



barcud

annual  
report

and financial statements

2021





**barcud**

**Annual Report and  
Financial Statements**  
Year Ended 31 March 2021

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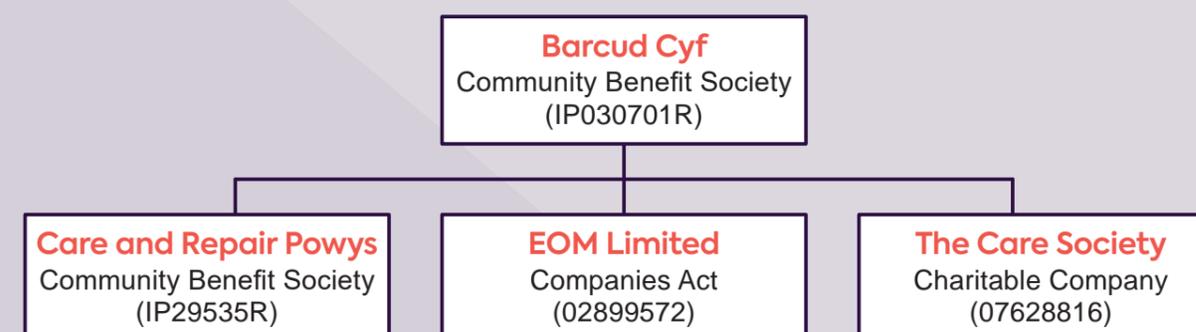
## BARCUD

*Created through merger with significant experience of providing social housing across Mid & West Wales*

- Barcud was formed in November 2020 following the merger of:
  - » Tai Ceredigion, a 2358 unit LSVT RSL, formed 2009
  - » Mid Wales HA, a 1748 unit 'Traditional' RSL, formed 1975
- Barcud represents the first merger between LSVT and Traditional RSL in Wales, with complementary strengths and synergies
- The Group includes Powys Care & Repair, EOM, The Care Society
- With 300 employees we own and manage more than 4,000 homes across Ceredigion, Powys, North Pembrokeshire and Carmarthenshire
- Barcud aims to provide 5,000 affordable, mixed tenure, high quality sustainable homes in Mid Wales by 2025
- We provide a wide range of tenant services including rent, repairs, and welfare benefit advice
- Forecast £25m turnover in FY 2021 with 97% coming from Social Housing

### *A clear set of values helps drive our strategic objectives*

- We are committed to providing firm foundations for life
- We take pride in what we do, and we take pride in doing it well
- We respect the people we work with, and work for, and value the contribution they make
- We care about our people, communities, culture and planet
- We work together with our colleagues, our tenants, our communities and partners to help each other succeed



# Introduction

## From the Group Chief Executive and the Chair of the Board

We are pleased to report another positive year for Tai Ceredigion and its subsidiary The Care Society, and (post November 2020) a final six months which saw the completion of the voluntary merger of Mid-Wales Housing Association, and its subsidiaries EOM and Care and Repair Powys as a transfer of engagements into Tai Ceredigion Cyf, which changed its name to Barcud Cyf on 2nd November 2020.

The new Barcud Board is committed to good governance, and was selected from volunteers from the two existing housing association boards and external voluntary appointments, following a rigorous self assessment and skills audit process. The Board membership covers a wide range of skills, which it is building on by undertaking regular training including bespoke sessions. Attendance is encouraged at conferences and training events throughout the year.

The new strategic objectives of Barcud are similar to the previous ones of Tai Ceredigion Cyf and Mid-Wales Housing Association; reviewed by the our tenant representatives, employees, and the Barcud Board members, they contain the strong DNA of both associations.

Our vision for Barcud, as the leading community based housing group within Mid and West Wales, remains one of ambition to increase the number of affordable and sustainable homes to rent and buy, whilst also growing support for vulnerable members of the community, and a creating training and enterprise centre to increase employment within the region, which now has its own Growth Deal.

During the last year, we have not only completed a voluntary merger, but have also had to keep our tenants, board members and employees safe during the worldwide Covid-19 pandemic; keeping front line services running, and supporting our local authority partners to ensure all homeless persons were offered safe and secure temporary accommodation. We also managed to complete

the building of 150 new affordable homes for rent and purchase.

In this last year Barcud has invested £9.2m in providing new social and affordable homes to the people within our communities and strategically buying back properties. We have secured £6.6m Welsh Government Grant to enable us to do this, with support from Ceredigion County Council and Powys County Council.

We have also continued to invest extensively in improving our existing homes, spending £6.4m upgrading and maintaining them. This includes the installation of new windows and doors and external wall insulation, which will make our tenants' homes more comfortable and energy efficient. Throughout 2020/21 external work such as roofing works, fencing, improvements to footpaths and landscaping was completed which has transformed the external environment of our estates and properties.

During the year Barcud has drawn down a further £674k funding from the European Regional Development Fund and £701k Welsh Government Targeted Regeneration Investment Programme Funding to help finance the development of an Enterprise Centre, to be named Creuddyn, on a brownfield edge of town centre site in Lampeter. Construction work is approaching completion, with minimal delays caused by Brexit and the pandemic. The Enterprise Centre will provide office space for small local charities, space for small SMEs or start-ups, as well as meetings rooms for hire by community groups. Conference and training facilities will also be available at the Centre. It is hoped the Centre will support local businesses and community groups and contribute to boosting the economic future of communities within Ceredigion.

Barcud has been successful in its charitable subsidiary The Care Society being awarded £250K of revenue funding from the WCVA for 2021/22, to deliver a training into work scheme

for the over 25 year olds living within Ceredigion. Further funding applications are being made for the creation of a Supported Housing Training Academy, to train up future housing support workers to supply The Care Society's future growth plan with additional trained employees.

We were very pleased at the end of March 2021 that the new Barcud Group achieved a full pass, Standard Interim Regulatory Judgement this year, which confirms that, in relation to Governance, Finance and Service Delivery, we identify and manage new emerging risks and in relation to financial management, that we meet the viability requirements and have the financial capacity to deal with scenarios appropriately. In a co-regulation environment we have built a positive relationship with our Regulation Manager and we work with the Regulation Team at the Welsh Government in an open and transparent manner.

As we begin to recover from the worldwide pandemic, Barcud will adapt to the ever-changing external environment, the uncertain economic environment and will strive to manage the changing risks and challenges facing the organisation and the sector, in order that we may ensure the long term viability of the organisation. The safety of tenants remains a key risk for all RSLs and we work hard to ensure that we listen to tenants. We have a continuing strong commitment to taking on board what our tenants say. The work undertaken by the Barcud Monitoring Group (BMG) is a key part of ensuring that Barcud understands and meets the needs of our tenants. We are grateful for their ongoing commitment to challenge and scrutinise our performance, for their reports to the Board throughout the year, and for their participation at our strategy days. Their reports form part of the Association's Assurance Framework providing assurance to the Board in terms of the Performance Standards set for housing associations by the Welsh Government.

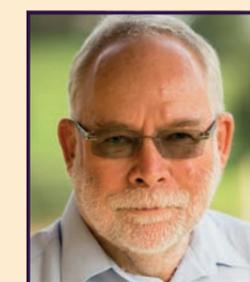
Our staff are our most valuable resource as it is they who, through the strategies and values set by the Board, deliver our service vision, in direct contact with tenants and other key stakeholders. Throughout the year they have been busy continuing to embrace changes and make improvements across the Group. We would like to thank every staff member for their continued hard work and dedication. We are especially proud of and grateful for the way the staff have responded to the Covid-19 pandemic, ensuring that tenants are supported and still receive services in a safe manner.

Over the past year, suppliers, contractors and our partnership networks have helped us either directly or indirectly to provide housing and housing related services to our tenants and we recognise their contribution. In particular, we would thank our funders, for their continuing support and assistance. We have continued to work closely with our Welsh Government funders and our County Council partners, in delivering new homes, reducing fuel poverty, and tackling homelessness in all of its forms.

In conclusion, we would like to take this opportunity to thank both our past and current voluntary Board members for their consistent support, hard work and commitment during what has been an even more challenging year than the previous one. This thanks extends especially to Karen Oliver who stepped down as Chair in May 2021.



**Steve Jones**  
Group Chief Executive



**Stephen Cripps**  
Chair of the Board of Management

# Barcud Board Members



**Stephen Cripps**

Chair

Retired local government Chief Officer (Strategic Director) with about 30 years experience. Experienced in partnership working with other public & private sector organisations. Former School Governor, and with experience on Voluntary Sector Boards of Management. Experienced Housing Association Board Member, Chairman and Vice-Chairman. Former Independent member of Ceredigion County Council's Ethics and Standards Committee.



**Catherine Shaw**

Member of the Care and Repair in Powys Board. Member of the Care Society Board. Tenant. Former modern languages student at Aberystwyth University. Member of the Tenant Steering Group while Tai Ceredigion was being formed. Former long standing member and minutes secretary of the Tai Ceredigion Monitoring Group. Board member since December 2015.



**Enid Roberts**

Chair of the Special Project Committee. Self-employed management consultant. Previously worked in local government with strategic level experience in ICT, and Project and Programme management. Over 10 years' leadership experience in the social housing sector. Chartered Fellow of the Chartered Management Institute. Chartered Fellow of the British Computer Society. Fluent Welsh speaker.



**John Jenkins**

Vice Chair

Member of the EOM Board. A Chartered Accountant with experience in the City of London and in industry. Currently a self-employed business consultant working on renewable energy projects, biotechnology, and a Director of an award winning community interest company. Board member since February 2015.



**Wyn Jones**

Member of the EOM Board A Fellow of the Royal Institution of Chartered Surveyors (FRICS). Member of the Chartered Institute of Arbitrators (MCI Arb). Member of the Expert Witness Institute (MEWI). A property and valuation expert in practice at a firm of Chartered Surveyors. Board member since August 2020.



**Mererid Boswell**

A chartered accountant with experience of finance in the charity and public sector. Has lived in Ceredigion for 12 years and was an Aberystwyth Town Councillor. Treasurer of Arad Goch (a theatre company) and Chair of Camau Cyntaf i Ddysgu (a nursery provision charity). Head of Business and Finance for the Books Council of Wales. Fluent Welsh and English speaker and a Spanish learner.



**John Rees**

Chair of the Audit and Performance Committee. Vice Chair of the Care Society Board. Finance Manager at Coastal Housing Group. Chartered Certified Accountant. Currently sits on the ACCA South Wales Panel and assists with Advocacy, attending CPD events representing the ACCA and planning the CPD programme for South West Wales. Board Member since June 2017.



**Cadwgan Thomas**

Chartered Quantity Surveyor and Head of Development at Hafod Services. Experience in the social housing sector since 1996. Experience in overseeing the development of several refurbishments, new build housing schemes and care home projects. Board member since September 2014. Fluent Welsh speaker.



**John Wilkinson**

Member of the Care and Repair in Powys Board. Chartered Public Relations consultant with 30 years experience. Over 15 years experience working with housing associations in planning consultations, political and community relations, strategy, change and crisis communications. Board and Council member of the Chartered Institute of Public Relations and a primary school governor in Cardiff. Commercial Member and regular conference speaker for Community Housing Cymru.



**David Hall**

Member of the EOM Board. Group Head of Property for Wrekin Housing Group. Member of both the Chartered Institute of Builders and Chartered Management Institute. Over 25 years' experience in social housing, in the delivery of Asset Management, Property Health and Safety, Procurement, and Housing Development. Joined the Board Nov 2020.



