

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

Annual Report
and Financial Statements
for the Year Ended 31 March 2009



Newydd Housing Association (1974) Limited
Ty Cadarn, 5 Village Way, Tongwynlais,
Cardiff, CF15 7NE

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

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Newydd Housing Association (1974) Limited is:-

- **Registered under the Industrial & Provident Societies Act 1965 No. 28737R
It has adopted charitable rules.**
- **Registered with the Welsh Assembly Government No. L121.**

**NEWYDD HOUSING ASSOCIATION (1974) LIMITED
REPORT OF THE BOARD
YEAR ENDED 31ST MARCH 2009**

The Board presents its report and the audited financial statements for Newydd Housing Association (1974) Limited (Newydd) for the year ended 31st March 2009.

Results for the Year.

All the shares are held in trust for and on behalf of The Cadarn Housing Group Limited.

The results for the year are set out in the Income and Expenditure Account on page 6 and the state of affairs as at 31st March 2009 is set out in the Balance Sheet on page 7. The Surplus for the Year on ordinary activities is £138,000

The Board consider that the results for the year are satisfactory and look forward to achieving good performance in the coming twelve months.

The Board consider that Newydd's Accumulated Income and Expenditure Account balance of £7,056,000, its Total Reserves of £8,619,000 and the corresponding Short Term Investments and Cash balance of £3,103,000 will be required so that Newydd can achieve its Business Plan objectives and ensure its success in the future.

Principal Objectives and Activities

The principal activity of Newydd is to provide high quality affordable housing within sustainable communities.

Responsibilities of the Board

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Newydd and of its income and expenditure for that year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Newydd will continue to operate.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Newydd and to enable it to ensure that the financial statements comply with the requirements of the Industrial and Provident Societies Acts 1965 to 1978, Section 24 (1) of the Housing Act 1996 and The Accounting Requirements for Social Landlords Registered in Wales General Determination 2000 and the Statement of Recommended Practice for Registered Social Landlords issued in January 2008.

The Board is also responsible for safeguarding the assets of Newydd and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**NEWYDD HOUSING ASSOCIATION (1974) LIMITED
REPORT OF THE BOARD
YEAR ENDED 31ST MARCH 2009**

Internal Control

The Board acknowledge their ultimate responsibility for ensuring that Newydd has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- a) the reliability of financial information used within Newydd or for publication;
- b) the maintenance of proper accounting records; and
- c) the safeguarding of assets against unauthorised use or disposition.

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

- a) formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of Newydd's assets;
- b) experienced and suitably qualified staff take responsibility for important business functions;
- c) forecasts and budgets are prepared which allow Newydd management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date information and significant variances from budgets are investigated as appropriate;
- d) all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Board members and others;
- e) the Audit Committee reviews reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing Newydd not otherwise dealt with directly by the Board. The Audit Committee makes regular reports to the Board;
- f) formal procedures have been established for instituting appropriate action to correct material weaknesses identified from the above reports.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of internal financial control in existence in Newydd for the year ended 31st March 2009. Based on the audit work carried out during the year, no weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

**NEWYDD HOUSING ASSOCIATION (1974) LIMITED
REPORT OF THE BOARD
YEAR ENDED 31ST MARCH 2009**

Members of the Board

Persons who served on the Board during the year were:

Ms G. Lancaster * Chair
Mr M. Cuddy *
Mr D. Evans *
Mr L. Watkins *
Mr G. Thelwell *
Ms S. Hallett *
Mr C. Koehli

Mr R. Mathias
Ms A. Protheroe *
Ms C. Kinson * (resigned 29/08/08)
Mr J. Phillips *
Mr B. Ereira * (appointed 29/08/08)
Mr R. Williams * (appointed 29/08/08)

* Member of the Board holding one fully paid share of £1 in Newydd.

G. Lancaster, M. Cuddy, L. Watkins, C. Koehli, and R. Mathias each hold one fully paid share of £1 in The Cadarn Housing Group Limited.

Employees

The strength of Newydd lies in the quality and commitment of its employees. Our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout Newydd.

Newydd is committed to equal opportunities for all its employees and in particular supports the employment of disabled persons where possible, both in recruitment and in the retention of employees who become disabled whilst in the Employment of Newydd.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Newydd has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Auditors

Bevan & Buckland were re-appointed as auditors to Newydd Housing Association (1974) Limited on 29th August 2008. A resolution to re-appoint Bevan & Buckland as auditors to Newydd will be proposed at the Annual General Meeting.

