans to Staff	8	16
Other Debtors and Prepayments	1,958	1,762
TOTAL	<u>2,259</u>	<u>2,045</u>

9. STOCK

	2013	2012
	£'000	£'000
Building Maintenance Unit Materials	<u>33</u>	<u>84</u>
	33	84

10. WORK IN PROGRESS

	2013	2012
	£'000	£'000
WHQS Main Contractor	<u>4,566</u>	<u>2,042</u>
	4,566	2,042

11. SHORT TERM DEPOSITS

	2013	2012
	£'000	£'000
Overnight Deposits	1,904	1,818
3 Month Fixed Deposit	<u>2,000</u>	<u>-</u>
	3,904	1,818

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



12. CASH AND BANK DEPOSITS

	2013	2012
	£'000	£'000
Bank Deposits		
Instant Access Deposit Accounts	32	26
Current Bank Account and Cash in Hand	17	3
TOTAL	<u><u>49</u></u>	<u><u>29</u></u>

13. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£'000	£'000
Amounts falling due within one year:		
Bank Overdraft	-	642
Trade creditors	3,445	4,793
Accruals and deferred income	2,225	1,397
Rent and Service Income Received in Advance	182	126
Grants Received but not Applied	153	113
Loan repayments in one year or less	12,000	-
TOTAL	<u><u>18,005</u></u>	<u><u>7,071</u></u>

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

	2013	2012
	£'000	£'000
Loans not Repayable by Instalments		
Between 1 and 2 Years	-	-
Between 2 and 5 Years	-	-
Over 5 Years	17,000	5,000
TOTAL	<u><u>17,000</u></u>	<u><u>5,000</u></u>

Cartrefi Cymunedol Gwynedd has an agreed loan facility with its funders of up to £82m.

15. NON EQUITY SHARE CAPITAL

	2013
	£
Shares of £1 each, fully paid and issued at par	
At 1 April 2012	39
Shares Issued During the Year	6
At 31 March 2013	<u><u>45</u></u>

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



16. RESERVES

	Pension Reserve	Designated Reserves	Revenue Reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2012	(607)	397	17,352	17,142
Transfer for the Year	83	(10)	(73)	-
Actuarial Loss for the Year	(1,668)	-	-	(1,668)
Surplus for the Year	-	-	8,838	8,838
Balance at 31 March 2013	(2,192)	387	26,117	24,312

17. CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	33,316	8,799
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	710	18,321
TOTAL	34,026	27,120
	2013 £'000	2012 £'000
Cartrefi Cymunedol Gwynedd expects these commitments to be financed with:		
Committed loan facilities	34,026	27,120
TOTAL	34,026	27,120

18. PENSION

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

The gains and losses recognised by the Association therefore relate solely to the transfer period.

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



The most recent valuation was carried out at the 31st March 2010 and has been updated by independent actuaries to the scheme to take into account the requirements of FRS17 in order to assess the liabilities of the fund at 31st March 2013. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. The Association's contribution rate from 1st April 2012 to 31st March 2013 was 18.5% (18.5% in 2011/12) of the members pensionable pay.

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS17 purposes were:

Average Future Life Expectancy at Age 65	Males	Females
Current Pensioners	20.5 years	23.0 years
Future Pensioners	23.3 years	25.6 years

	% per annum	% per annum
	2013	2012
Pension Increase Rate	2.8	2.5
Salary Increase Rate	5.1	4.8
Expected Return on Assets	5.1	5.6
Discount Rate	4.5	4.8

	% per annum	Market Value	% per annum	Market Value
	2013	2013	2012	2012
Expected Return on Assets				
Equities				
Equities	5.7	14,418	6.2	11,961
Bonds	3.0	2,434	3.3	1,993
Property	3.9	1,498	4.4	1,227
Cash	3.0	374	3.5	153
		18,724		15,334

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



The following amounts were measured in accordance with the requirements of FRS17:

