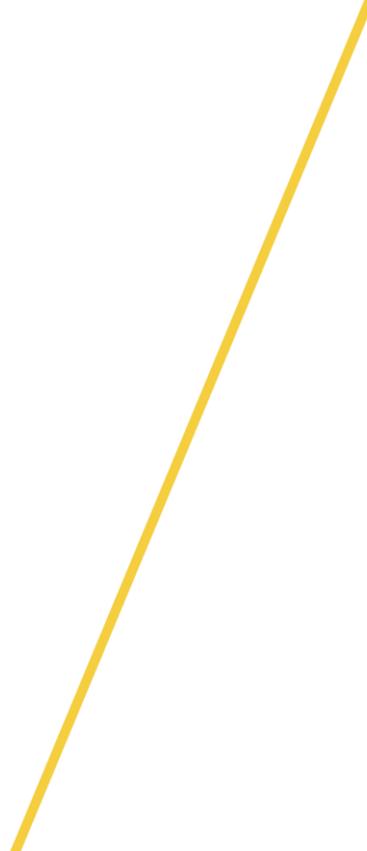


RIHA

Board Report and Financial Statements

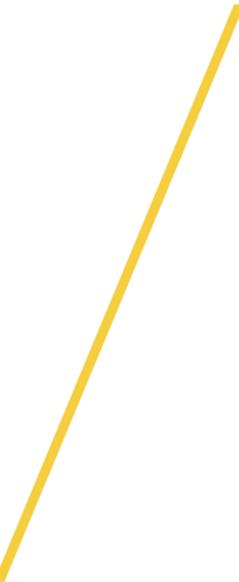
Year Ended 31st March 2022



WE ARE

RESPONSIBLE

HONEST



AUTHENTIC

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Information

Board Members

Chair	Peter Hughes		
Vice Chair	Jonathan Roberts		
Other Members	Julie Vellucci	Neil Morgan	Bethan Evans
	Sarah Botterill	Scott Caldwell	Alison Clements
	Dafydd Thomas	Haydn Thomas	Gerry Fox

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
3 Windsor Place
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 2022.

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 1,800 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 80 plus 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. During 2019 the Association launched its’ five-year Corporate Plan for 2019-2023. The Plan is focussed on four strategic themes, People, Homes, Growth and Strength, and sets out our vision to become the housing provider of choice. The Corporate Plan is aligned to our mission and underpinned by our values and behaviours.



Our Vision

To be the housing provider of choice.

Our Mission

To provide quality homes, regenerate communities and improve lives.

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 £451,000 during the year, compared to the surplus in 2020 of £1,053,000 (*2020 surplus on ordinary activities is before refinancing fees).

Growth in our fixed asset base continues with the delivery of a social housing grant funded programme. The Statement of Financial Position highlights growth of fixed assets from £131.7 million in 2020/21 to £137.7 million in 2021/22.

Investing in existing homes increased due to us being able to complete more component replacements since Covid-19 restrictions were eased.

Regulatory assessments

The Welsh Government regulatory judgement published in September 2019 provides the highest level of achievement with a Standard-Standard Governance and Financial judgement. During 2022/23 the organisation will complete a regulatory review cycle with Welsh Government.

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.

The overall borrowing of the Association stood at £55.1 million, compared with £55.4 million at 31 March 2021. 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	2022 £'000	2021 £'000	2020 £'000
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Turnover	10,891	10,329	9,978
Operating surplus	2,006	2,250	2,174
<i>Operating margin</i>	18.4%	21.8%	21.8%

Surplus on ordinary activities	451	1,053*	726
<i>Margin</i>	4.1%	10.2%	7.3%

Statement of Financial Position	2022 £'000	2021 £'000	2020 £'000
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Tangible and intangible fixed assets	137,739	131,720	126,224
Total loans	55,079	55,386	45,976
Reserves	13,984	11,999	14,076

Statement of Cash Flows	2022 £'000	2021 £'000	2020 £'000
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Net cash flow from operating activities	3,846	11,283	7,911
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Homes in Management	2022	2021	2020
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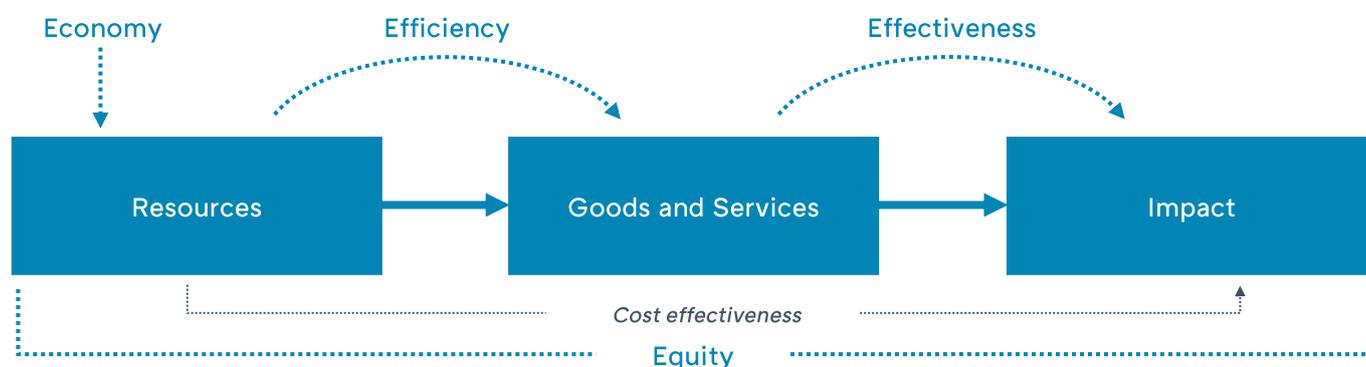
Total homes managed	1,817	1,812	1,730
New homes built in the year	4	95	18
New homes under construction at year end	70	57	118

Investment in Existing Homes	2022 £'000	2021 £'000	2020 £'000
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Component replacement and PAG works	1,076	510	1,297
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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.