Signed:  Gail Lancaster, Chair

Dated: 5th August 2009.

REPORT BY THE AUDITORS TO NEWYDD HOUSING ASSOCIATION LIMITED

GOVERNANCE MATTERS

In addition to our audit of the financial statements we have reviewed the Board of Management's statement on internal financial control and confirm that the Association complies with the Housing Association Circular RSL 028/09 'Internal Controls'.

BASIS OF OPINION

We carried out our review in accordance with Bulletin 1995/1, "Disclosures Relating to Corporate Governance", issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its housing association governance procedures nor on the ability of the Association to continue in operational existence.

OPINION

With respect to the Board of Management's statement on internal financial control on page 2, in our opinion the Board of Management has provided the disclosures required by Housing for Wales Association Circular RSL 028/09 'Internal Controls' and the statement is consistent with the information of which we are aware from our audit work on the financial statements and the limited additional procedures carried out by us in accordance with the Auditing Practice Board Bulletin 1995/1 "Disclosures Relating to Corporate Governance and the Code of Audit Practice".

Based on enquiry of senior executives of the Association and examination of relevant documents, in our opinion the Board of Management's statements on page 2 appropriately reflects the Association's compliance with Circular RSL 028/09 'Internal Controls'.

Bevan & Buckland

RUSSELL HOUSE
31 RUSSELL STREET
SWANSEA

BEVAN & BUCKLAND
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS

DATE: *9/5/8/2009*

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NEWYDD HOUSING ASSOCIATION (1974) LIMITED**

We have audited the financial statements of Newydd Housing Association (1974) Limited for the year ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with the Industrial and Provident Societies Acts 1965 to 2002. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors:

As described on pages 1 and 2 the Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords in Wales General Determination 2000. We also report to you if, in our opinion, the Report of the Board is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and transactions with the company is not disclosed.

We read other information contained in the Board's report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and an assessment of whether the accounting policies are appropriate to Newydd Housing Association (1974) Limited's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of Newydd Housing Association (1974) Limited's affairs as at 31 March 2009 and of its surplus/deficit and cash flows, for the year then ended;
- and have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002 and the Accounting Requirements for Registered Social Landlords in Wales General Determination 2000;
- the information given in the Report of the Board is consistent with the financial statements.

Bevan & Buckland

Bevan & Buckland
Chartered Accountants & Registered Auditors
Russell House, Russell Street, Swansea, SA1 4HR

Date: *25/5/2009*

NEWYDD HOUSING ASSOCIATION (1974) LIMITED**INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31st MARCH 2009**

	Notes	2009 £'000	2008 £'000
Turnover	2	8,602	8,244
Operating Costs	2	(6,436)	(6,254)
Operating Surplus	2	2,166	1,990
(Deficit) / Surplus on Sale of Housing Accommodation		(46)	134
Interest Receivable and Similar Income		45	42
Interest Payable and Similar Charges	6	(2,027)	(1,970)
Surplus for the Year on Ordinary Activities	17	<u>138</u>	<u>196</u>

There is no difference between the surplus on ordinary activities and the retained surplus for the year as stated above and their historical cost equivalent.

Continuous Operations

None of Newydd's activities were acquired or discontinued during the year.

Statement of Total Recognised Surpluses and Deficits for the Year to 31st March 2009

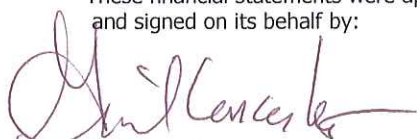
There are no recognised surpluses or deficits other than those included in the Income and Expenditure Account.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**BALANCE SHEET
AS AT 31st MARCH 2009**