**Siobhan Johnson**

Chair of the Organisational Development Committee. Senior Human Resources and organisational development professional. Experience in social housing, social care, FMCG and private sectors. Skilled in HR Consulting, Coaching, Culture Change, Critical Thinking, Leadership and Management. Advocate for equality and diversity and passionate about people realising their full potential. Long standing Associate member of CIPD with a MA Hons focused in Politics from The University of Glasgow.

# Executive Officers, Funders, Etc

## Group Executive Officers



**Steve Jones**  
Group Chief Executive



**Charles Brotherton**  
Group Director of  
Risks & Resources and  
Company Secretary



**Kate Curran**  
Group Director of  
Finance & ICT



**Liŷr Edwards**  
Group Director of  
Commercial Services



**Sian Howells**  
Group Director of  
Development & Asset  
Management



**Eleri Jenkins**  
Group Director of  
Housing & Support

## Funders

### Barclays

Windsor Court  
3 Windsor Place  
Cardiff CF10 3BX

### Orchard Brooke

Crown House  
Crown Street  
Ipswich IP1 3HS

### THFC

17 St Swithin's Lane  
London EC4 8AL

### Nationwide

Kings Park Road  
Moulton Park  
Northampton NN3 6NW

### Santander

100 Ludgate Hill  
London EC4 7RE

### GB Social Housing

The Furutre Business Centre  
Kings Hedges Road  
Cambridge CB4 2HY

### BAE Systems

14/16 Caxton Street  
London SW1 0QT

## External Auditor

### Beever and Struthers

St George's House  
215-219 Chester Road  
Manchester M15 4JE

## Internal Auditors

### Astari

Valleys to Coast Housing  
Tremains Business Park  
Tremains Road  
Bridgend CF31 1TZ

## Bankers

### Barclays Bank plc

Harford Square  
Lampeter  
Ceredigion

# Barcud Monitoring Group

## Chair's Report

On the 6th of November 2020, tenants and leaseholders from the Mid-Wales Housing Association's Tenant and Residents Forum, and Tai Ceredigion Monitoring Group held our first meeting. At this meeting we adopted the jointly agreed Terms of Reference for the Barcud Monitoring Group (BMG), elected the groups officers, and adopted the outstanding matters from both former groups.

The group consists of members from both the Powys and Ceredigion areas, and I am pleased to report the membership is continually growing and at the time of writing this article the group has 24 members which includes a leaseholder. The membership has a truly diverse range of personal and professional experiences which assists us greatly in performing our duties and activities. We have also sought tenants from many of the towns and villages in both counties and they currently range from Pont Roberts through to Cardigan. For us, it is essential to have tenant representation from as many towns and villages as possible so that we can gain a valuable insight as to what is happening on the ground.

So, what have we been doing? In all honesty, if I were to list everything the members have been doing, there would be little to no room in this Annual Report for anything else, so I will attempt to keep it brief.

- Reviewed and approved many policies including the Rent Setting Policy.
- Reviewed and approved Barcuds new 2-stage Complaints Procedure.
- Reviewed and approved Barcuds Tenancy Agreement and Tenants Welcome Pack.
- Reviewed and agreed specifications and guidance for external contractors.

- Provided a video presentation for Barcuds Staff Training programme.
- Fully participated in Barcuds Business Planning events.
- Attended monthly meetings with the Leadership Team and Operational Managers.
- Conducted a service charge review and submitted our recommendations.
- Hosted Barcuds first Tenants Liaison Forum.
- Attended a multitude of TPAS Cymru events with tenants from across Wales.
- Initiated Scrutiny training for the group with Astari.
- Made submissions on various Welsh Government consultations.
- Held 2 group meetings every month.
- Invited various guest speakers to our meetings such as, the CEO of the Barcud Group, the former and current Chair of the Barcud Board, the Housing Regulator, and various Directors.

This is not a comprehensive list of the group's activities, and some have had to be postponed such as our Estate Management Inspections and Void Inspections which we hope to resume as soon as circumstances permit.

We are grateful to Barcud for providing us with the opportunities afforded to us throughout the association and are proud to be a part of the team working in the best interest of our tenants. Barcud has enabled us to be the only independent tenants' group in Wales and we and the association are very keen to share our practices with other tenant groups and associations across Wales.

I wish to thank all the group's members for their commitment, time, and selflessness and all at Barcud especially Sue Thomas (Senior Tenant Involvement Officer) for their unwavering support, thank you.

Paul Clasby,  
Chairperson,  
Barcud Monitoring Group.



## Strategic Objective 1

To provide 5,000 affordable, mixed tenure, high quality sustainable homes in Mid-Wales by 2025.

### Phase 1, Dôl Dalis, Lampeter

A mixture of wheelchair bungalows and detached and semi-detached houses. The fourteen homes were completed on 20th July, 2020. These are all social rented homes.

### Phase 2, Awel yr Afon, Cardigan

Comprised of 6 semi-detached houses and five flats, all for social rent and funded with social housing grant from Welsh Government. This scheme obtained practical completion on 26th October 2020. These are all social rented homes.

### Glan yr Afon, Cenarth

The latest bungalow to be completed by Medra was built specifically for a large family with a disabled child, and obtained practical completion on 3rd March, 2021.

### Maes Arthur, Aberystwyth

This scheme provides a mixture of one and two bedroomed flats in a convenient location for all the town's amenities. Practical completion was obtained on the 33 flats on 15th March, 2021. These are all social rented homes, and funded through the Smaller Homes fund, Aberystwyth Strategic Regeneration area funding converted to Social Housing Grant and Ceredigion Council's affordable homes fund.

### Existing Dwellings

Four existing dwellings in Aberystwyth were purchased in the last financial year; 21 Penmorfa, North Road, 7 Penmorfa, North Road, 107 Heol Tyn y Fron, Penparcau and 2 St John's Flats, Queen's Road.

### Bron Gungrog and Clos Gungrog, Welshpool

This is a total of 54 x 2, 3 and 4 bedroom bungalows and houses. Fourteen were made available under the Welsh Government's Rent to Own scheme, and were very popular. Occupying tenants hope to complete their purchase in the period 2022-2024

### Orchard Close, Churchstoke

This is a total of 28 x 1, 2, 3 and 4 bedroom houses and flats, being a much larger second phase of a popular development in this border

settlement. These homes are all heated by Air Source Heating technology and were immediately in great demand.

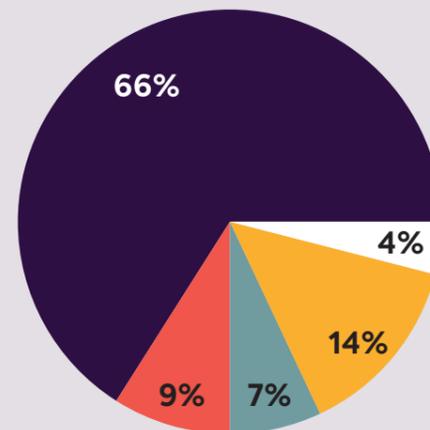
### Maes Y Dderwen, Llanfyllin

This scheme was a development of a site which had been in Association ownership for many years, but the logistical and technical difficulties were overcome to provide a total of 10 x 2 and 3 bedroom homes, again with air source heating technology. It is a lovely rural location in a busy small town.

### Additional capital spend

- New scooter store at Rhydyrafon
- Balconies and patio doors at Llys Deri
- Installation of new lift at Glascoed sheltered scheme
- New communal lounge and exercise room at Glyn Padarn sheltered scheme

## Welsh Housing Quality Standard Compliance March 2021



### Fully Compliant

### Residents' Choice

the tenant has specifically requested that the Association does not change, improve or replace an element which is failing WHQS. It is only where there is a health and safety risk that we would insist that the component is changed.

### Physical Constraint

a component fails due to the size of the dwelling or landscape of the adjoining land, eg a small kitchen which doesn't adhere to the space or storage requirements.

### Timing of Remedy

a component fails to meet the standard but is programmed for replacement within the next five years.

### Cost of Remedy

## Strategic Objective 2

To be an excellent community landlord, which also offers support and care services.

### Financial inclusion support

Our tenancy sustainment (financial inclusion) Cynnal Team continues to maximise tenants income. £1.2m additional 'income' has been accessed for tenants with over 1,000 tenants assisted by the team.

### Rent arrears

Through keeping our rents affordable and helping tenants to sustain their tenancies, Barcud's rent arrears remained low throughout the year and were at 1.9% March 2021.

### Lettings

The letting of a property to a new tenant is a fundamental housing management function and for Barcud is achieved via the Ceredigion Housing Register and the Powys Common Housing Register. Both registers utilise their respective Common Allocation Policies. Barcud is the major partner of both registers.

Lettings for 2020/21 consisted of

Category of Applicant	General Needs	Sheltered Housing	Total
Ceredigion and Powys Common Housing Registers	298	35	333
Intermediate rent level	11	0	11
Rent to Own	14	0	14
Homelessness	103	5	108
Supported Housing	7	0	7
Internal Transfers within Barcud	51	5	56
Mutual Exchanges of Tenancy	13	0	13
<b>Total</b>	<b>497</b>	<b>45</b>	<b>542</b>

## Barcud's Sheltered Scheme Coordinator's role during the Covid-19 pandemic

As well as the regular housing related support and housing management scheme coordinators usually provide, they have also been supporting over 300 tenants manage the difficulties and confusion that Covid has brought. Barcud formed a Covid reporting team. (2 scheme coordinators volunteered and supported housing coordinator) who have worked closely with Ceredigion County Council's dedicated team called SitRep.

All tenants are contacted daily and if a scheme coordinator identifies a potential Covid case, a test is organised, the tenant is advised to self isolate and the scheme coordinator then remotely supports the person through the next 10 days. Assisting with shopping, prescription collections, liaising with other services, family members and assisting track and trace identify any direct contacts.

All positive cases have been dealt with urgently to ensure containment and we are pleased to report that there has been no spread within our schemes. No tenants have been hospitalised as a result of Covid. Barcud is one of the very few social landlords whose scheme coordinators have been kept on site to ensure their most vulnerable tenants received the support they needed during this difficult time.

## COVID 19 Pandemic

Throughout 2020/21 vulnerable tenants were called on a regular basis to check on their wellbeing and to assess if they needed referring for additional local services. On average 154 calls were made per week and staff also volunteered to shop and pick up prescriptions for tenants who were isolated. As well as the practical help, the calls helped with loneliness and staff often had feedback saying how much they looked forward to the calls and that they brightened up the tenant's day.