82% satisfaction that rent provides value for money



60% satisfaction that service charges provides value for money

Value for Money examples



Get Set Tenancy Coach has supported 122 new tenants settling into their home.



15 tenants completed rent debt share scheme, where arrears are written off to the equivalent amount they have paid. Diverting money away from costly legal processes and better supporting tenants.



210 tenants engage with us regularly to review policies, design surveys and direct service delivery.



Lease floor 1 of the main office to commercial tenant 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 £30k reduction in charges to tenants.

How we compare

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

Measure	2021/22	2020/21	2020/21 sector average
Operating costs for lettings per social housing home	£2,800	£2,490	£3,349
Management costs per social housing home	£794	£746	£1,223
Reactive repair costs per social housing home	£941	£842	£1,107
Major repairs and component costs per social housing home	£1,222	£938	£911
Bad debts per social housing home	£19	£26	£36
Weighted average cost of capital	3.3%	3.3%	4.8%
Gross arrears per social housing home	1.9%	2.6%	4.6%
Turnover per social housing home	£5,554	£5,436	£5,937
Rental void loss per social housing home	£78	£70	£80

Main findings of the comparative analysis are:

- Despite an increase in operating cost since last year, costs per social housing home are lower than the sector average.
- Major repairs and component costs increased due to additional compliance work and the ability to complete more component replacements since Covid-19 restrictions were eased.
- Rent collection remained strong during the year despite challenges presented by the pandemic. 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.
- Weighted average cost of capital remains unchanged but significantly 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.
- Turnover per social housing home is around 8% lower than the sector average, reflecting the lower than average rent charged by RHA.
- Void loss increased since last year as the optimal approach for assessing void properties with significant repair costs was reviewed. The review was to ensure that we maximise RHAs resources and make the optimal decision at the optimal time. Void loss will reduce in future years due to this review.

Our future Value for Money priorities

- Achieve even greater value from office premises by repurposing space for income generation through commercial lease 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
- Renew repairs and maintenance framework contract to secure the best price and quality for the medium-term delivery of the contracted out element of the repairs service
- 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 provides us with valuable benchmarking information to help us understand our performance and how we can continue to improve and develop.

Operational Performance

Covid-19 Pandemic Response

At the beginning of the pandemic we developed a Covid-19 Business Continuity Plan and 5-phase Roadmap with guidance and risk assessments for each phase.

All of our staff have been enabled to work from home since March 2020 and we have been able to provide all of our essential services at all times over the last 2 years.

Throughout 2021/22, as Covid-19 restrictions have relaxed and tightened we have moved backwards and forwards throughout the phases of our roadmap and suspended services as required in line with Welsh Government guidance. We have found that this framework has enabled us to manage the transition between Alert Levels smoothly and our tenants have been kept up to date with any service changes at each transition. This approach has also enabled staff to be clear and confident about service delivery and procedures at each phase of the Roadmap.

In order for us to closely assess the impact of Covid-19 on service delivery, we developed a Covid-19 weekly tracker which collates data across key business areas such as lettings, voids, rent arrears, repairs orders and incoming enquiries. Operationally, this helped us to identify any trends requiring a service change or mitigation.



In October 2021, we opened our new Hub hotdesking and meeting space at our Head Office. This enables those staff that wish to, the option to work from and meet at the office alongside working from home. In March 2022, we also launched our co-working space, Workshed.

Workshed is a new community focused co-working space that we have delivered with the support of grant funding from the Welsh Government as part of their strategy to support remote working and co-working spaces throughout Wales. It provides 12

desks and flexible meeting spaces to book. At RHA we are committed to helping the High Street in Tonypanydy to thrive and we recognise our role in this as an anchor organisation, supporting the foundational economy, and we hope that Workshed will help to support local businesses and sole traders to network and grow.

New developments

The Association has continued to deliver new build homes through its development programme, despite a challenging year for the construction sector which has been majorly impacted by rising cost of materials and availability of labour. We have invested a further £7.2 million in partnership with RCTCBC and the Welsh Government in the year to 31 March 2022. Whilst some of our construction projects have taken a little longer than originally projected, RHA has kept momentum and one eye on the future and continued to acquire new sites committed to new building contracts for major regeneration projects alongside managing our day-to-day development programme, which will provide much needed affordable homes across Rhondda Cynon Taff.

Key highlights for the year included:

Completion of build on 4 homes:

- 4 new homes completed in Aberdare

Commencement of build on 81 new homes:

- 13 new homes in Tonypanydy
- 51 new homes and commercial spaces in Tonypanydy
- 8 new homes in Treherbert
- 9 new homes and commercial space in Treorchy

Some of our projected completions in 2021/22 were impacted by market conditions, the availability of labour and materials being a major factor. Completion of 26 new homes in Llantrisant and 22 new homes in Llanharry will now take place in 2022/23 and are progressing well on site.

In the year to March 2022, we have also cemented our commitment to regenerate the town of Tonypanydy, by entering construction contracts for two major new build projects. 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.

A total of £8m Social Housing Grant was secured in the period to fund delivery of our Big Shed, 122-126

Dunraven St, Treorchy Sorting Office and Abertonllwyd House projects.