	Notes	2009 £'000	2008 £'000
Tangible Fixed Assets			
Housing Properties at Cost less Depreciation	10	115,072	107,471
Less: Social Housing and Other Grants	10	(75,955)	(71,323)
		<hr/>	<hr/>
		39,117	36,148
Fixed Asset Investment			
Gross Cost	11	2,644	1,601
Less: Social Housing Grant	11	(551)	(551)
		<hr/>	<hr/>
		41,210	37,198
Other Fixed Assets			
	12	1,329	1,327
		<hr/>	<hr/>
Total Fixed Assets		42,539	38,525
Current Assets			
Debtors	13	766	481
Short Term Investments		222	146
Cash at Bank and in Hand		2,881	2,564
		<hr/>	<hr/>
		3,869	3,191
Creditors: Amounts Falling Due Within One Year	14	(5,384)	(3,764)
		<hr/>	<hr/>
Net Current (Liabilities) /Assets		(1,515)	(573)
		<hr/>	<hr/>
Total Assets Less Current Liabilities		41,024	37,952
Creditors: Amounts Falling Due After More Than One Year	15	(32,405)	(29,471)
		<hr/>	<hr/>
		8,619	8,481
		<hr/>	<hr/>
Capital and Reserves			
General Reserves	17	7,056	6,918
Designated Reserves	18	1,563	1,563
		<hr/>	<hr/>
		8,619	8,481
		<hr/>	<hr/>

These financial statements were approved by the Board on 5th August 2009
and signed on its behalf by:


Gail Lancaster
Chair


Richard Mathias
Board Member


Paul Roberts
Secretary

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**CASHFLOW STATEMENT
YEAR ENDED 31st MARCH 2009**

	Notes	2009 £'000	2008 £'000
Net Cash Inflow from Operating Activities	a	2,335	3,323
Returns on Investment and Servicing of Finance			
Interest Received		45	42
Interest Paid		(2,027)	(2,023)
		(1,982)	(1,981)
Capital Expenditure			
Purchase of Housing Properties and investments		(9,847)	(3,470)
Purchase of Other Fixed Assets		(96)	(1,196)
Sale of Housing Properties and investments		1,568	641
Social Housing and Other Grants Received		5,062	2,622
		(3,313)	(1,403)
Management of Liquid Resources			
Cash withdrawn (Invested in) / withdrawn from short term deposits		(76)	(21)
Financing			
Loans Received		3,750	1,629
Housing Loans Repaid		(397)	(453)
		3,353	1,176
Increase in Cash at Bank and in Hand		317	1,094

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE CASHFLOW STATEMENT
YEAR ENDED 31st MARCH 2009**

	2009	2008		
	£'000	£'000		
Reconciliation of Operating Surplus to Net Cash Inflow from				
(a) Operating Activities				
Operating Surplus	2,166	1,990		
Depreciation of Tangible Fixed Assets	291	277		
	2,457	2,267		
Working Capital Movements				
(Increase) / Decrease in Debtors	(188)	549		
Increase in Creditors	73	477		
(Decrease) / Increase in Provisions	(7)	30		
	2,335	3,323		
Net Cash Inflow from Operating Activities				
(b) Reconciliation of Net Cash Inflow to Movement in Net Debt				
	2009	2008		
	£'000	£'000		
Increase in Cash	317	1,094		
Increase in Cash Invested in Short Term Investments	76	21		
Increase in Loans and Lease Finance	(3,353)	(1,176)		
	(2,960)	(61)		
Increase in Net Debt	(2,960)	(61)		
Net Debt at 1st April	(27,195)	(27,134)		
	(30,155)	(27,195)		
Net Debt at 31st March	(30,155)	(27,195)		
(c) Analysis of Net Debt				
	Cash at Bank and In Hand £'000	Loans £'000	Short Term Investments £'000	Changes in Net Debt £'000
At 1st April 2008	2,564	(29,905)	146	(27,195)
Net Cash Flows	317	(3,353)	76	(2,960)
As at 31st March 2009	2,881	(33,258)	222	(30,155)

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2009**

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards. A summary of the more important accounting policies, which have been applied consistently are set out in paragraphs (b) to (n). These financial statements are prepared under the historical cost convention and comply with The Accounting Requirements for Social Landlords Registered in Wales General Determination 2000 and the Statement of Recommended Practice for Registered Social Landlords issued in 2008.

(b) Turnover

Turnover represents income from Rents and Service Charges less Voids, Grants and Fee Income.

(c) Finance

The Financial Statements have been prepared on the basis that the capital expenditure commitments referred to in Note 19 will be grant aided, funded by loan or met out of reserves.