## Strategic Objective 3

*To be a tenant and resident focused social business, which involves customers at all levels and operates bilingually.*

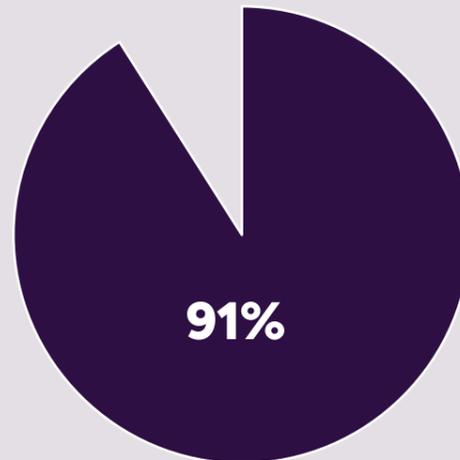
### Barcud Monitoring Group

- Members are tenants from across Barcud's operational area
- Usually meet monthly to discuss any issues and concerns that have been raised and feedback any information given following their monthly meetings with either the Executive or Operational Management teams
- Members are involved in services such as:
  - » Phone surveys
  - » Estate inspections
  - » Inspection of empty properties prior to re-letting, to ensure they comply with Barcud's "Re-let Standard", which the Group developed
  - » Reviewing Barcud's policies and Service Standards
- The Group also:
  - » Attends Barcud's Board meetings on a quarterly basis to ensure tenants views are heard at the highest level
  - » Presents their views to the Board regarding Strategic Objectives and members attend Business Planning meetings
  - » Provides regular articles for the newsletter and produce an annual report
  - » Decides on topics for the Tenant Liaison Forum meetings and Tenant Conference
  - » Receives training
  - » Attends TPAS Cymru events
  - » Responds to the Welsh Government's and local authority consultations

### Regular Tenant Engagement

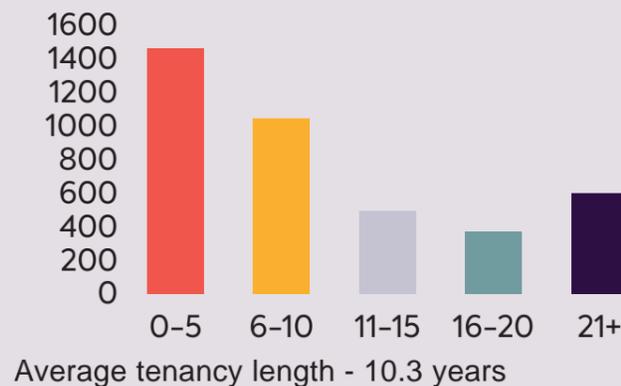
Barcud has regular tenant engagement to understand overall satisfaction and ways to enhance the service we provide. Tenants are regularly asked to feedback through surveys issued by third parties. Satisfaction is high which results in an average tenancy length of over 10 years.

### Tenancy Overall Satisfaction Rate



Including 86% 'Quality of Home' score.

### Tenancy Length in Years



## Strategic Objective 4

*To work in partnership with local authorities and the Welsh Government to prevent and tackle homelessness in all its forms.*

Barcud works closely with both Ceredigion CC and Powys CC to reduce and prevent homelessness in their respective areas and this has never been truer than during the Covid 19 Pandemic. The Welsh Government's public health response to the Pandemic and the associated eradication of 'priority need' for homeless applicants including 'street homeless' provided significant challenges for the local authorities and their associated housing associations. Barcud has been present and actively contributed at all the

Covid 19 response Homeless meetings of both local authorities and have provided substantial numbers of 1 bedroomed properties to assist.

During the financial year

43 homes were let on a permanent basis to homeless applicants – enabling the Local Authorities to discharge their duty

40 homeless applicants rehoused in temporary accommodation – including street homeless

25 properties designated as Emergency Accommodation and managed for Barcud by the Care Society.

Barcud is the main provider of accommodation for homeless applicants in Ceredigion and Powys - 23% of lettings. One of our subsidiaries The Care Society manages the only night shelter in Ceredigion.

## Strategic Objective 5

*To be an employer of first choice that supports the local economy and communities.*

### First Choice Employer

We want to ensure Barcud is recognised as a great place to work throughout mid Wales. It is important that all our staff can achieve a good work life balance and feel that they are appreciated for their efforts in delivering top quality services.

As our way of saying thank you we have developed a benefits package which also enables us to attract, motivate and retain the best staff. We offer competitive salaries and an excellent benefits package, including generous annual leave, flexible working arrangements and a group pension scheme with employer contribution.

### Communications

Since the merger in November 2020, there have been weekly online staff briefings for all staff to attend. These briefings give updates from departments and individual staff members, allow staff to ask questions to the Leadership team and let HR inform of any staff changes.

Monthly staff newsletters are emailed to all staff, as are monthly health and wellbeing newsletters.

### Staff Training

This year a number of training courses were organised and delivered to staff including:

- Autism Essential Awareness
- Asbestos Refreshers
- County Lines and Exploitation
- Adult and Children Safeguarding
- Arthritis Awareness
- Alcohol Intervention

### Creuddyn

As work progresses well on the old Government Buildings site in Lampeter, Barcud is pleased to announce the new Business Centre will be called Creuddyn.

The new building, which is located approximately 250m from Nant Creuddyn will offer modern, state of the art business units for local business, the social care sector and charitable organisations and will be perfect for start-up businesses looking for premises in the town. It will be an exciting new community facility that will bring people together, help tackle social isolation, support jobs, provide training opportunities, and accommodate social enterprises. The project has been supported by Welsh Government's Transforming Towns programme, Welsh European Office and Ceredigion County Council who share Barcud's vision to bring the idea to reality.

## Strategic Objective 6

*To be a sustainable, low carbon organisation.*

### Greener Homes

PV installations - 41

External Wall Insulation - 1

Air source heat pumps - 67

### SAP Ratings

The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of homes. In order to pass it must be a score of 65 or over. Homes with a high SAP rating help lessen fuel poverty. As at March 2021 Barcud's homes have an average SAP rating of 70.4.

### Passive House Development



Croft Court was based upon a passive house design which has a very low environmental impact. The scheme was completed in March 2020 and has delivered 17 flats. Each Passive House is fitted with a LoRaWAN indoor environmental sensor (mcf88 Temp/Humidity CO2/VOC/LUX/Air Pressure) and we are able to remotely monitor the units performance

### Electric Vehicles

Barcud has an electric pool car that can be used by all staff members for travelling between offices, visiting tenants or any other work business. During 2020/21 the association purchased an electric van for our Caretaker to use in the Aberystwyth area. There are charging points at all offices and in our new enterprise centre Creuddyn in Lampeter.

In 2021 Barcud appointed The Carbon Trust to measure our Carbon baseline and establish a decarbonisation strategy.

## Strategic Objective 7

*To be an organisation with robust governance and finances.*

Barcud has a business plan which is reviewed annually or as required by Board. The business plan consists of a five year rolling corporate plan, including any forecasts or income and expenditure, corporate targets, strategic priorities and any policies adopted or specified by the Board. A detailed annual budget is produced each year, allowing strategic priorities to be met, whilst complying with funding requirements and covenants.

2020/21 was successful year financially with a surplus of £3.7m. Reserves stand at £26m.

Despite the Pandemic 16 tenders were listed on Sell2Wales to ensure Value for Money in procurement.

### Barcud

Eight reviews were undertaken at Barcud during 2020/21. The assurance opinions provided were

- Three provided Substantial assurance (Property Compliance, Planned and Cyclical Maintenance, Key Financial Controls - Treasury);
- Two provided Reasonable assurance (Governance of Merger, Value for Money);
- Three provided Some assurance (I-Trent Implementation, Key Financial Controls - Transition, Payroll)

### Tai Ceredigion

Seven reviews were undertaken at Tai Ceredigion during 2020/21. A split assurance opinion was provided on one audit (Landlord H&S: Legionella and Gas/Solid Fuel Servicing) and as such have split this into two separate reviews for the purposes of the analysis below. The assurance opinions provided were

- Five provided Substantial assurance (Landlord Health and Safety - Gas/Solid Fuel Servicing, Health and Safety - Staff Safety, Sickness Absence Management, Governance - Communication, MIS Implementation)
- Two provided Reasonable assurance (Leaseholder Management, Contractor Management);
- One provided Limited assurance (Landlord H&S - Legionella Management)

### Mid-Wales Housing Association

Three reviews were undertaken at Mid Wales Housing Association during 2020/21. The assurance opinions provided were

- Two provided Substantial assurance (Duty of Care - Asbestos, ICT Network Security);
- One provided Reasonable assurance (Business Continuity);
- None provided Limited assurance

### Governance

Each year the Association reviews its compliance with the Code of Governance. Compliance is evidenced, with notes for actions needed and this is reported to the Board annually. Barcud is largely compliant with the Code of Governance,

## Environmental, Social and Governance

As a housing association our social purpose and impact is significant. We're conscious of the need to build more affordable homes, and in doing so we're committed to ensuring our Environmental, Social and Governance (ESG) is strong.

### How we're embedding ESG in to our business

The ESG factors are a subset of non-financial performance indicators which include principled, sustainable and corporate governance issues, such as making sure there are systems in place to ensure accountability and managing our carbon footprint.

ESG has three central factors and we're embedding these in to our business in the following ways:

### Board Training & Attendance

Since merger in November, Board member attendance is as follows:

05/11/2020	100%
03/12/2020	100%
14/01/2021	92%
04/02/2021	92%
04/03/2021	92%

In December 2020, Board members attended a Board member workshop with Campbell Tickell where they had sessions including high performing boards and 21st century governance.

### Environmental

Environmental criteria examines how Barcud performs environmentally and we're focusing on climate change, ecology and decarbonisation

### Social

Social criteria looks at how Barcud treats people, and concentrates on our tenants voice, support for tenants, building safety and quality, affordability, homelessness, the local economy and communities.

### Governance

Governance criteria examines how we're governed - and focuses on structure and governance, our Board and Trustees, staff wellbeing and our supply chain management.

In 2021/22 Barcud has linked its refinancing project to ESG targets and will be reporting against an ESG framework.

## Executive Director's Report

2020 / 2021 has proved to be an exceptionally challenging year. Covid 19 has had a deep rooted and profound effect on the physical and mental wellbeing of service users and has necessitated changes in service delivery with the need to ensure the safety of both service users and staff. Demand for services has never been more acute. In response, The Care Society has worked tirelessly with our parent body Barcud Housing Association, strategic partners and Ceredigion County Council to increase provision of temporary accommodation and support. I am in awe of the professionalism dedication and commitment of my colleagues and all Care Society Staff who have maintained frontline services despite increased personal risk and really have 'made a difference'. Thank you.

All of our services ensure we achieve our charitable objectives aided by the continued support of Welsh Government and the Local Authority, The Care Society's financial stability, solid infrastructure, good reputation and growing profile ensure services meet the needs of people living in our mid-Wales communities.

The Care Society continues to benefit from the generous donations of kind individuals, businesses, schools and community groups and all food donations, bedding, clothes and items for our Charity Shop as well as cash donations directly help vulnerable people in need. Thank you.

Guy Evans  
Executive Director

## Chairman's Report

It really goes without saying that the past year has been exceptionally difficult for The Care Society, the people we support and the communities we work in. That said, yet again our colleagues have proofed themselves to be resilient, dedicated and committed to our purpose at a time when it has never been needed more. I know I speak on behalf of the whole Board when I say how deeply grateful we are for all your incredible work, you never fail to humble and inspire us in equal measures.

Despite the challenges of the pandemic and the rapid reorganising of services, the teams have also continued their work to strengthen the performance of The Care Society to ensure that it able to continue to carry out its essential services. This year also saw the formal merger of Mid-Wales Housing Association with The Tai Ceredigion Group to form The Barcud Group of which The Care Society is now part of. This merger adds greater strength to the whole group and has the potential to open up further opportunities for development.

I would like to thank the Boards of the Tai Ceredigion, the subsequent Barcud Group and The Care Society for all of their continued support and commitment to the ongoing success of the organisation. I would also like to extend personal thanks to the Leadership Team of The Care Society and those in the Barcud Group who provide support to them – in the most challenging of years you have demonstrated compassionate leadership and determination to do the right things.

I am incredible proud, as are all the Board, to play our very small part in the enormous impact The Care Society makes on the daily lives of so many, and we look forward with hope to more positive future year ahead.

Anthony Hearn  
Chair

## Achievements & Performance

Another successful year for The Care Society, resulting in a surplus of £247k which will be added to reserves to ensure the Charity is financially viable and robust. Reserves now stand at £747k and are a mixture of restricted and unrestricted.