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.

Despite Covid-19 restrictions at certain times throughout the year, we continued our planned maintenance programmes when it was possible to do so, and in the year to 31 March 2022, we invested £1,076,000 on component replacements and physical adaptation grant (PAG) works.

This investment included 21 new bathrooms, 23 new kitchens, 35 new heating systems, 31 new external doors and new windows to 110 homes. We also spent £285,000 on works to void properties and on improving void properties ready to re-let.

During 2021/22, we also continued work on our Decarbonisation Strategy. We were successful during the year in further collaborative bids to Welsh Government with other housing associations and Sero Homes for the delivery of an Optimised Retrofit Project. The aim of the project is to enable learning and trialling of new technology, approaches and improvements to a range of homes across the social housing sector with a view to achieving zero carbon status. As part of the Project RHA has installed Solar PV with battery storage to 24 homes with a further 14 homes due for completion in early 2022/23.

We have also worked with the Sustainable Traditional Building Alliance in order to access UK Government

funding to trial a new insulated lime render product on two of our void homes. This pilot project has provided significant learning regarding the retrofitting of energy efficiency measures to traditional properties and will inform future plans and investment decision.

Management of our homes

In 2021/22, despite restrictions due to the pandemic at various points throughout the year, we have continued to let and manage our homes effectively.

Our void re-let period has improved during the year and is now back to pre-pandemic performance. Tenancy ends have continued to be sustainable, resulting in a tenancy turnover rate of 6.93% at the end of the year. Over the last 12 months, we continued to provide tailored financial support to our tenants, particularly those directly affected by the pandemic and the 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 544 cases at the end of March 2022. 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 now embedded in 2021/22. 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. 15 tenants have successfully completed the scheme to date and 36 tenants are still on the scheme and making regular payments. Over the year, our rent arrear performance has improved, which is positive for our tenants and RHA.

We took handover of 4 new homes during the year and have let 120 homes in total to people in housing need. During the last year we have continued to focus on building relationships with our tenants.

In Autumn 2021, we conducted our tenant-wide perception survey. Overall satisfaction with the service provided by RHA to our tenants was 78%. The response rate was 35% which is significantly higher than previous surveys. The 2021 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
- 85% 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 2021/22 was 84.9% against a target of 85% and on average we completed 90% of repairs on time at the end of the year. We are currently exploring how to reintroduce our peer-led Satisfaction Survey Work meaning tenants will support us with transactional satisfaction surveys. This approach will enable us to reach those who are digitally excluded and would otherwise be unable to provide feedback on the services they have received.

Health and Safety

We continued our focus on ensuring the safety of our homes, staff and tenants in 2021/22 by reviewing our overarching Health and Safety Policy and other associated policies, as well as implementing Covid-19 compliant procedures and risk assessments. We also maintained excellent compliance performance across the year in the areas of fire safety management, asbestos, legionella, gas, and electrical safety, with a combined average compliance score of 99.85%.

We are committed to ensuring compliance with new and emerging legislation. In January 2021 we established a new cross department Fire Safety Group in order to continue to strengthen our approach in this area and in anticipation of new Building and Fire Safety legislation. During 2021/22 we have identified a Fire Door supplier which meets our specification, with the Replacement programme now planned for 2022/23. We have also implemented a new Fire Door Inspection programme and a new Fire Risk Assessment programme for all buildings with 2 or more flats in order to comply with the Fire safety Act 2021. In 2021/22 we have also completed a number of compartmentation surveys and associated remedial work in our older persons schemes.

During the year we have had no RIDDOR or Covid-19 related health and safety incidents.

Partnerships and collaboration

We have continued to provide support to those in housing crisis and with money issues through our Homeless Intervention Project, funded by the Council's Supporting People Programme and in partnership with the Local Authority Homelessness team.

We received 334 new referrals to the Homeless Intervention Project (HIP) and provided intensive support to 401 people overall. Whilst 67 of these people are still being supported, the majority of have accessed housing through the Common Housing Register, moved into homes in the private rented sector or returned to live with family or friends.

We work in collaboration with 7 other support agencies to provide supported accommodation. The accommodation comprises 23 self-contained flats, 24 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.

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

In 2021/22 we commenced the development of two new supported housing schemes in Tonypany and Treherbert which will provide an additional 13 units of supported and temporary accommodation in RCT.

Local Partnerships, Community engagement and Tenant Involvement

In 2021/22 with Covid-19 restrictions eased at various points in the year, we have been able to continue with our tenant involvement and community engagement work, delivering on our Get Involved Commitment and working with our community partners.

Tenant Involvement Commitment

In 2019 we launched our Tenant Involvement Commitment, setting out how we plan to involve tenants in decision making and improving and shaping services.



We have 210 tenants who engage with us on a regular basis and this year we have offered opportunities to review policies, design surveys and direct our service delivery.

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

Get Informed

- We produced a Tenant Newsletter that was sent to every home in Autumn 2021
- We have undertaken consultation with tenants at one of our older persons schemes to understand more about how they heat their homes and how we can support them with affordability
- We run a Get Involved Facebook group where we promote engagement opportunities

Get Together



We have supported two tenant groups to develop their community garden as part of our Homegrown project. One group has turned a space on their estate into a communal garden. We have supported them to establish a committee, complete a Keep Wales Tidy application for plants and trees and purchased some small items to brighten up the garden. We have carried out some consultation in a further two communities around setting up communal growing spaces and hope that these may lead to further groups being set up shortly.