	2013	2012
	£'000	£'000
Fair Value of Employer Assets	18,724	15,334
Present Value of Defined Benefit Obligation	(20,916)	(15,941)
Total Scheme (Liability) / Asset	(2,192)	(607)

The movement in the net surplus is as follows:

	2013	2012
	£'000	£'000
Contributions Paid	1,020	838
Current Service Costs	(1,020)	(822)
Past Service Costs	(15)	(44)
Interest Cost	(798)	(805)
Expected Return on Employer Assets	896	1,020
Actuarial Gain / (Loss)	(1,668)	(952)
Net Movement in Year	(1,585)	(765)

	2013	2012
	£'000	£'000
Net Asset at Commencement of Year	(607)	158
Net Movement in Year	(1,585)	(765)
Net Asset / (Liability) at Year End	(2,192)	(607)

19. DIRECTORS EMOLUMENTS

	2013	2012
	£	£
The aggregate emoluments paid to or receivable by non executive Directors and former Directors.	-	-
The aggregate emoluments paid to or receivable by executive Directors and former Directors	399,612	371,994
The emoluments paid to the highest paid Director excluding pension contributions:	101,750	93,500
The aggregate amount of any compensation paid to Directors or former Directors during the year of account.	-	-
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a properly funded pension scheme.	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director.	-	-

Note – 2012 figures have been restated to include taxable car allowances

CARTREFI CYMUNEDOL GWYNEDD CYF

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013



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

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team or its equivalent.

20. EMPLOYEE INFORMATION

	2013	2012
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) is:		
Office staff	173	136
Manual Staff	78	65
Wardens, caretakers and cleaners	17	12
TOTAL	268	213
	2013	2012
	£'000	£'000
Wages and Salaries	6,598	5,424
Social Security Costs	471	385
Pension Costs	1,041	860
TOTAL	8,110	6,669

21. CASH FLOW STATEMENT NOTES

Analysis of Changes in Net Debt

	At 1 April 2012 £'000	Cash Flows £'000	At 31 March 2013 £'000
Cash at Bank and in Hand	(613)	662	49
Debt due in less than 1 year	-	(12,000)	(12,000)
Debt Due in more than 1 year	(5,000)	(12,000)	(17,000)
Bank Deposits	1,818	2,085	3,903
TOTAL	(3,795)	(21,253)	(25,048)



22. LEASES

As at the 31 March 2013 the Association had annual commitments under operating leases as follows:

	2013		2012
	£'000	£'000	£'000
Land and buildings which expire:-			
Leases expiring within the next year	25		3
Leases expiring in the second to fifth year	76		66
Leases expiring in more than five years	65		49
		166	118
Others, which expire: -			
Expiring within the next year	18		35
Expiring in the second to fifth year	90		101
Expiring in more than five years	-		-
		108	136
		274	254

23. TAXATION STATUS

The Association has charitable status.

24. UNITS

	31 March 2013	31 March 2012
Under management at end of year		
Housing accommodation	5,902	5,907
Supported housing	389	389
	6,291	6,296

25. RELATED PARTY TRANSACTIONS

The Board comprises of 4 Councillors, 4 Tenants and 4 Independent members

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

All the transactions with Gwynedd Council are made at arms length in normal commercial terms and they cannot use their position to their advantage.



26. RESTATEMENT OF 2012 FIGURES

The 2012 figures included in the Income and Expenditure Account, Cash Flow Statement and associated notes have been restated to reflect a change in the treatment of loan commitment fees and the expected return on pension fund assets as follows:-

Loan Commitment Fees of £309,216 were shown as operating costs in the financial statements for the year ended 31 March 2012, they have now been included as interest payable and similar charges.

The Expected Return on Pension Fund Assets of £1,020,000 was previously netted off against operating costs, they have now been netted off against the interest costs on the Pension Fund (£805,000) and included as interest receivable and similar income.