The 2020 / 2021 period has been an extremely busy year for The Care Society and charitable activity has primarily focussed on meeting the considerable challenges as a result of the Covid 19 pandemic. This has involved considerable changes to working practices to ensure the safety of service users and staff whilst also maintaining regular contact with Service Users experiencing increased levels of anxiety, isolation and financial pressures. During the period of this report this is evidenced by –

- 693** Food runs and
- 374** emergency food parcels
- 1,453** Welfare and Security checks
- 14,054** Telephone and e-mail remote support contacts
- 9,783** Benefit queries and support

### Board Members

Anthony Hearn (Chair)	Peter Saunders
John Rees (Vice Chair)	Stephen Cripps
Catherine Shaw	Tony Kitchen
Margaret Gallagher	

## Social Lettings

- 117** units of accommodation
- 33** tenancies using the Welsh Government bond scheme
- 327** hours of tenancy support

## Temporary Accommodation

- 155** people into temporary emergency accommodation
- 100%** of temporary and night shelter residents registered with doctors and dentists
- 52%** of residents signposted to substance misuse and/or mental health services

## Community Support and Befriending

- 503** hour of support per week to
- 64** individuals through Ceredigion and north Pembrokeshire



## Introduction from the Chair and Executive Director

This is my first report as Chair. I was appointed to the Board in September 2020 and Chair in July 2021. I have therefore witnessed first-hand the challenges and achievements of EOM over the difficult months; a year dominated by the Covid-19 virus and the need to change ways of working to ensure the Company can continue providing its much needed services.

I want to express my thanks to the dedicated Team at EOM, who have ensured the maintenance service to Barcud tenants and others have been maintained during the last 12 months. While EOM, like many businesses received support from the Furlough scheme and other grant support, it has always provided an emergency maintenance service throughout the Covid-19 lockdowns. This was a particularly challenging time for those on call and they deserve our special thanks. Without the continued provision of emergency maintenance services, the Barcud tenants suffering an emergency would not have had the services they require and many of these tenants suffer from vulnerabilities.

As noted in last years' Annual Report, EOM has faced difficult trading conditions for a number of years so it is very pleasing to report that during the 2020-21 trading year the Company reported a trading profit of £ 98,932. While this change in financial achievement is very welcome, it is too soon to be satisfied this is the start of a new trend. The company continues to face a squeeze of gross profits with increasing material costs and pressure on wages.

The Big Change computer system implemented during 2019-20 is starting to 'bear fruit' and

enable better job scheduling and more efficient way of working. There are still improvements to be made to enable the system to be used to its maximum.

There will be ongoing investment in EOM. On acquisition in December 2018, EOM had an aging fleet of vans and trucks. The first new vans were acquired in April 2021 as part of a planned rolling programme to replace all the vehicles over the next couple of years. The replacement of these vans will be in line with the 'fleet management policy' and 'decarbonisation strategy' of our parent company Barcud.

I would especially like to thank my colleague Board Members for their support and dedication over the past months. With the merger of Mid-Wales HA and Tai Ceredigion in November 2020, there was a big change in the Board Membership, with three new Board Members being appointed by the Parent Barcud. These appointments ensured we have the Finance and Maintenance business skills and experience needed. We are currently recruiting two new Independent Board Members to further strengthen the commercial skills of the Board.

Finally, I would like to express my thanks to Stewart Davison, who as the first Chair of EOM has led the Company through the first two years within the Housing Association Group, helping the Company modernise its systems and processes. I look forward to a successful future, building upon the foundations of the past couple of years and continued support from being within the Barcud Group.

R A Knight  
Chair of the Board

The last twelve months has seen a period of significant change and challenges for most SMEs across Wales, with significant and unprecedented challenges placed in front of us all by the on-going Covid-19 pandemic. The construction industry has also seen volatility with materials price increases, availability of materials, and also as the lockdown restrictions are being relaxed, resulting in significant demand for good quality tradespeople, making recruitment and colleague retention challenging. As restriction continue to be relaxed, and more and more people "getting back to normal", new challenges of colleagues having to self-isolate are now being seen, which no doubt will add further pressures on EOM being able to deliver it's committed work, whilst also supporting our colleagues and their families whilst they have to self-isolate.

The merger of parent company Mid-Wales Housing Association with Tai Ceredigion Cyf did take place to form our new parent company Barcud Cyf, which has seen changes at Board level, with three nominated Board positions from Barcud Cyf, and three independent positions. EOM are grateful to the Board Members that stood down at merger date for their dedication, commitment wisdom and advice, whilst also welcoming new Board Members around the virtual Boardroom table.

Whilst EOM have the security of knowing that the Barcud Cyf repairs work still needs to be undertaken, which provides a high degree of

security as far as having a steady flow of work, the trading environment remains challenging as materials prices increase, and the ad-hoc nature of availability of some materials, which without notice can cause work to grind to a halt for some teams. We are fortunate in that we hold some stock at our stores, which does seem to minimize the materials availability issue although there are long lead-in periods, or rations on some materials.

The new Board have been supportive of the new business plan, and agreed a training programme to ensure that all colleagues are up to date on all the health and safety requirements, and also investing in green heating training such as air-source heat pump training and electric vehicle point installation training; as we position ourselves as the local experts in green technology.

Whilst the last financial year was difficult operationally, the new financial year starts off with new challenges and is likely to be as unpredictable as the last. We value our colleagues who have worked hard to continue the seamless service that we give to our valued customers, who provide positive feedback, which in turn provides the motivation for us to look to the future with hope and enthusiasm.

LI Edwards  
Group Director of Commercial Services

### Board Members

Richard Knight (Chair)      David Hall  
John Jenkins                      Wyn Jones



## Chair's Report for Year Ending 31 March 2021

As we slowly emerge from one of the most difficult and traumatic years any of us will have experienced before, it is only right to take a moment to reflect on not just the distress and loss suffered by many over the past 15 months, but also on the many instances of kindness and dedication to service which have been evident during the pandemic. There are many lessons to be learnt, not least how we treat our older and most vulnerable members of the community. Whether society will have been permanently changed in a positive way will only become evident over the coming months. What we do know is that there are many individuals and organisations whose service and support will have sustained countless numbers of people over a long period of time and that must only bode well for the future.

All organisations providing a service to the public have had to adapt their ways of working during the pandemic and Care and Repair Powys is no exception. All staff have either worked mainly from home or the office or a combination of the two from March last year to the present enabled by, amongst other things, a new telephone system allowing better remote connection to facilitate call handling. In the coming months, there will be a formal review of working practices in the light of lessons learned during the past year to consider the best options for service delivery moving forward.

Those staff whose role requires them to have direct contact with service users have been kept well supplied with PPE and the Director has worked hard to ensure that all staff have felt supported and included as part of the 'team'. I would like to thank everyone for their commitment to providing a service during such trying times. Remarkably, the total cost of adaptations provided this year is slightly higher than that of 2019/20 at £1,194,061. It was £1,053,783 in 2019/20. Given the difficulties posed by the pandemic in

terms of referral levels, being allowed access to properties and so on, this figure reflects well on the service provided by our staff. This can be summed up by this quote from a service user... "it is reassuring to know that out there, there are people like yourselves eager and willing to help in a practical way".

Although we have recently had one member of staff leave the organisation, the staffing compliment has actually slightly increased over the year. A part time Home Energy Officer, one of six across Wales funded through the 70+ Cymru project, started in January and a further part time Caseworker for the Mamwlad farming project started in February. This project has made very encouraging progress despite the restrictions caused by the pandemic with 142 clients identified for support with finance, adaptations and energy efficiency. There have been several volunteers (7) identified who will look to build on the links which have been made within the farming community as the project moves into the second year.

In another change, CRP's parent organisation, Mid Wales Housing Association, finally completed the merger with Tai Ceredigion in November 2020 which had been in process for three years. The new organisation, Barcud, has three subsidiaries, CRP Powys, EOM (a building maintenance company) and the Care Society. Inevitably, there has been some impact on CRP with new policies and procedures, changes in personnel in the wider organisation to get used to and the general uncertainty which major change can bring. However, not only have the staff maintained their high levels of commitment and service during this change, there was also an unexpected bonus of the merger: a review of the Service Level Agreements for services provide to CRP such as Finance and ICT resulted in a refund of £24k to our coffers. Most welcome!

Funding, as in previous years, remains a major focus of concern. In terms of future funding from Welsh Government, we are expecting that the

level will remain as it has in previous years which will, in reality, be a reduction in the grant provision but, the uncertainties of the longer term effects of the pandemic may mean there may be other funding implications as the year progresses.

Ever mindful of the need to look at other funding opportunities, and bearing in mind the evident large increase in people waiting for 'routine' hospital services, including elective surgery, the Director has been working on the development of a pilot project which would provide Healthy Home Assessments and appropriate adaptations to those affected by delays to operations and treatments. It is hoped there will be an opportunity to bid for resources to undertake this project as part of the expected additional funding which will be provided to the NHS over the coming months to address the backlog in the treatment of non-Covid medical conditions.

As we reflect on this strangest of years, I hope you agree with me in being mightily impressed with the work which has been carried out by all staff in CRP during this time. It has not been without problems; some staff have found enforced working from home isolating and difficult to manage. Morale has unsurprisingly fluctuated. Yet, staff have continued to put the needs of service users at the top of the agenda, maintaining high standards and enhancing our already strong reputation. As one satisfied customer states: "This is an excellent service. What you have done in our home has made life so much better and given me independence."

I am sure all colleagues on the Board will join me in congratulating staff on the service they have delivered this year and offer to provide whatever support we can in what are likely to be some difficult times ahead.

Julie Metcalf  
CRP Board Chair

## Achievements & Performance

**1,426** Minor Adaptations delivered (only a 4% drop despite Covid restrictions) with a total value of £265,365, 1% less than last year. 98% of this work would reduce or prevent falls.

Hospital discharge cases supported increased by **36%** on last year to 157.

From client feedback, **94%** would recommend the service to others.

**726** Core Services clients receiving a mix of Casework and Technical support.

**176** medium to large adaptation schemes completed (a 16% drop on last year) but the value of the larger adaptations work at £799,275, 2% up on last year.

£22,189 in benevolent funding raised, a **296%** uplift on the previous year

**£173,694** raised in welfare benefits for clients.

### Board Members

Julie Metcalf (Chair)	Catherine Shaw
Paul Jays	John Wilkinson
Crispin Jones	
Jeff Morris	<b>Director</b>
Kath Roberts-Jones	Anna Orton

# Report of the Board of Management

The Board of Management present their report and the financial statements for the year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

Barcud is a not-for-profit housing association. As with all Registered Social Landlords (RSLs) in Wales, it is registered with and regulated by the Welsh Government.

The Association was formed for the benefit of communities in areas in which the Association owns or manages housing stock.

Barcud is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules. The registered office is Unit 4, Pont Stefan Business Park, Lampeter, Ceredigion, SA48 7HH.

It is a body whose primary purpose is to provide affordable rented housing to people in housing need. Barcud was established with the help of Ceredigion County Council specifically to supply high quality affordable housing and excellent housing and community services to the people in Ceredigion and ensure that all properties are improved to meet the Welsh Housing Quality Standard.

Barcud has three subsidiaries; Care & Repair in Powys, which provides support and assistance to elderly or disabled owner-occupiers, enabling them to continue to live in their own homes. In December 2018, Mid Wales Housing Association, now Barcud acquired its principal maintenance contractor, EOM (Electrical Contractors) Ltd, thereby safeguarding the provision of the repairs and maintenance service. It is also based in Newtown. Tai Ceredigion, now Barcud became Cymdeithas Gofal The Care Society's parent body on the 1st April 2018, Cymdeithas Gofal's principal activities are to promote Social Inclusion for the public benefit by preventing people

from becoming socially excluded by reason of homelessness, at risk of losing their home, living in inadequate accommodation or unsettled circumstances in Ceredigion and surrounding counties

## FIXED ASSETS

Details of changes to Barcud's fixed assets are shown in notes 9 and 10 to the financial statements.