(d) Loans

Loans are advanced by local authorities, the Welsh Assembly Government, building societies or banks under the terms of individual mortgage deeds in respect of each property or housing scheme.

(e) Social Housing Grant

Social Housing Grant (SHG) is paid directly to the Association by the Welsh Assembly Government. The amount of SHG in respect of capital expenditure is utilised to reduce the capital costs of housing properties and is fixed for each property or housing scheme in accordance with instructions issued from time to time. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is repayable under certain circumstances, usually following the sale of a property, but will normally be restricted to net proceeds of sale.

(f) Development Administration Costs

Development administration costs are capitalised only to the extent that they are directly attributable to bringing the property into working condition for its intended use. Directly attributable costs are the labour costs of own employees arising directly from the construction or acquisition of the property and the incremental cost to the landlord that would have been avoided only if the property had not been constructed or acquired. Any other development costs which are not directly attributable have been written off to the income and expenditure account.

(g) Fixed Assets - Housing Properties

Housing Properties are stated at cost and include the following:

- I. Cost of acquiring land and buildings
- II. Development expenditure including improvement expenditure. Costs are classified as improvement expenditure where it adds value to the Property or lengthens substantially its useful life. 30% of improvement expenditure has been capitalised.
- III. Interest charged on loans raised to finance the development
- IV. Development Administration Costs

All invoices and architects' certificates relating to capital expenditure incurred in the period at net value are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the period end. All costs relating to the Glyntaff Estate Tenant's Choice transfer redevelopment have been capitalised.

Interest on Loans raised to finance the development are capitalised up to two months after the last day of the month in which practical completion occurs.

The sale proceeds arising from the first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure Account in the period in which the disposal occurs. Any surplus on disposals is also recognised in the Income and Expenditure Account. Subsequent sales are accounted for as disposals of fixed assets.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st MARCH 2009

(h) Depreciation

(i) Housing Properties

Depreciation is provided on the net cost (cost less Social Housing and other Grants) of Housing Properties on the following straight line basis:

New Build Houses & Flats - written down to residual value over 150 years.

Rehabs. Houses & Flats - written down to residual value over 100 years.

Freehold Land (cost less attributable Social Housing Grants) and Housing Properties Under Construction are not depreciated.

(ii) Other Fixed Assets

Depreciation is provided on the following straight line basis:-

Service Assets: 15% per annum on cost; Motor Vehicles: 20% per annum on cost; Premises: 10% per annum on cost

(i) Impairment

Where it is recognised that there is an impairment of value of any asset, the full reduction in value is written off to the Income & Expenditure Account in the year. An Impairment Review of the Association's property was undertaken by the Board in August 2009. The Board concluded that there was no impairment to value.

(j) Fixed Asset Investments

Where the Association received an allowance from the Welsh Assembly Government to administer the sale of property under the "Home Buy Option" initiative and in turn has made an interest free loan to the purchaser secured by a Charge on the property, the whole of the loan together with allowances has been transferred to investments and matched with Housing Association Grant retained.

(k) Major Repairs Designated Reserves

A Major Repairs Designated Reserve has been established to fund major repairs for those schemes for which Social Housing Grant will not be available. The reserve is used where the level of planned maintenance is higher than normal.

(l) Grant and disposal proceeds recycling

Some of the Association's Social Housing Grant funded properties are available for discounted sale to tenants. The net proceeds of sale are available for reinvestment in Social Housing Capital Projects. Amounts not yet reinvested are held in a Recycling Capital Grant & Disposal Proceeds Fund within Creditors.

(m) Apportionment of Employee Administration Costs

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Income and Expenditure Account on the basis of the actual expenditure. Management, finance and administration costs are further apportioned on the basis of staff salaries except those specific costs relating to the Care and Repair Scheme.