We also delivered a Homegrown event in another community in partnership with the charitable organisation, Cambrian Village Trust (CVT). We engaged with tenants to understand how they want to engage in Homegrown, to chat with tenants about their communal space and what they would like to see done with it, this will inform part of the work of our new Eco RHAangers group.

Get Involved

We worked closely with our Scrutiny and Service Improvement teams, supporting them to engage with us digitally where possible. The groups have assisted us with:

- Developing a new staff and tenant charter which will form the basis of our new service standards
- Reviewing our Tenant Involvement Commitment
- Reviewing our Contractor Code of Conduct as part of our new Repairs and Maintenance Framework
- Designing our Rent Consultation and attending a Rent Consultation Focus Group;

- Reviewing and helping us to design our Tenant STAR survey
- Taking part in our Tenant Portal demonstration and giving feedback on functionality and accessibility;

Tenants have consistently told us that they like us to communicate directly with them in their area and preferably on their doorstep.

In response to this, in October 2019 RHA launched a new tenant involvement approach called 'RHA on the Road'. Due to the pandemic, we were not able to hold a second RHA on the Road event until August 2021.

The main aim of RHA on the Road is to:

- Ask tenants about our services, what we are doing well and what needs to change
- Check on tenants' wellbeing
- Engage tenants in tenant involvement and other positive activities.



Tenant Welfare and Practical Support

During December, we worked in partnership with Canolfan Pentre, Valleys Kids, Age Connect Morgannwg and The Arts Factory to provide Christmas hampers for our tenants in need. We received contributions from our contractors and supported the initiative ourselves, which allowed us to deliver 135 Christmas hampers to tenants as well as Christmas gifts for tenant's children.

Get Connected

We have loaned 25 tablets as part of our Get Connected project. These proved really useful at the height of the pandemic when obtaining shopping and medication and keeping in touch with family and friends was most important.

We have also gained some partners in this project 'People and Work' and Safer Merthyr Tydfil are also operating similar tablet loan schemes under the Get Connected banner with a focus on supporting young people to get online and supporting older people who are experiencing Social Isolation.

Latterly, we have used the tablets to support some other digital activities for our tenants referred by the Payment Advice Team to manage their UC claims online. One tablet is also being used to support Repair Café Rhondda in the repair registration process.



Get Set

This year our Get Set Tenancy Coach has supported 122 new tenants with settling into their home. We have also continued to use our Telljo tool to reach tenants through digital methods to help them identify if they have any support needs that we can assist with 170 tenants have completed an assessment over the last year and of these 146 were identified as highly vulnerable, such as experiencing anxiety or mental health, suicidal thoughts, financial issues or addiction. They have all been offered support and intervention from RHA staff and other services.

Get Skilled

During 2021/22 we have continued to work with Black Sheep, a project that supports young people to learn skills for work in construction. They've put their learning to good use in our Little Shed though renovating and creating a beautiful wooden feature wall as well as talking with designers on how the space should look. This new community space will be open for use in early 2022/23.

Our Fire Safety Contractor has led some fire safety training (as a Community Benefit) in the Little Shed for the Black Sheep Volunteers.

Be Active

Our Be Active health project is now in its third year of delivery, working with 6 partners across RCT. This year, we have engaged with 410 participants, offering sessions like Chair Yoga, Dance, Mindfulness and Stress Management, Yoga, Community Health Walks and Chair Exercise. We have also provided 1-1 support

and advice to tenants, and have made many referrals to other services such as Counselling, Healthy Eating and Nutrition.

We have delivered six week courses of Yoga to Children and Families within schools throughout RCT, and have also co-ordinated large scale partnership community events at Halloween, Christmas and Easter. These events have been very well attended and considered a huge Success.

One participant explained:

'Just a little note to say how eternally grateful I am to have met you. You have helped me through my darkest days and supported me more than any other professional. Your bubbly personality and friendly persona is a gift that has helped me more than you'll ever know. I absolutely love attending your sessions online and find it has given me a purpose to keep going. I really hope I can attend the other Yoga sessions in the near future with you, so thank you for being you!'

We have worked with many community partners to deliver this project, including local schools, Cwm Taf Morgannwg Local Health Board Diabetes Prevention Team and Mental Health Services, Interlink RCT's Social Prescribing team, The Arts Factory, Valleys Steps, New Horizons, Rhondda Cynon Taff County Borough Council and Old School Surgery (Pontyclun).

RHA/Giving Back

We have chosen the title 'Giving Back' to describe our Community Investment and Social Value work, which falls into 4 categories: Employment, Skills & Training, Supporting Local, Giving Back and Keen To Be Green.

Under these themes and in collaboration with contractors, we have:

- offered 273 hours of work experience, 327 paid apprentice weeks and 539 mixed weeks (apprentices, new starters, trainees, and graduates) on our development sites.
- demonstrated a commitment to supporting the Foundational Economy, with 92.3% of total contract value being spent in Wales. We have encouraged the employment of Welsh people by supporting the employment of 18 previously unemployed Welsh people on our sites.
- supported community projects through staff volunteer time or purchasing equipment and resources, by donating £1,065 to community benefits initiatives and contractors gifting £1,500 of labour to assist with community projects

- ensured that social value, community and environmental benefits were achieved as part of our new Repairs and Maintenance Framework contract.
- committed to recycling waste and reducing our carbon footprint, minimising what we send to landfill. We have diverted 100% of our waste from landfills which equates to 3,577 tonnes of waste and 72.7% of eligible recyclable materials.