## PAYMENT OF CREDITORS

Barcud agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

## INVESTING IN EMPLOYEES

Motivated and committed employees are essential to achieving our aim of providing high quality services to our residents and the Board embraces the need for employees to be empowered and involved at every level of the organisation.

Barcud is committed to ensuring and promoting equality of opportunity for all in the services that it delivers and the way that those services are delivered, ensuring that differences are recognised. Barcud is also committed to ensuring equality for all its employees and applicants for employment.

As a provider of social housing Barcud is aware that the quality of life for many people has been undermined by discrimination and disadvantage. Barcud is committed to responding to social diversity in today's society and strives to reflect this in its own organisational culture.

Development of employees is essential to growing the organisation. A structured approach to training and development is provided to

enable employees to fulfil and develop their role within Barcud. This involves locally delivered in-house training courses, one-off courses of a specialist nature and training associated with the implementation of business systems. Barcud also supports people undertaking external courses and qualifications appropriate to business needs.

## HEALTH AND SAFETY

The Board is aware of its responsibilities for all matters relating to health and safety. Barcud has detailed health and safety policies, complies with its statutory duties and provides staff training and education on health and safety matters. Regular progress is monitored through meetings of the Health & Safety Forum via the Joint Consultative Committee and by the Board.

## BOARD MEMBERS AND DIRECTORS

The Board members and Leadership Team who served during the year and to the present date are set out on pages 6-7. The Board is made up of 11 members and there is provision, to fill in any skill gaps or qualifications with up to 5 co-optees. An assessment has been made of members' skills and experience to ensure that the Board continues to carry out its role effectively.

The directors are the Chief Executive and any other person who is a member of Barcud's Leadership Team. The directors are not Board members, hold no interest in Barcud's shares and act as executives within the authority delegated by the Board.

Barcud has insurance policies which indemnify its Board members and directors against liability when acting for Barcud.

## REMUNERATION

### Policy

The Board is responsible for agreeing the remuneration level of its directors. It agrees the

appointment of directors and their remuneration, as well as the brief within which the Chief Executive can negotiate staff salaries.

The Board pays close attention to remuneration levels in the sector in determining the remuneration packages of the directors. Salaries are set having regard to each director's responsibilities and pay levels for comparable positions.

## Pensions

The directors are members of the Dyfed Pension Fund, a defined benefit final salary pension scheme or Royal London Pension Scheme. They participate in the scheme on the same terms as all other eligible staff and Barcud contributes to the scheme on behalf of its employees.

## Service contracts

The directors are employed on the same terms as other staff, although their notice period is between 3 and 6 months.

## TENANT INVOLVEMENT

We recognise that working in partnership with tenants is the best way of making sure that Barcud delivers services that tenants want and value. Barcud also believes that effective and meaningful tenant involvement is the best way of knowing whether services are being provided to the quality that customers are entitled to expect.

We actively encourage tenants' involvement in decision-making by developing and promoting varied and innovative mechanisms of involvement; tenants are actively involved in decisions that affect them. Any tenant or resident can purchase a share for £1 and become a member of Barcud.

## INTERNAL CONTROLS ASSURANCE

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the

# Report of the Board of Management (cont)

risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatement or loss. The Board receives and considers reports from directors and management on risk management and control arrangements during the year.

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

## Identifying and evaluating key risks

Barcud has a risk management strategy, setting out the Board's attitude and responsibility towards risk in the achievement of its objectives.

## Control environment and internal controls

The processes to identify and manage the key risks to which Barcud is exposed are an integral part of the internal control environment. Such processes include strategic planning, the recruitment of directors and senior staff, regular performance monitoring and the setting of standards and targets for key operational areas.

## Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed, approved and monitored throughout the year by the Board. The Board regularly receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

## Monitoring arrangements

Regular management reporting on control issues provides assurance to management and to the Board. It is supplemented by regular reviews by Internal Audit which provides independent assurance to the Board via its Audit and Performance Committee. The arrangements

include a rigorous procedure, monitored by that committee, for ensuring that corrective action is taken in relation to any significant control issues.

## INTERNAL FINANCIAL CONTROLS

The Board bears responsibility for ensuring that the organisation operates a secure control environment. The controls serve to give reasonable assurance with regard to:

- the reliability of financial information used within the Group and for publication
- the maintenance of proper accounting records
- the safeguarding of assets against unauthorised use.

The Board is responsible for establishing and maintaining systems of internal financial control. Such systems cannot provide categorical assurance against material financial misstatements or loss, but can be expected to provide reasonable assurance.

Key elements in ensuring a secure environment include:

- the presence of formal policies and procedures
- clear delegation of authority
- a suitable level of experienced and suitably qualified staff
- proper performance appraisal
- the preparation and monitoring of forecasts and budgets
- suitable authorisation of major commitments which might put the Group at risk
- a robust and independent internal audit service, reporting appropriately to members, with suitable follow up mechanisms in place.

The Audit and Performance Committee has reviewed the effectiveness of the system of internal control in the Group for the year ended 31 March 2021. 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, and the Board are not aware of any such weaknesses from 1 April 2021 to date.

## GOING CONCERN

After making enquiries the Board has a reasonable expectation that Barcud has adequate resources to continue in operational existence for the foreseeable future being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

## STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

The Board of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accepted Accounting Practice.

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Landlord legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Barcud and of the income and expenditure of Barcud for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that Barcud will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Barcud and enable it to ensure that the financial statements comply with the relevant legislation. The Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of Barcud and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DISCLOSURE OF INFORMATION TO THE AUDITOR

At the date of making this report each of the Barcud Board members, as set out on pages 5-7, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Barcud auditor in connection with preparing their report of which the auditor is unaware, and
- each Board member has taken all the steps that he/she ought to have taken as a Board member in order to make him/herself aware of any relevant information needed by Barcud auditor in connection with preparing their report and to establish that Barcud auditor is aware of that information.

Approved on the 29th July 2021 and signed on its behalf by:



Stephen Cripps  
Chair of the Board of Management

# Governance

Barcud uses the sector's Code of Governance as guidance, which focuses on seven principles;

- Organisational Purpose*
- Decision Making, Risk and Control*
- Leadership*
- Board Effectiveness*
- Integrity*
- Diversity*
- Openness and Accountability*

Good governance enables and supports an organisation's compliance with relevant legislation and regulation. It also promotes attitudes and a culture where everything works towards fulfilling the organisation's vision. The board leads on governance, but good governance involves the whole organisation from top to bottom. Barcud has assessed itself against the Code and is comfortable it applies the seven principles throughout the organisation.

Barcud operates an assurance framework to ensure the Board and other stakeholders have evidence that risks are being mitigated, the association has good processes and controls, accurate data and reporting tools to assist with decision making.



Barcud received its annual regulatory judgement from Welsh Government in March.

The judgement stated:

## Governance and Services - Standard

Identifies and manages new and emerging risks appropriately

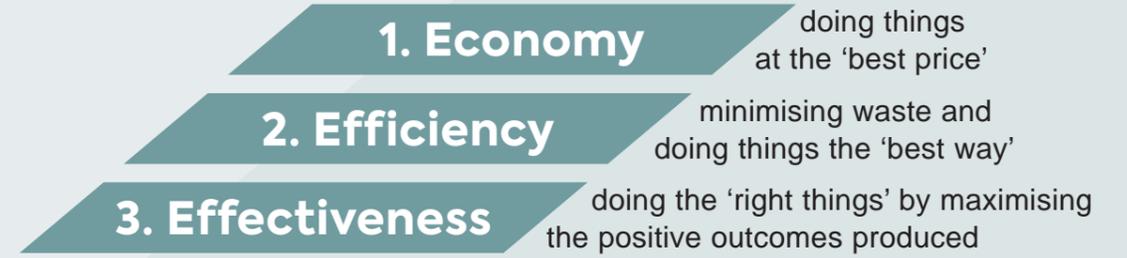
## Financial Viability - Standard

Meets viability requirements and has the financial capacity to deal with scenarios appropriately

**Standard is the highest level achievable.**

# Value For Money

Value for Money is generally considered to cover three elements; economy, efficiency and effectiveness and can be summarised as:



Wales has added a fourth 'E' for consideration:

**Equity** recognising diversity and spending fairly to ensure that those in greatest need are considered

Barcud has an extensive Value for Money policy which describes how Barcud will strive to achieve high standards of value for money across the association by being economic, efficient and effective in the pursuit of social objectives that benefit a range of stakeholders. As organisations

with social purpose, housing associations are committed to maximise value for their tenants, future tenants and the wider community. The sector's global accounts have identified a suite of indicators used for assessing value for money and benchmarking across the sector.



## Money In Money Out

<b>MONEY IN 2020/21</b>	<b>£'000</b>
Rent and Service charges	21,147
Supporting People Grant	227
Medra Services	9
Welsh Government Dowry	1,600
Social Housing Grant	3,064
Other grants	1,570
Sale of housing properties	292
Feed in Tariff	77
Other Income	634
	28,620

<b>MONEY OUT 2020/21</b>	<b>£'000</b>
Management and service costs	5,275
Day to day repairs	4,745
Improving homes	6,406
Purchase existing properties	410
New homes	9,218
Interest payable on loans	4,197
Depreciation	4,709
Other costs	2,202
	37,162

## Financial Review

Barcud reported a surplus of £3.9m for the year ended 31 March 2021 on a total turnover of £25.2m. An operating margin of 32% was achieved.

The results for the period and for 2019/20 are summarised in the table below:

<b>Financial Highlights - Two Year Summary</b>	<b>Barcud Results</b>		
	For the year ended 31 March	2021	2020 Combined
		<b>£'000</b>	<b>£'000</b>
<b>Statement of Comprehensive Income</b>			
Total turnover		25,184	22,661
Income from Social Housing lettings		24,357	21,606
Depreciation		4,709	4,559
Amortisation		1,128	977
Interest payable		4,150	3,949
Operating Surplus		8,035	5,766
<b>Statement of Financial Position</b>		<b>£'000</b>	<b>£'000</b>
Tangible fixed assets, at depreciated cost		207,855	194,508
Social Housing and other grants		93,822	87,540
Net current assets		15,922	28,464
Provision for pension liability		5,301	4,859
Long term loans		81,489	87,422
Total reserves		25,766	22,085

## Financial Risks

Barcud's activities expose it to a number of financial risks.

### Cashflow risk

One of the main risks is the possibility of interest rate changes. As at 31st March 2021, Barcud had 96% of its loan liabilities on a fixed interest rate. Another risk is the loss of income due to Welfare reform, Covid 19 or changing of the rent setting policy. Loss of the Welsh Government £1.6m gap funding is also a risk, although it is guaranteed on a rolling two year basis. There are internal controls in place such as regular stress testing and mitigation work on the business plan and prudence when setting budgets.

### Credit risk

Barcud's principal assets are bank balances and cash, rent arrears and other receivables. The amount presented in the Statement of Financial

Position are net of allowances for bad debts. The association fully provides for former tenant arrears except where recovery is assessed as likely. Provision against current tenant arrears is based on the aged profile of the amounts due. There is no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, Barcud uses a mixture of long term and short term finance which includes a revolver facility. As at year end Covid-19 had not impacted on the liquidity of the association and after stress testing the association had enough liquidity until the refinancing project was completed in August 2021. Subsequently, Barcud has sufficient liquidity for the next 5 years.