(n) Pension Costs

The Association participates in the centralised Social Housing Pension Scheme (SHPS). This is a final salary pension scheme providing retirement benefits to employees of Newydd and is funded by contributions from all employers and employees participating in the scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

The provisions of FRS 17 - Retirement Benefits - have been adopted. The expected cost to Newydd of pensions is charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

2 Turnover, Operating Costs and Operating Surplus

	YEAR ENDED 31st MARCH 2009			Year Ended 31st March 2008		
	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000
Income and Expenditure From Lettings						
General Needs Housing	8,012	(5,564)	2,448	7,749	(5,540)	2,209
Supported Housing	89	(53)	36	78	(44)	34
	8,101	(5,617)	2,484	7,827	(5,584)	2,243
Shared Ownership Accommodation	54	(11)	43	53	(8)	45
	8,155	(5,628)	2,527	7,880	(5,592)	2,288
Other Income and Expenditure						
Development Administration		(211)	(211)	-	(163)	(163)
Care and Repair	401	(388)	13	329	(331)	(2)
Contribution to Care and Repair		(87)	(87)	-	(56)	(56)
External Services	46	(122)	(76)	35	(112)	(77)
	8,602	(6,436)	2,166	8,244	(6,254)	1,990

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

3 Turnover From Lettings

	2009	2008
	£'000	£'000
Rents	7,424	7,163
Service Charges	795	767
Less: Rent Losses from Voids	(64)	(50)
	8,155	7,880

4 Operating Costs from Lettings

	2009	2008
	£'000	£'000
Fully Rented Housing Accommodation		
Services	888	839
Management	1,388	1,258
Day to Day Maintenance	1,870	1,585
Major Repairs	936	1,447
Depreciation	195	195
Low Cost Home Ownership Accommodation		
Management	8	7
Depreciation	2	1
Day to Day Maintenance	1	-
	5,288	5,332
Rent Loss from Bad Debts	107	66
Other Costs	233	194
	5,628	5,592

5 Operating Surplus for the Year

	2009	2008
	£'000	£'000
The Operating Surplus is Stated After Charging:		
Depreciation	291	277
Management Services from the Cadarn Housing Group Limited	1,805	1,644
(Deficit) / Surplus on sale of fixed assets	(46)	134
Operating Lease rentals	7	-
Auditor's Remuneration including VAT of £1,000 (2006 £1,000)	9	9
- In Their Capacity as Auditors	9	9

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

6 Interest Payable and Similar Charges

	2009	2008
	£'000	£'000
On Loans Repayable in Instalments Wholly or Partly in More Than 5 Years	2,027	1,970

7 Board Members and Senior Executives Emoluments

The Association directly employs one senior executive.

Remuneration paid to senior executive was:

Emoluments (including pension contributions and benefits in kind) £62,000 (2008 £60,000)

Emoluments (excluding pension contributions) £55,000 (2008 £53,000)

No fees were paid by the Association to Board Members during the year.

Remuneration was paid by The Cadarn Housing Group Limited to senior executives during the year in respect of services provided to Newydd. Details of this remuneration are disclosed in the Statutory Accounts of The Cadarn Housing Group Limited.

Expenses paid during the year to Board members amounted to £1,000 (2008 £1,000). The Chief Executive is an ordinary member of the SHPS pension scheme. One senior executive has benefits accruing under the SHPS pension scheme.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

8 Employee Information

	2009	2008
	No.	No.
The average weekly number of persons employed during the year was:		
Office Staff	33	36
Wardens, Caretakers and Cleaners	5	6
	38	42

	2009	2008
	£'000	£'000
Staff Costs for the above persons:		
Wages and Salaries	755	860
National Insurance Contributions	55	55
Other Pension Costs	68	64
	878	979

9 Housing Stock

The number of units of housing accommodation and other units in management as at 31st March was:

	2009	2008
	No.	No.
Housing Accommodation for Letting:		
General Needs	2,001	1,994
Homeless leasing	38	38
Sheltered Accommodation for the Elderly	192	192
Supported Housing (Bedspaces)	51	51
	2,282	2,275
Low Cost Home Ownership:		
Shared Ownership (Leased)	32	32
Homebuy	103	91
	135	123
Other Units:		
Leasehold	120	120
Community Office	3	3
Garages	44	44
	167	167
Total Number of Units	2,584	2,565