Our People

During 2020 RHA implemented a new flexible working approach across our business, incorporating a 9-day working fortnight for every employee and enhanced health and wellbeing support. Feedback from our employees has been extremely positive and the flexible approach has supported our people during

a challenging period with the pandemic. Following our successful accreditation with Best Companies in 2020, RHA has continued to survey employees on a quarterly basis, with staff satisfaction levels remaining above 95% for 2020/21. The Best Companies accreditation will be repeated in 2022.

As part of our commitment to Equality Diversity and Inclusion, RHA commenced its plan to achieve Tai Pawb's Quality in Equality (QED) accreditation in 2020. Significant best practice was identified by Tai Pawb during the review, and excellent progress has been made during 2020/21 implementing recommendations made; it is hoped that RHA will be successful in gaining QED accreditation in the coming months.

WORK HARD
BE KIND
MAKE A DIFFERENCE



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 3 times per year. The ARC, consisting of 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)

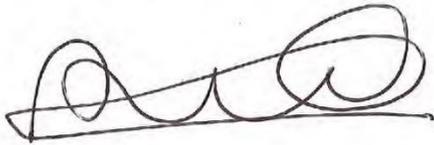
The committee meet at least 3 times per year. The committee consists of 5 board members.

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 once annually and consists of 4 board members.

The report of the Board was approved on 6 July 2022 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

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 14 September 2022.

Auditor's Report

Independent auditor's report to the members of Rhondda Housing Association Limited on corporate governance

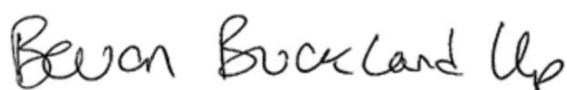
In addition to our audit on the financial statements for the year ended 31 March 2022, we have reviewed the Board's statement of RHA compliance with the Welsh Government Circular 02 / 10, Internal Financial Control and Financial Reporting ("the Circular").

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 19, 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: 6 July 2022

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 2022

Opinion

We have audited the financial statements of RHA for the year ended 31 March 2022 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 2022 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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 19 and 20), 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.

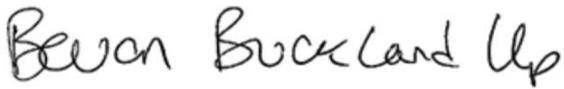
Audit response to risks identified

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.



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

Date: 6 July 2022

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.

Statements

Statement of Comprehensive Income & Expenditure

	Notes	2022 £'000	2021 £'000
Turnover	2a	10,891	10,329
Operating costs	2a	(8,885)	(8,077)
Gain on disposal of fixed assets	3	-	(2)
Operating surplus	2a	2,006	2,250
Interest receivable and other income	6	2	11
Interest payable and similar charges	7	(1,547)	(1,214)
Fair value (loss) / gain on investment property	12	(10)	6
Surplus on ordinary activities before refinancing fees		451	1,053
Refinancing fees	7	-	(849)
Surplus on ordinary activities		451	204
Actuarial gain / (loss) in respect of pension schemes	20	1,534	(2,281)
Total comprehensive income / (expenditure) for the year		1,985	(2,077)

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

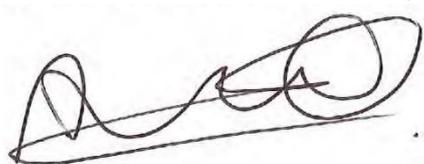
	Revenue Reserves £'000	Major repairs £'000	Total reserves £'000
At 1 April 2020	11,140	2,936	14,076
Surplus for the year	204	-	204
Actuarial loss in respect of pension schemes	(2,281)	-	(2,281)
Transfer to designated reserve	(20)	20	-
At 31 March 2021	9,043	2,956	11,999
At 1 April 2021	9,043	2,956	11,999
Surplus for the year	451	-	451
Actuarial gain / (loss) in respect of pension schemes	1,534	-	1,534
Transfer to designated reserve	(20)	20	-
At 31 March 2022	11,008	2,976	13,984

Statement of Financial Position

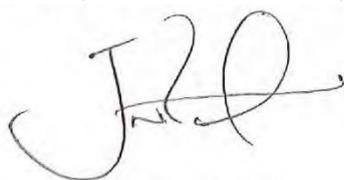
	Notes	2022 £'000	2021 £'000
Fixed Assets			
Intangible Fixed Assets	10	31	-
Housing properties	11	133,725	127,623
Investment property	12	1,927	1,937
Other fixed assets	13	1,896	2,000
Fixed assets investment	14	160	160
		137,739	131,720
Current Assets			
Housing properties held for sale	15	281	44
Debtors due within one year	16	622	743
Cash at bank and in hand		7,919	11,824
		8,822	12,611
Debtors due after more than one year	16	5,929	6,062
Creditors: amounts falling due within one year	17	(4,500)	(4,273)
Social housing and other government grants: amounts falling due within one year	19	(1,168)	(1,045)
		9,083	13,355
Net current assets			
Creditors: amounts falling due after more than one year	18	(56,629)	(57,105)
Social housing and other government grants: amounts falling due after more than one year	19	(74,602)	(72,677)
Provision for pension liability funding	20	(1,574)	(3,225)
Provisions for liabilities and charges	21	(33)	(69)
Total net assets		13,984	11,999
Capital and Reserves			
Share capital	24	-	-
Total reserves	26	13,984	11,999
Total capital and reserves		13,984	11,999

The accompanying notes form part of these financial statements.