# Independent Auditor's Report to the Members of Barcud Cyf

## Opinion

We have audited the financial statements of Barcud Cyf (the parent association) and its subsidiaries (the group) for the year ended 31 March 2021 which comprise the group and parent association's Statement of Comprehensive Income, the group and parent association's Statement of Financial Position, the group and parent association's Statement of Changes in Reserves, the group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent association's affairs as at 31 March 2021 and of the group and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

## Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

We have reviewed the Board's statement on the association's compliance with the Welsh Government circular RSL 02/10 'Internal controls and reporting'. We are not required to express an opinion on the effectiveness of the association's system of internal control.

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.

## Opinion on other matters prescribed by the Welsh Government circular RSL 02/10 'Internal controls and reporting'

In our opinion, based on the work undertaken in the course of the audit with respect to the Board's statement on internal control:

- the Board has provided the disclosures required by the Welsh Government circular RSL 02/10 'Internal controls and reporting'; and
- the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the parent association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 9, 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 determines 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 is 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 intends to liquidate the group or the parent 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

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](http://www.frc.org.uk/auditorsresponsibilities).

## 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.

In identifying and addressing risks of material

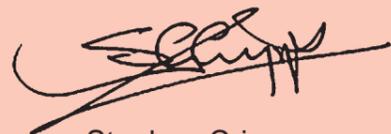


# Group and Association Statement of Financial Position

As at 31 March 2021

	Note	Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Goodwill	8	-	(82)	-	-
Intangible Assets		554	536	435	389
Housing properties - Gross cost less depreciation	9	198,198	186,709	198,198	186,709
Other property, plant and equipment	10	8,231	6,491	7,440	5,634
Investment property		225	225	-	-
Investments	11	771	765	1,782	1,776
		<u>207,979</u>	<u>194,644</u>	<u>207,885</u>	<u>194,508</u>
<b>CURRENT ASSETS</b>					
Inventories	12	168	159	59	75
Debtors	13	19,860	23,085	19,304	22,709
Cash and cash equivalents		6,934	17,477	5,752	16,687
		<u>27,962</u>	<u>40,721</u>	<u>24,615</u>	<u>39,471</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(9,455)</u>	<u>(11,103)</u>	<u>(9,193)</u>	<u>(11,007)</u>
<b>NET CURRENT ASSETS</b>		<u>17,507</u>	<u>29,618</u>	<u>15,922</u>	<u>28,464</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		225,486	224,262	223,777	222,972
Pension liability	21	(5,301)	(4,859)	(5,301)	(4,859)
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	<u>(193,057)</u>	<u>(196,410)</u>	<u>(192,710)</u>	<u>(196,028)</u>
<b>NET ASSETS</b>		<u>27,128</u>	<u>22,993</u>	<u>25,766</u>	<u>22,085</u>
<b>CAPITAL AND RESERVES</b>					
Non-equity share capital	16	-	-	-	-
Revenue Reserves		27,128	22,993	25,766	22,085
		<u>27,128</u>	<u>22,993</u>	<u>25,766</u>	<u>22,085</u>

The financial statements on pages 33 to 63 were approved by the Board on 29th July 2021 and were signed on its behalf by:



Stephen Cripps  
Chair



John Rees  
Board Member



Kate Curran  
Group Director of Finance and ICT

# Group and Association Statement of Changes in Reserves

For the year ended 31 March 2021

<b>Group Statement of Changes in Reserves</b>		Revenue reserves
		£'000
At 1 April 2019 Combined		21,834
Surplus for the year		1,979
Actuarial loss in respect of pension schemes		(820)
At 31 March 2020 Combined		<u>22,993</u>
At 1 April 2020		22,993
Surplus for the year		4,386
Actuarial loss in respect of pension schemes		(251)
At 31 March 2021		<u>27,128</u>

<b>Association Statement of Changes in Reserves</b>		Revenue reserves
		£'000
At 1 April 2019 Combined		21,017
Surplus for the year		1,888
Actuarial loss in respect of pension schemes		(820)
At 31 March 2020 Combined		<u>22,085</u>
At 1 April 2020		22,085
Surplus for the year		3,932
Actuarial loss in respect of pension schemes		(251)
At 31 March 2021		<u>25,766</u>

# Group Statement of Cash Flows

For the year ended 31 March 2021

	2021	2020
	£'000	Combined £'000
Note		
<b>Net cash generated from operating activities</b>	11,058	10,207
<b>Cashflows from investing activities</b>		
Purchase of property, plant and equipment	(18,418)	(23,998)
Proceeds from sale of property, plant and equipment	302	606
Grants received	6,610	5,964
Interest received	47	76
Proceeds from loan repaid	-	53
<b>Net cashflow from investing activities</b>	(11,459)	(17,299)
<b>Cash flows from financing activities</b>		
Finance costs paid	(4,213)	(4,096)
New loans	500	17,650
Repayment of borrowings	(6,449)	(5,964)
Finance lease interest elements	(1)	(1)
<b>Net cash flow from financing activities</b>	(10,163)	7,589
<b>Net increase in cash and cash equivalents</b>	(10,562)	(497)
Cash and cash equivalents at the beginning of the year	17,480	17,977
Cash and cash equivalents at the end of the year	6,915	17,480
<b>A Net cash generated from operating activities</b>		
Operating surplus for the year	8,500	5,868
Adjustment for non cash items:		
Depreciation of fixed assets	4,947	4,839
Amortisation of government grants	(1,128)	(1,051)
Amortisation of negative goodwill	(82)	(82)
Proceeds from sale PPE	(84)	(463)
Decrease/(increase) in inventories	(9)	(82)
Decrease/(increase) in debtors	310	(93)
Increase/(decrease) in creditors	(1,396)	1,271
<b>Net cash generated by operating activities</b>	11,058	10,207

# Group Statement of Cash Flows

For the year ended 31 March 2021

	2021	2020
	£'000	Combined £'000
<b>Free Cashflow for the Year (Group)</b>		
Net cash generated from operating activities	10,653	9,175
Interest paid	(4,203)	(4,086)
Interest received	47	76
<b>Adjustment for reinvestment in existing properties</b>		
Component replacements	(6,406)	(6,072)
Purchase of other replacement fixed assets	(119)	(326)
Component replacement grant received	-	1,616
<b>Free cash generated before loan repayments</b>	(28)	367
Loans repaid (excluding revolving credit and overdrafts)	(1,589)	(4,554)
<b>Free cash generated after loan repayments</b>	(1,617)	(4,187)

# Notes to The Financial Statements

For the year ended 31 March 2021

## 1. ACCOUNTING POLICIES

On 2 November 2020 Tai Ceredigion Cyf received a Transfer of Engagements from Mid-Wales Housing Association Group, including EOM Limited and Care and Repair in Powys and on 2 November 2020 the merged entity changed its name to Barcud Cyf ("Barcud"). This combination meets the requirements of a merger as set out in Section 34 of FRS 102 (public benefit combinations). As such the Group and Association financial statements have been represented as though the combined Group and Association had been in existence throughout the current and comparative periods.

Barcud is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord which has adopted charitable rules.

Following the merger the principal accounting policies of Barcud were amended to reflect the particular circumstances of the merged entity and are set out below. They have been applied from 2 November 2020 onward in accordance with the provisions of FRS102 relating to the merger of Public Benefit Entities ("PBE's"). Barcyd Cyf is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

### (a) Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

### (b) Basis of consolidation

The group financial statements comprise of the combined results of Tai Ceredigion and Mid Wales Housing Association up to 31 October 2020 together with the consolidated

results of Barcud and its subsidiaries thereafter.

### (c) Going concern

Barcud Group's financial statements are prepared on a going concern basis.

An assessment of going concern is made, by the Board, as part of the preparation of the annual Financial Statements, to confirm that the use of this basis is still appropriate. Disclosure of any relevant events or conditions which might significantly impact on this decision and the plans to deal with them as required are included in these Financial Statements.

### (d) Turnover

Turnover represents rental and other income receivable (net of losses from voids), income from property sales, and revenue grants receivable. It also includes grants reimbursing specific expenditure on the improvement programme.

Rental income is recognised from the point of properties under development reaching practical completion or otherwise becoming available for letting, net of any voids.

Turnover in EOM Ltd for maintenance works is recognised when significant risks and rewards of ownership have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be or to be incurred in respect of the transaction can be measured reliably. This is usually on completion of work.

### (e) Property, plant and equipment - housing properties

Housing properties are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready

for use are complete. Capitalisation will only incur when expenditure results in an increase to the economic performance of the asset. To increase an asset's performance, expenditure must result in one or more of the following occurring:

- » Increased rental income
- » A reduction in future maintenance costs
- » A significant extension to the life of the property

Individual items purchased over £1,000 are capitalised in the consolidated Statement of Financial position.

### i Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in the consolidated Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

### ii Shared ownership properties

Shared ownership properties under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales.

### iii Investment properties

The classification of properties as investment property or housing is based on the intended use of the property. Properties held to earn commercial rentals or for capital appreciation are both classified as investment properties. Properties that are used for administrative purposes or held for the provision of social housing are treated as Housing Properties. Mixed use property is separated between investment property and housing property. Ty Canol is recognised as investment property within Barcud Group.

### (f) Depreciation

i **Freehold land** is not depreciated.

ii **Intangible assets** are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on

all Intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer software - five years

### iii Housing properties

In line with the requirements of the SORP, improvements to housing properties are depreciated to write off the historical cost less the residual value on a systematic basis over their estimated useful lives. The depreciable amount is arrived at on the basis of original cost, less any residual value.

Buildings are separated into major components which have substantially different economic useful lives. Depreciation is charged so as to write down the gross book value of the component to its estimated residual value on a straight-line basis. The major components other than the residual property element are depreciated over the following lives:

Component	Lifecycle
Structure (including timber framed buildings)	100 years
Roof - pitched / concrete	60 years
Roof - other	20 years
Insulation	30 years
Windows and doors	30 years
Electrical rewire	30 years
Lift	25 years
Bathroom	25 years
Kitchen	20 years
Heating systems	30 years
Central heating boilers	15 years
Physical adaption equipment	25 years
Play equipment	15 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Depreciation is charged in the year of purchase, pro-rata to the month of purchase or final completion date if relating to a development contract for refurbishment or new build.

#### iv Other fixed assets

Non-housing property is divided into Offices, Industrial Units and Plant and Equipment for the purposes of carrying value on the consolidated Statement of Financial Position; Freehold land is not depreciated.

The principal lives used for other assets are:

Component	Lifecycle
Freehold properties	50 years
Commercial properties	50 years
Office Improvements	5 years
ICT Hardware	5 years
Motor Vehicles/Other	5 years

#### v Investment properties

Investment properties are measured at fair value annually with any change recognised in the consolidated Statement of Comprehensive Income.

#### vi Impairment

Reviews for impairment of housing properties are carried out on an annual basis or if an indication of impairment exists, any impairment in an income generating unit (such as tenanted rented property) is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. Barcud checks annually for any indication of impairment by reference to:

- » Trends in void rates and letting of stock;
- » Advice from external valuers regarding their expectations of the value of stock.

Impairment reviews are carried out on the investment properties as noted in vi.

#### (g) Inventories

Inventories are stated at the lower of their cost or net realisable value.

#### (h) Taxation

Value Added Tax (VAT)

All income is shown net of VAT and expenditure is shown inclusive of irrecoverable VAT. The sale of newly constructed properties (or the first transfer of major interest in any property) is within the scope of VAT, albeit at 0%.

Barcud has a VAT Shelter in place, for the properties transferred to Tai Ceredigion from Ceredigion County Council approved by HMRC. The VAT Shelter has an unlimited lifespan for the first cycle works to be completed on the properties included in the transfer.

Under the transfer agreement Ceredigion County Council transferred the properties to Tai Ceredigion together with an obligation to undertake the WHQS works at the Council's expense. The price paid for the properties was £71,524,223 (excluding VAT); this price reflects the tenanted market value of the stock which is nil and the estimated value of the works of £71,524,223 (excluding VAT).