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

10 Tangible Fixed Assets - Housing Properties

	Housing Properties Held for Letting	Under Construction	Low Cost Home Ownership Properties	Total £'000
	Completed £'000	£'000	Completed £'000	
Cost				
At Beginning of Year	104,199	4,470	278	108,947
Schemes Completed in the Year	1,237	(1,237)	-	-
Disposals	(154)	-	-	(154)
Additions	896	7,055	-	7,951
At End of Year	<u>106,178</u>	<u>10,288</u>	<u>278</u>	<u>116,744</u>
Depreciation				
At Beginning of Year	1,462	-	14	1,476
Disposals	(1)	-	-	(1)
Charge for Year	195	-	2	197
At End of Year	<u>1,656</u>	<u>-</u>	<u>16</u>	<u>1,672</u>
Net Book Value At End of Year	<u>104,522</u>	<u>10,288</u>	<u>262</u>	<u>115,072</u>
At beginning of year	<u>102,737</u>	<u>4,470</u>	<u>264</u>	<u>107,471</u>
			2009 £'000	2008 £'000
Housing Properties Comprise:				
Freeholds			108,407	100,806
Long Leaseholds			6,665	6,665
			<u>115,072</u>	<u>107,471</u>

The cost of Housing Property additions during the year includes £436,000 (2008 - £274,000) in respect of Newydd's capitalisation of Development and Administration costs. Interest capitalised during the year amounted to £nil (2008 £nil). Improvement costs capitalised during the year amounted to £125,000 (2008 £68,000).

Social Housing and Other Grants	Housing Properties Held for Letting	Under Construction	Low Cost Home Ownership Properties	Total £'000
	Completed £'000	£'000	Completed £'000	
At Beginning of Year	69,018	2,229	76	71,323
Schemes Completed in the Year	401	(401)	-	-
Disposals	(21)	-	-	(21)
Additions	407	4,246	-	4,653
At End of Year	<u>69,805</u>	<u>6,074</u>	<u>76</u>	<u>75,955</u>
			2009 £'000	2008 £'000
The total accumulated Social Housing Grant at 31st March was:				
Capital Grants			54,610	49,979
Revenue Grants			2,382	2,221
			<u>56,992</u>	<u>52,200</u>

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

11 Fixed Asset Investments

	Grant funded £'000	Non grant funded £'000	Total £'000
Cost			
At Beginning of Year	551	1,050	1,601
Additions	-	2,473	2,473
Disposals	-	(1,430)	(1,430)
At End of Year	551	2,093	2,644

Fixed asset investments represent a long term loan provided to individuals purchasing properties . Where properties funded by Social Housing Grant are disposed of the grant is recycled to fund new Social Housing or repaid to the Welsh Assembly Government.

12 Tangible Fixed Assets - Other

	Service Assets £'000	Motor Vehicles £'000	Premises £'000	Furniture and Equipment £'000	Total £'000
Cost					
At Beginning of Year	353	17	1,171	61	1,602
Disposals	-	-	-	-	-
Additions	94	-	-	2	96
At End of Year	447	17	1,171	63	1,698
Depreciation					
At Beginning of Year	207	17	48	3	275
Disposals	-	-	-	-	-
Charge for the Year	55	-	33	6	94
At End of Year	262	17	81	9	369
Net Book Value					
At End of Year	185	-	1,090	54	1,329
At Beginning of Year	146	-	1,123	58	1,327

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

13 Debtors

	2009	2008
	£'000	£'000
Arrears of Rent and Service Charge	825	802
Less: Provision for bad and doubtful debts	(406)	(413)
	419	389
Amount due from the Cadarn Housing Group Limited	96	-
Capital Grants receivable	90	-
Other Debtors	161	92
	766	481

The inter-company debt of £96,000 arose in March 2009 as a result of a VAT refund due to Newydd but claimed by Cadarn under the Group's VAT arrangements. Subsequent to the year end the refund was received from HM Revenue and Customs and the debt repaid in full.

14 Creditors: Amounts Falling Due Within One Year

	2009	2008
	£'000	£'000
Prepayment of Rent and Service Charge	310	273
Loan Principal	853	434
Provision for fall in value of schemes in development	60	-
Social Housing Grants and Other Grants Received in Advance	2,034	1,153
Recycling of Capital Grant and Disposals Proceeds Fund	207	568
Other Capital Creditors	668	60
Amount due from the Cadarn Housing Group Limited	-	36
Other Creditors	1,252	1,240
	5,384	3,764

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

15 Creditors: Amounts Falling Due After More Than One Year

	2009	2008
	£'000	£'000
Housing Loans	32,405	29,471

Housing Loans

Housing loans are secured by fixed charges on the Association's housing properties. The interest rates are fixed at between 5.1% and 15.875% or vary with the market rate. The loans are repayable between the years 2015 to 2049.