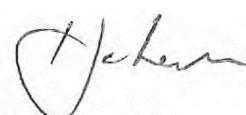
The financial statements were approved by the Board on 6 July 2022 and signed on its behalf by:



Peter Hughes
Chair



Jonathan Roberts
Vice Chair



Luke Takeuchi
Secretary

Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	27	3,846	11,283
Cashflow from investing activities			
Purchase of tangible fixed assets		(8,380)	(7,685)
Proceeds from sale of tangible fixed assets		-	(2)
Grants received		2,482	390
Interest received		2	11
Cashflow from financing activities			
Interest paid		(1,525)	(1,472)
New secured loans		-	30,000
Repayments and borrowings		(330)	(30,276)
Net change in cash and cash equivalents		(3,905)	2,249
Cash and cash equivalents at the beginning of the year		11,824	9,575
Cash and cash equivalents at the end of the year		7,919	11,824

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.

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
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.

Loan break fees

Debt refinancing has been undertaken in the previous year to take advantage of new financing that offers more favourable terms and conditions. The housing association has settled their current debt outstanding through issuing new debt with more favourable terms or conditions. This has resulted in loan breakage costs shown in note 7.

2a. Turnover, operating costs and operating surplus

	Turnover £'000	Operating costs £'000	2022 Operating surplus £'000	2021 Operating surplus £'000
Social housing lettings				
General needs, sheltered & supported housing	10,092	7,837	2,255	2,482
Supported people	306	370	(64)	(55)
Total social housing lettings	10,398	8,207	2,191	2,427
Commercial property	213	74	139	103
Total from lettings	10,611	8,281	2,330	2,530
Community development activities	125	604	(479)	(416)
Other	155	-	155	136
Total	10,891	8,885	2,006	2,250

2b. Income and expenditure from social housing lettings

	General needs, sheltered & supported housing £'000	Supported people £'000	2022 Total £'000	2021 Total £'000
Turnover				
Rents receivable	8,717	-	8,717	8,274
Service charge income	329	-	329	314
Grant income for support services	-	306	306	292
Amortisation of social housing and other government grants	1,046	-	1,046	970
	10,092	306	10,398	9,850
Operating costs				
Management costs	1,442	-	1,442	1,352
Service charge costs	315	-	315	317
Routine maintenance	1,710	-	1,710	1,525
Major repairs expenditure	1,621	-	1,621	1,317
Bad debts	34	-	34	66
Depreciation of housing properties	2,161	-	2,161	1,973
Other costs	554	370	924	873
	7,837	370	8,207	7,423
Operating surplus / (loss) on social housing lettings	2,255	(64)	2,191	2,427
Rent losses from voids			(142)	(126)

3. Sale of fixed assets

	2022 £'000	2021 £'000
Turnover from sale of fixed assets	-	-
Cost of sales	-	(2)
(Loss) / surplus on sale of fixed assets	-	(2)

4. Units in management at year end

	2022 £'000	2021 £'000
Total properties in management	1,817	1,812

5. Operating surplus

	2022 £'000	2021 £'000
Operating surplus is stated after charging:		
Rent losses from bad debts	34	66
Depreciation – housing properties	2,161	1,958
Depreciation – other fixed assets	212	208
Amortisation	(1,046)	(970)
External auditors remuneration in their capacity as auditors	14	14

6. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable	2	11
Total	2	11

7. Interest payable and similar charges

	2022 £'000	2021 £'000
Loans and bank overdrafts	1,568	1,422
Capitalised interest	(90)	(233)
Write off existing capitalised loan fees	-	303
Refinancing fees	-	546
Net interest on defined benefit liability (note 33)	69	25
Total	1,547	2,063

The Association capitalised interest using the weighted average cost of capital of 3.3% (2020/21: 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:

	2022 Number	2021 Number
Office staff	68	65
Wardens, caretakers and cleaners	2	3
Maintenance	3	3
Average	73	71
Total number of staff employed at the end of the year	80	77

Staff costs can be further analysed as follows:

	2022 £'000	2021 £'000
Wages and salaries	2,329	2,301
Social security costs	223	213
Pension costs	505	383
	<u>3,057</u>	<u>2,897</u>
Contracted out staffing services	73	57
Restructuring costs	-	15
Total	3,130	2,969

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

9. Members' and senior executives' emoluments

The Association began remunerating Board members from November 2019, and payments totalling £51,700 were paid during the year ending 31 March 2022 (2020/21: £52,084).

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

	2022 £'000	2021 £'000
Emoluments (including pension contributions)	369	352
Termination payments	-	-
	<u>369</u>	<u>352</u>

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

The highest paid director	102	97
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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 (2020/21: nil).

The number of senior executives who received emoluments (excluding pension contributions) was in the following ranges. The Association employed five senior executives during the year (2019/20: five).

	2022 Number	2021 Number
£10,000 to £20,000	-	1
£20,001 to £30,000	1	-
£50,001 to £60,000	-	1
£60,001 to £70,000	1	-
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	5	5

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 2021	-
Additions	31
At 31 March 2022	31
Amortisation	
At 1 April 2021	-
Charge for the year	-
At 31 March 2022	-
Net book value at 31 March 2022	31
Net book value at 31 March 2021	-

11. Housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Housing properties total £'000
Cost			
At 1 April 2021	144,746	7,296	152,042
Additions and other capitalised costs	143	7,023	7,166
Component additions	456	290	746
Physical adaptation grant additions	330	-	330
Disposals during the year	-	(39)	(39)
Component disposals during the year	(162)	-	(162)
Schemes completed in year	415	(415)	-
At 31 March 2022	145,928	14,155	160,083
Depreciation			
At 1 April 2021	24,419	-	24,419
Charge for the year - depreciation	2,119	-	2,119
Disposals during the year	(66)	-	(66)
Component disposals during the year	(114)	-	(114)
At 31 March 2022	26,358	-	26,358
Net book value at 31 March 2022	119,570	14,155	133,725
Net book value at 31 March 2021	120,327	7,296	127,623

Major repairs and investment in existing properties to let during the year amounted to £2.08 million (2020/21: £1.67 million).