Corporate Tax

Barcud and its subsidiaries, Care & Repair in Powys and Cymdeithas Gofal (The Care Society) are not generally liable for Corporation Tax due to their charitable status. However if the non-charitable activities threshold for Corporation Tax is reached, Corporation Tax will become liable.

EOM Limited does not have charitable status and so the following is required:

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

#### (j) Pension Costs

Barcud contributes to one defined benefit scheme and three defined contribution schemes.

Barcud is a contributing member of the Dyfed Pension Fund, a local government pension scheme which is a multi-employer scheme where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. This scheme is closed to new entrants. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in Total Comprehensive Income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of Barcud, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Barcud also participates in three defined contribution pension schemes the Social Housing Pension Scheme (SHPS) administered by the Pensions Trust, NEST and Royal London. Contributions payable for the year are charged to the Statement of Comprehensive Income.

#### New Employees

New employees are auto enrolled into NEST but can opt into the Social Housing Pension Scheme (SHPS), both of which are defined contribution pension schemes. Contributions payable for the year are charged as part of

staff costs in the Statement of Comprehensive Income.

#### (k) Operating Leases

Rental payments under operating leases are charged to the Statement of Comprehensive Income.

#### (l) Sale of Housing Properties

Whilst it is not the general intention of Barcud to dispose of housing stock, properties can be sold for a number of reasons.

Barcud may sell vacant properties as part of its ongoing asset management strategy or where economic arguments justify sale.

The surplus or deficit on the disposal of housing properties held as fixed assets is accounted for in the Statement of Comprehensive Income.

#### (m) Social Housing Grant and other Government Grants

Government grants are recognised using the accrual method and are classified either as a grant relating to revenue or a grant relating to assets.

Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Grants received for housing properties are recognised in income over the expected useful life of the housing property structure.

Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable

Grants received from non-government sources are recognised as revenue using the performance model set out in FRS 102.

## (n) Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed period payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element. The difference between this and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the consolidated Statement of Financial Position as a creditor.

## (o) Donation or acquisition of land or other asset at below market value

Where a donation of land and/or other assets is received or land and/or other assets are acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the consolidated Statement of Financial Position as a liability.

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the consolidated Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset. Income equivalent to the

difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in the consolidated Statement of Comprehensive Income as a donation when the future performance-related conditions are met.

## (p) Recycling of Grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the consolidated Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor on the consolidated Statement of Financial Position. For shared ownership stair-casing sales, when full stair-casing has not taken place, the recycling of grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent stair-casing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the consolidated Statement of Financial position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the consolidated Statement of Comprehensive Income.

## (q) Interest Payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument and is determined on the basis of the carrying amount of the

financial liability at initial recognition.

Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate, and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

## (r) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets and the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of the lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge, on the capital repayments outstanding, in the consolidated Statement of Financial Position.

## (s) Service charges, sinking funds and service costs

Barcud operates variable service charges reflecting the requirements of the respective tenancy and lease agreements. Un-utilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the consolidated Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding

balance is virtually certain, the balance is recognised in the consolidated Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

## (t) Financial Instruments

Financial assets and financial liabilities are recognised when Barcud becomes a party to the contractual provisions of the instrument.

### Financial assets carried at amortised cost

- a Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents.
- b Financial assets are initially recognised at fair value plus directly attributable transaction costs.
- c After initial recognition, they are measured at amortised cost using the effective interest method.
- d Discounting is omitted where the effect of discounting is immaterial.
- e If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

f A financial asset is de-recognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

g If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### Financial liabilities carried at amortised cost

- a Financial liabilities carried at amortised cost include trade and other payables and interest bearing loans and borrowings.
- b Non-current debt instruments which meet the necessary conditions in FRS 102, are

initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income.

- c Discounting is omitted where the effect of discounting is immaterial.
- d A financial liability is de-recognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

#### **(u) Cash and cash equivalents**

Cash and cash equivalents are defined as:

- » Cash on hand (physical currency held)
- » Demand deposits
- » Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Barcud treats short term maturity as three months or less from the date of acquisition.

No loans, long term deposits or investments are included in the opening or closing balances in the cash flow statement.

#### **(v) Provisions and Contingent Liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the obligation. For instance, Barcud may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provision are charged as an expense to the consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the consolidated Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charges to the provision carried in the

consolidated Statement of Financial Position. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the consolidated Statement of Comprehensive Income. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from and insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received.

#### **(w) Events after the balance sheet date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the financial period and the reporting date when the financial statements are authorised for use.

Two types of events can be identified:

- » Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events.
- » Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation by Board are not reflected in the financial statements.

## **2. 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 judgements about carrying value 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.

#### **Going Concern**

An assessment of going concern is made, by the Board, as part of the preparation of the annual Financial Statements, to confirm that the use of this basis is still appropriate. Disclosure of any relevant events or conditions which might significantly impact on this decision and the plans to deal with them as required are included in these Financial Statements.

#### **Capitalisation of property development costs**

The group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

#### **Key sources of estimation uncertainty**

The group 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.

#### **Provisions**

Provision is made for certain liabilities and for rent arrears that are considered uncollectable. The provisions require managements best estimation of costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discounted rates used to establish the net present value of the obligations require management's judgement.

#### **Defined benefit pension scheme**

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations from in these assumptions could significantly impact the liability.

#### **Components of housing properties and useful lives**

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component over its useful economic life. The group considers whether there are and indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

#### **Impairment**

The group carries out impairment reviews annually on commercial properties.

## 2a TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

Group (2020 Combined)	2021	2021	2021	2020	2020	2020
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings (Note 2b)	24,357	(16,979)	7,378	21,596	(17,043)	4,553
<b>Other social housing activities</b>						
Garages	243	-	243	257	-	257
Other grants	107	-	107	145	-	145
Donations	13	-	13	13	-	13
Promotion of social inclusion	2,069	(1,856)	213	1,827	(1,593)	234
Trading activities	43	(60)	(17)	125	(58)	67
Other	289	(25)	264	68	(154)	(86)
Other revenue grants	65	-	65	285	-	285
<b>Non-social housing activities</b>						
Market rented properties	58	(7)	51	58	(14)	44
EOM	1,040	(1,023)	17	1,156	(1,349)	(193)
Amortisation of negative goodwill	82	-	82	82	-	82
	<u>28,366</u>	<u>(19,950)</u>	<u>8,416</u>	<u>25,612</u>	<u>(20,211)</u>	<u>5,405</u>
<b>Association (2020 Combined)</b>						
	2021	2021	2021	2020	2020	2020
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings (Note 2b)	24,357	(16,979)	7,378	21,606	(17,063)	4,543
<b>Other social housing activities</b>						
Garages	243	-	243	257	-	257
Recharges to other group companies	97	(81)	16	82	(75)	7
Development	-	(166)	(166)	68	(171)	(103)
Other revenue grants	107	-	107	145	-	145
Other	322	-	322	361	-	361
<b>Non-social housing activities</b>						
Market rented property	58	(7)	51	93	(49)	44
Other	-	-	-	49	-	49
	<u>25,184</u>	<u>(17,233)</u>	<u>7,951</u>	<u>22,661</u>	<u>(17,358)</u>	<u>5,303</u>

## 2b PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
<b>INCOME</b>				
Rent receivable	19,997	19,111	19,997	19,121
Service charge income	1,150	1,014	1,150	1,014
Grant amortisation	1,128	977	1,128	977
Grants taken to income	1,855	171	1,855	171
Supporting People	227	264	227	264
Sinking Fund	-	59	-	59
Turnover from social housing lettings	<u>24,357</u>	<u>21,596</u>	<u>24,357</u>	<u>21,606</u>
<b>COST</b>				
Management costs	(4,452)	(3,966)	(4,452)	(4,339)
Service charge costs	(823)	(798)	(823)	(798)
Routine maintenance	(4,745)	(5,122)	(4,745)	(5,123)
Bad debts	(48)	(172)	(48)	(172)
Depreciation	(4,709)	(4,559)	(4,709)	(4,559)
Other costs	(2,202)	(2,426)	(2,202)	(2,072)
Operating costs on social housing lettings	<u>(16,979)</u>	<u>(17,043)</u>	<u>(16,979)</u>	<u>(17,063)</u>
Operating surplus on social housing lettings	<u>7,378</u>	<u>4,553</u>	<u>7,378</u>	<u>4,543</u>
Rent loss due to voids (memorandum note)	<u>267</u>	<u>193</u>	<u>267</u>	<u>193</u>

### 3. SURPLUS ON DISPOSAL OF HOUSING PROPERTIES

	Group	Group	Association	Association
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Proceeds of sale of properties	292	606	292	606
Disposal expenses	(208)	(143)	(208)	(143)
Surplus on disposals	84	463	84	463

### 4. SURPLUS FOR THE YEAR

	Group	Group	Association	Association
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
The surplus for the year is stated after charging/(crediting):				
Depreciation	4,763	4,794	4,706	4,694
Amortisation of intangible assets	187	126	157	45
Amortisation of grant	(1,131)	(977)	(1,128)	(977)
External auditor's remuneration - in their capacity as auditors	40	52	22	46
Amortisation of negative goodwill	(82)	(82)	(82)	(82)

### 5. TAXATION

The Charitable activities of Barcud Cyf, Care & Repair in Powys and Cymdeithas Gofal (The Care Society) are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988. Barcud's wholly owned subsidiary EOM Ltd. is liable to U.K. Corporation Tax at normal rates. Carried forward losses in the years 2020 and 2019 mean no corporation tax is due for the period.

### 6a. EMPLOYEES

	Group	Group	Association	Association
	2021	2020	2021	2020
		Combined		Combined
<b>Average monthly number of employees (including Executive Directors) expressed as full time equivalents</b>				
Administration	28	17	19	14
Operational services - Office based	113	110	95	99
- Scheme managers and cleaners	15	22	15	22
- Community repairs team	89	100	61	61
- Charitable activities	26	23	-	-
	274	274	190	196

### 6a. EMPLOYEES (continued)

	Group	Group	Association	Association
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Staff costs:</b>				
Wages and salaries	7,918	7,647	5,665	5,436
Redundancy and settlement costs	19	113	19	110
Social security costs	735	699	542	509
Pension costs	574	537	492	462
Total	9,246	8,996	6,718	6,517

Full time equivalent number of staff who received emoluments including pension contributions in excess of £50,000 were:

	Group	Group	Association	Association
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Salary band</b>				
£50,000 - £59,999	6	5	6	4
£60,000 - £69,999	6	2	6	2
£70,000 - £79,999	3	1	2	1
£80,000 - £89,999	1	1	1	1
£90,000 - £99,999	-	2	0	2
£100,000 - £109,999	3	2	3	2
£110,000 - £119,999	1	-	1	-
£120,000 - £129,999	-	-	-	-
£130,000 - £139,999	-	1	-	1
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	2	-	2	-
£220,000 - £229,999	-	1	-	1

## 6b. KEY MANAGEMENT PERSONNEL REMUNERATION

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Wages and Salaries	1,375	950	1,300	950
Redundancy and Settlement Costs	-	108	-	108
Social Security Costs	159	116	152	116
Other Pension Costs	158	109	153	109
Other Benefits	4	6	4	6
<b>Board Members</b>				
Wages and Salaries	-	-	-	-
Social Security Costs	-	-	-	-
Other Pension Costs	-	-	-	-
Expenses	7	10	7	17
	<u>1,703</u>	<u>1,306</u>	<u>1,616</u>	<u>1,306</u>
<b>Remuneration of the Group Chief Executive excluding pension contributions</b>	<u>140</u>	<u>119</u>	<u>140</u>	<u>119</u>