Loans repayable by instalments fall due as follows:

	2009	2008
	£'000	£'000
In five years or more	28,274	27,129
Between two and five years	2,955	1,881
Between one and two years	1,176	461
	32,405	29,471
In one year or less	853	434
	33,258	29,905

16 Share Capital

	2009	2008
	£	£
Shares of £1 each fully paid and issued:		
At Beginning of Year	55	76
Issued during the Year	1	1
Cancelled during the Year	(2)	(22)
	54	55

The shares carry no right to a dividend, there is no provision required for the redemption of shares and there is no provision for a distribution following a winding up.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**17 Income and Expenditure Account**

	2009	2008
	£,000	£,000
Surplus for the Year on Ordinary Activities	138	196
Transfer from Designated Reserves	-	701
Revenue Reserves Brought Forward	6,918	6,021
Revenue Reserves Carried Forward	<u>7,056</u>	<u>6,918</u>

18 Designated Reserves

	Major Repairs	Total Designated Reserves 2009	Total Designated Reserves 2008
	£'000	£,000	£,000
At Beginning of Year	1,563	1,563	2,264
Transfer to Reserves	-	-	746
Transfer from Reserves	-	-	(1,447)
At End of Year	<u>1,563</u>	<u>1,563</u>	<u>1,563</u>

19 Financial Commitments

	2009	2008
	£,000	£,000
Capital Expenditure		
Contracted less Certified	<u>3,960</u>	<u>2,442</u>
Authorised by the Board but not Contracted	<u>8,051</u>	<u>-</u>

Operating Leases

The payments which the Group and the Association is committed to make in the next year under Operating Leases are as follows:

	£'000	£'000
Motor Vehicle and Office Equipment expiring:		
Within one year	-	-
Between two and five years	3	-
	<u>3</u>	<u>-</u>

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st MARCH 2009

20. Establishment of ultimate Holding Company

Newydd Housing Association (1974) Limited is registered under the Industrial and Provident Societies Act 1965 and is a registered social landlord. All the shares are held in trust for and on behalf of The Cadarn Housing Group Limited which is also registered under the Industrial and Provident Societies Act 1965 and is a registered Social Landlord.

21. Contingent liabilities

As at 31st March 2009 there were no contingent liabilities.

Social Housing Grant may become repayable in the following circumstances:

- Disposal of property (including disposals on assisted ownership terms) other than to another RSL.
- Change of use of a property to a use that would not be eligible for grant.
- Change of use of a property to a use that would be eligible for a lesser amount of grant.
- Demolition of a property where the site does not form part of a new social housing development by an RSL.
- A disposal giving rise to a repayment of discount under schedule 2 of the Housing Association Act 1985.

22. Post Balance Sheet events

There were no events requiring reporting between the balance sheet date and the date on which these financial statements were approved.

23. Pension costs

1. Newydd Housing Association (1974) Limited (Newydd) participates in the Social Housing Pension Scheme (SHPS). The scheme is funded and is contracted out of the state scheme.
2. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".
3. The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2009 there are three benefit structures available, namely:
 - 3.1 Final salary with a 1/60th accrual rate.
 - 3.2 Final salary with a 1/70th accrual rate.
 - 3.3 Career average revalued earnings with a 1/60th accrual rate.
4. An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
5. Newydd has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members and new entrants.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st MARCH 2009

6. The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.
7. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investments returns.
8. During the accounting period Newydd paid contributions at the rate of 14.1%. Member contributions varied between 6.4% and 8.4%.
9. As at the balance sheet date there were 24 active members of the Scheme employed by Newydd. The annual pensionable payroll in respect of these members was £528000. Newydd continues to offer membership of the Scheme to its employees.
10. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to Individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.
12. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount Rates:	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

13. The valuation was carried out using the following demographic assumptions:-

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum Improvement 1%pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa.

NEWYDD HOUSING ASSOCIATION (1974) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009**

14. The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	17.8
Final salary with a 1/70 th accrual rate	15.4
Career average revalued earnings With a 1/60 th accrual rate	14.9

15. If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
16. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contributions rates set out in the table above.
17. A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.
18. As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.
19. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
20. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
21. Newydd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for Newydd was £3,109,000.