	2022 £'000	2021 £'000
Major repairs (revenue)	1,621	1,317
Capital investment in components	746	350
Capital investment in physical adaptation grants	330	163
Grant received for funding physical adaptation grants (see note 19)	(330)	(163)
Total	2,367	1,667
	2022 £'000	2021 £'000
Housing Properties net book value comprise of freehold land and buildings	133,516	127,410

Direct development and asset management administration costs capitalised in the year amounted to £497k (2020/21: £444k).

12. Investment property

	2022 £'000	2021 £'000
Cost		
At 1 April	2,043	2,034
Additions and other capitalised costs	-	9
At 31 March	2,043	2,043
Fair value adjustment		
At 1 April	(106)	(112)
Fair value (loss) / gain on investment property	(10)	6
At 31 March	(116)	(106)
Net book value at 31 March	1,927	1,937

Commercial property at Bryncae, Llanharan and at Hirwaun are stated at fair value. Following an independent valuation, there is a fair value loss of (£10k) (2020/21: £6k).

13. Other tangible fixed assets

	Freehold offices £'000	Office equipment £'000	Communal equipment £'000	Motor vehicle £'000	Total £'000
Cost					
At 1 April 2021	2,413	1,191	272	49	3,925
Additions during year	-	65	42	-	107
Disposals during year	-	-	-	-	-
At 31 March 2022	2,413	1,256	314	49	4,032
Depreciation					
At 1 April 2021	892	822	177	34	1,925
Charge for year	68	124	16	3	211
Disposal during year	-	-	-	-	-
At 31 March 2022	960	946	193	37	2,136
Net book value at 31 March 2022	1,453	310	121	12	1,896
Net book value at 31 March 2021	1,521	369	95	15	2,000

14. Fixed asset investments

	2022 £'000	2021 £'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

	2022 £'000	2021 £'000
Housing properties held for sale at beginning of year	143	143
Less social housing grant (SHG)	(99)	(99)
Housing properties held for sale at beginning of year net of SHG	44	44
Correction transferring Social housing grant to creditor (note 19)	99	-
Housing properties transferred during the year	138	-
Housing properties held for sale at end of year	281	44

In previous years, when a property was moved to housing properties held for sale the social housing grant associated with the property also moved before becoming recycled capital grant upon sale. This has been adjusted with £99k moving back to social housing grant creditor (note 19) from assets held for sale in this year.

16. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Arrears of rent and service charges	190	256
Less: provision for bad and doubtful debts	(184)	(197)
	6	59
Other debtors and prepayments	616	684
Total amounts falling due within one year	622	743
Amounts falling due after more than one year		
Housing finance grant from Welsh Government	5,409	5,542
THFC interest reserve fund	520	520
Total amounts falling due after more than one year	5,929	6,062

17. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Capital grants received in advance	835	1,010
Recyclable capital grants	342	342
Housing loans	652	640
Rent in advance	168	170
Other creditors and accruals	2,503	2,111
Bank overdraft	-	-
Total	4,500	4,273
	2022 £'000	2021 £'000
Recycled capital grant at beginning of year	342	342
Additions	-	-
Utilised during year	-	-
Total	342	342

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

	2022 £'000	2021 £'000
Housing loans	53,765	54,107
THFC interest service reserve	2,823	2,955
LCHO grant	41	43
Total	56,629	57,105

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 2021	84,929	4,106	-	89,035
Receipts	341	2,482	-	2,823
Schemes completed in year	-	-	-	-
Transfer from creditors	-	172	-	172
Reclassification	(152)	-	152	-
Transfer from Held for Sale (note 15)	-	-	143	143
At 31 March 2022	85,118	6,760	295	92,173
Amortisation				
At 1 April 2021	15,313	-	-	15,313
Charge for the year	1,046	-	-	1,046
Reclassification	(47)	-	47	-
Transfer from Held for Sale (note 15)	-	-	44	44
At 31 March 2022	16,312	-	91	16,403
Social housing grant less amortisation at 31 March 2022	68,806	6,760	204	75,770
Social housing grant less amortisation at 31 March 2021	69,616	4,106	-	73,722

In previous years, when a property was moved to housing properties held for sale (note 15) the social housing grant associated with the property also moved before becoming recycled capital grant upon sale. This has been adjusted with £99k moving back to social housing grant creditor from assets held for sale in this year.

20. Pension provision

	2022 £'000	2021 £'000
As at 1 April	(3,225)	(1,208)
Actuarial gain / (loss)	1,534	(2,281)
Difference on costs charged	186	289
Difference on interest charge	(69)	(25)
Total	(1,574)	(3,225)

21. Provision for liabilities and charges

	Landslip provision £'000	Compton Road roof repair £'000	Restructure provision £'000	Legal provision £'000	Total £'000
At 1 April 2021	31	23	15	-	69
Provision released unused	-	-	-	-	-
Provision utilised	(8)	(23)	(15)	-	(46)
New provision made	-	-	-	10	10
At 31 March 2022	23	-	-	10	33

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

The legal provision is in relation to matter that will resolve in 2022/23.

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.

	2022 £'000	2021 £'000
Repayable by instalments due as follows:		
Less than one year	652	640
One year or more but less than two years	909	646
Two years or more but less than five years	2,759	2,727
Five years or more	50,759	51,373
Total	55,079	55,386

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 2022 is £16.3 million (2020/21: £15.3 million).

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.

24. Share Capital

	2022 £	2021 £
Shares of £1 each fully paid and issued at par		
At beginning of year	114	118
Shares issued during the year	-	-
Shares forfeited in the year	(4)	(4)
Total	110	114

25. Capital commitment

	2022 £'000	2021 £'000
Expenditure contracted less certified	16,740	5,332
Expenditure authorised by the Board but not contracted	27,047	24,156
Total	43,787	29,488

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

26. Reserves

	2022 £'000	2021 £'000
Revenue reserves		
At 1 April	9,043	11,140
Surplus / (deficit) for the year	1,985	(2,077)
Transfer (to) / from designated reserves	(20)	(20)
At 31 March	11,008	9,043
Designated reserves		
Major repair	2,735	2,735
Communal equipment	201	201
Premises	40	20
Total	2,976	2,956
Total reserves	13,984	11,999

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

	2022 £'000	2021 £'000
Surplus / (loss) for the year	1,985	(2,077)
Non-cash items	(1,465)	2,306
Depreciation	2,330	2,166
Fair value loss / (gain) in investment properties	10	-
(Increase) / decrease in stock	-	(15)
Decrease in debtors	254	144
Increase in creditors	693	8,798
(Decrease) / Increase in provisions	(36)	(281)
Carrying amount of fixed asset disposals	(216)	40
Pension contributions	(186)	(289)
Proceeds from the sale of fixed assets	-	-
Government grant utilised during the year	(1,046)	(970)
Interest receivable	(2)	(11)
Interest payable	1,525	1,472
Net cash inflow from operating activities	3,846	11,283

28. Free cash flow

	2022 £'000	2021 £'000
Net cash generated from operating activities	3,846	11,283
Interest paid	(1,525)	(1,472)
Interest received	2	11
Adjustments for reinvesting in existing properties		
Component replacements	1,076	510
Purchase of other fixed assets	138	119
Component replacement grant received	(572)	-
Free cash generated / (consumed) before loan repayments	2,965	10,451
New loans secured	-	30,000
Loans repaid (excluding revolving credit and overdrafts)	(330)	(30,276)
Free cash generated / (consumed) after loan repayments	2,635	10,175

29. Analysis of changes in net debt

	01 April 2021 £'000	Cash flows £'000	31 March 2022 £'000
Cash	11,842	(3,923)	7,919
Bank overdraft	-	-	-
Long-term bank loans	(55,386)	307	(55,079)
Total	(43,544)	(3,616)	(47,160)

30. Obligations under operating leases

	2022 £'000	2021 £'000
Within one year	11	11
Between one and two years	11	11
Between two and five years	33	33
More than five years	253	264
Total	308	319

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 2022, £113k was received (2020/21: £178k).

33. 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)

	2022 £'000	2021 £'000
Fair value of plan assets	12,503	11,248
Present value of defined benefit obligation	14,077	14,473
Defined benefit liability to be recognised	(1,574)	(3,225)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022 £'000	2021 £'000
Defined benefit obligation at start of period	14,473	11,275
Current service cost	439	323
Expenses	9	9
Interest expense	322	261
Contributions by plan participants	32	30
Actuarial loss / (gain) due to scheme experience	578	(57)
Actuarial (gain) / loss due to changes in demographic assumptions	(215)	50
Actuarial (gain) / loss due to changes in financial assumptions	(1,319)	3,235
Benefits paid and expenses	(242)	(653)
Defined benefit obligation at end of period	14,077	14,473

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

	2022 £'000	2021 £'000
Fair value of plan assets at start of period	11,248	10,067
Interest income	253	236
Experience on plan assets (excl. amounts included in interest income) – gain	578	947
Contributions by the employer	634	621
Contributions by plan participants	32	30
Benefits paid and expenses	(242)	(653)
Fair value of plan assets at end of period	12,503	11,248

The actual return on the plan assets over the period ended 31 March 2022 was £831k (2020/21: £1,183k).

Defined benefit costs recognised in Statement of Comprehensive Income

	2022 £'000	2021 £'000
Experience on plan assets (excl. amounts included in net interest cost) – gain	578	947
Experience (loss) / gain arising on the plan liabilities	(578)	57
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	215	(50)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	1,319	(3,235)
Total amount recognised in other comprehensive income – gain / (loss)	1,534	(2,281)

Assets

	2022 £'000	2021 £'000
Global equity	2,399	1,793
Absolute return	502	621
Distressed opportunities	447	325
Credit relative value	416	354
Alternative risk premia	412	424
Fund of hedge funds	-	1
Emerging markets debt	364	454
Risk sharing	412	409
Insurance-linked securities	291	270
Property	338	234
Infrastructure	891	750
Private debt	320	268
Opportunistic Illiquid credit	420	286
High yield	108	337
Opportunistic credit	44	308
Cash	43	-
Corporate bond fund	834	665
Long lease property	322	220
Liquid credit	-	134
Secured income	466	468
Liability driven investment	3,488	2,859
Currency Hedging	(49)	-
Net current assets	35	68
Total assets	12,503	11,248

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

	2022	2021
Discount rate	2.78%	2.21%
Inflation (RPI)	3.47%	3.24%
Inflation (CPI)	3.14%	2.87%
Salary Growth	4.14%	3.87%
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 2022 imply the following life expectancies:

	2022	2021
Male retiring in 2021	21.1	21.6
Female retiring in 2021	23.7	23.5
Male retiring in 2041	22.4	22.9
Female retiring in 2041	25.2	25.1

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