## 7. INTEREST AND FINANCING COSTS

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Interest on loans - repayable by instalments in				
1-5 years	659	497	659	497
More than 5 years	3,549	3,447	3,538	3,435
Finance Leases	5	5	5	5
Pension finance costs (see note 21)	112	86	112	86
Borrowing costs capitalised	(164)	(98)	(164)	(98)
Other		24	-	24
	<u>4,161</u>	<u>3,961</u>	<u>4,150</u>	<u>3,949</u>

## 8. INTANGIBLE FIXED ASSETS – COMPUTER SOFTWARE

	Group £'000	Association £'000
<b>COST</b>		
At 1 April 2020 Combined	1,229	1,164
Additions	254	170
Disposals	(353)	(353)
At 31 March 2021	<u>1,130</u>	<u>981</u>
<b>DEPRECIATION</b>		
At 1 April 2020 Combined	775	775
Charge in year	144	114
Disposals	(343)	(343)
At 31 March 2021	<u>576</u>	<u>546</u>
<b>NET BOOK VALUE</b>		
At 31 March 2021	<u>554</u>	<u>435</u>
At 31 March 2020 Combined	<u>454</u>	<u>389</u>

## 9. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (GROUP AND ASSOCIATION)

	Housing Properties Completed £'000	Housing Properties Under Construction £'000	Completed Shared Ownership £'000	Total £'000
<b>COST</b>				
At 1 April 2020 Combined	194,608	22,404	26	217,038
Additions	6,935	9,218	-	16,153
Disposals	(542)	-	-	(542)
Transfer to completed	21,234	(21,234)	-	-
At 31 March 2021	<u>222,235</u>	<u>10,388</u>	<u>26</u>	<u>232,649</u>
<b>DEPRECIATION</b>				
At 1 April 2020 Combined	30,323	-	6	30,329
Charge in year	4,421	-	-	4,421
Disposals	(299)	-	-	(299)
At 31 March 2021	<u>34,445</u>	<u>-</u>	<u>6</u>	<u>34,451</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>187,790</u>	<u>10,388</u>	<u>20</u>	<u>198,198</u>
At 31 March 2020 Combined	<u>164,285</u>	<u>22,404</u>	<u>20</u>	<u>186,709</u>

### Additions to completed properties held for letting

	2021 £'000	2020 £'000
Replacement of components	6,406	6,072
Purchase of existing properties	410	935
Developments	9,218	16,182
Improvements	119	326
	<u>16,153</u>	<u>23,515</u>
Charged to Statement of Comprehensive Income	4,745	5,123
Total expenditure on completed properties	<u>20,898</u>	<u>28,638</u>

## 10. OTHER PROPERTY, PLANT AND EQUIPMENT (GROUP)

	Freehold properties £'000	Leasehold properties £'000	Commercial properties £'000	Commercial property under construction £'000	Market rented properties £'000	Other £'000	Total £'000
<b>COST</b>							
At 1 April 2020 Combined	912	419	3,767	668	1,128	2,905	9,799
Additions	-	8	-	1,837	-	248	2,093
Work in Progress	-	-	-	-	-	(1)	(1)
Disposals	-	-	-	-	-	(671)	(671)
At 31 March 2021	<u>912</u>	<u>427</u>	<u>3,767</u>	<u>2,505</u>	<u>1,128</u>	<u>2,481</u>	<u>11,220</u>
<b>DEPRECIATION</b>							
At 1 April 2020 Combined	141	110	430	-	-	2,224	2,905
Charge in year	16	16	46	-	-	265	343
Disposals	-	-	-	-	-	(662)	(662)
At 31 March 2021	<u>157</u>	<u>126</u>	<u>476</u>	<u>-</u>	<u>1,128</u>	<u>1,827</u>	<u>2,586</u>
<b>IMPAIRMENT</b>							
At 1 April 2020 Combined	-	-	223	180	-	-	403
Charge in year	-	-	-	-	-	-	-
At 31 March 2021	<u>-</u>	<u>-</u>	<u>223</u>	<u>180</u>	<u>-</u>	<u>-</u>	<u>403</u>
<b>NET BOOK VALUE</b>							
At 31 March 2021	<u>755</u>	<u>301</u>	<u>3,068</u>	<u>2,325</u>	<u>1,128</u>	<u>654</u>	<u>8,231</u>
At 31 March 2020 Combined	<u>771</u>	<u>309</u>	<u>3,114</u>	<u>488</u>	<u>1,128</u>	<u>681</u>	<u>6,491</u>

## 10. OTHER PROPERTY, PLANT AND EQUIPMENT (ASSOCIATION)

	Market Rented £'000	Leasehold properties £'000	Commercial properties £'000	Commercial under construction £'000	Other £'000	Total £'000
<b>COST</b>						
At 1 April 2020 Combined	1,128	419	3,767	668	2,387	8,370
Additions	-	8	-	1,837	247	2,092
Disposals	-	-	-	-	(513)	(513)
At 31 March 2021	1,128	427	3,767	2,505	2,123	9,950
<b>DEPRECIATION</b>						
At 1 April 2020 Combined	-	110	430	-	1,793	2,333
Charge in year	-	16	46	-	224	286
Disposals	-	-	-	-	(513)	(513)
At 31 March 2021	-	126	476	-	884	2,106
<b>IMPAIRMENT</b>						
At 1 April 2020 Combined	-	-	223	180	-	403
Charge in year	-	-	-	-	-	-
At 31 March 2021	-	-	223	180	-	403
<b>NET BOOK VALUE</b>						
At 31 March 2021	1,128	301	3,068	2,325	618	7,440
At 31 March 2020 Combined	1,128	309	3,114	488	594	5,634

## 11. FIXED ASSETS INVESTMENTS

Group	2021 £'000	2020 Combined £'000
Homebuy loans		
At 1 April	603	640
Repayment of loans	-	(37)
At 31 March	603	603
Monies on deposit	166	162
	<u>769</u>	<u>765</u>
<b>Association</b>		
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>Combined</b>
		<b>£'000</b>
Homebuy loans		
At 1 April	603	640
Repayment of loans	-	(37)
At 31 March	603	603
Monies on deposit	168	162
Investment in wholly owned subsidiary	1,011	1,011
	<u>1,782</u>	<u>1,776</u>

## 12. INVENTORIES

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Stock of materials	168	159	59	75

### 13. DEBTORS

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Gross rent and service charge arrears	993	732	886	700
Less: provision for bad debts	(418)	(382)	(410)	(375)
Net rent arrears	515	350	476	325
Trade debtors	160	238	-	-
Housing Finance Grant	199	199	199	85
Hywel DDA Health Board Grant	-	98	-	98
Sinking fund	59	59	59	59
Prepayments and accrued income	1,516	1,924	1,136	1,800
Provision for other doubtful debts	-	(109)	-	(99)
	<u>2,426</u>	<u>2,758</u>	<u>1,870</u>	<u>2,268</u>
Amounts falling due after more than one year:				
Housing Finance Grant	3,830	4,061	3,830	4,175
VAT Shelter agreement	13,604	16,266	13,604	16,266
	<u>17,434</u>	<u>20,327</u>	<u>17,434</u>	<u>20,441</u>
	<u>19,860</u>	<u>23,085</u>	<u>19,304</u>	<u>22,709</u>

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Trade creditors	1,988	2,248	1,791	2,378
Rent charges received in advance	459	583	459	434
Social Housing Grant received in advance	2,003	3,636	2,003	4,281
Government grants deferred income	1,128	952	1,128	397
Housing Finance Grant	200	200	200	200
Deferred income on bonds	55	53	55	53
Recycled capital grants	-	47	-	47
Finance leases	23	21	1	1
Other taxation and social security	260	224	174	174
Loans	695	702	684	691
Accruals and other creditor	2,644	2,437	2,698	2,351
	<u>9,455</u>	<u>11,103</u>	<u>9,193</u>	<u>11,007</u>

### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Loan due after more than one year	81,072	87,008	80,805	86,731
Government grants – deferred income	92,694	87,164	92,694	87,143
Housing Finance Grant	3,829	4,038	3,829	4,038
Deferred income on bonds	1,438	1,473	1,420	1,473
Recycled capital grants	243	264	243	264
Finance leases	177	197	115	113
VAT shelter agreement	13,604	16,266	13,604	16,266
	<u>193,057</u>	<u>196,410</u>	<u>192,710</u>	<u>196,028</u>

Housing loans are secured by a charge on the total property stock owned Barcud. Loans are secured by a fixed charge on the Association's land and buildings. They are repayable by instalments at both fixed and variable rates.

#### Debt Analysis – Housing Loans

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
One year or less	695	702	684	691
More than one and less than two years	696	702	684	691
More than two and less than five years	12,126	12,107	12,089	12,107
In more than five years	68,250	74,199	68,032	73,933
	<u>81,767</u>	<u>87,710</u>	<u>81,489</u>	<u>87,422</u>

#### Deferred Income – Government Grants

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
At 1 April	90,051	84,204	90,026	84,204
Grant receivable	5,004	6,825	5,029	6,799
Amortisation to Statement of Comprehensive Income	(1,128)	(911)	(1,128)	(910)
Transfer to Recycled Capital Grant	(105)	(67)	(105)	(67)
At 31 March	<u>93,822</u>	<u>90,051</u>	<u>93,822</u>	<u>90,026</u>
Due within one year	<u>1,128</u>	<u>952</u>	<u>1,128</u>	<u>949</u>
Due after one year	<u>92,694</u>	<u>89,099</u>	<u>92,694</u>	<u>89,077</u>

## 16. NON-EQUITY SHARE CAPITAL

	Group 2021	Group 2020 Combined	Association 2021	Association 2020 Combined
Shares at £1 each, allotted and issued				
As at 1 April 2020	286	283	286	283
Issued during the year	21	3	21	3
At 31 March 2021	<u>307</u>	<u>286</u>	<u>307</u>	<u>286</u>

## 17. CAPITAL COMMITMENTS

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
Capital expenditure contracted but not provided for in the financial statements	<u>11,786</u>	<u>7,911</u>	<u>11,786</u>	<u>7,911</u>
Capital expenditure authorised by the Board but not contracted	<u>9,516</u>	<u>16,798</u>	<u>9,516</u>	<u>16,798</u>

The above commitments will be funded by existing bank facilities and Government grant.

## 18a. OTHER FINANCIAL COMMITMENTS (GROUP)

	2021		2020 Combined	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Other leases which expire:				
Within one year	55	15	63	21
Within one to five years	95	22	55	23
More than five years	36	-	-	-
	<u>186</u>	<u>37</u>	<u>118</u>	<u>44</u>

## 18b. OTHER FINANCIAL COMMITMENTS (ASSOCIATION)

	2021		2020 Combined	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Other leases which expire:				
Within one year	-	15	-	21
Within one to five years	-	22	-	23
	<u>186</u>	<u>37</u>	<u>118</u>	<u>44</u>

## 19. HOUSING STOCK (GROUP)

	2021 Number	2020 Combined Number
<b>Number of units in management</b>		
<b>Housing accommodation for letting:</b>		
General housing	3,665	3,513
Sheltered housing	358	362
Intermediate Rents	75	74
Market Rent	9	9
Total rented	<u>4,107</u>	<u>3,958</u>
<b>Other units</b>		
Right-to-buy leases	188	191
Shared ownership	3	3
Garages	656	682
To be sold	-	7
Homebuy	3	3
Freeholders with services	<u>80</u>	<u>80</u>

## 20. FINANCIAL INSTRUMENTS

	Group 2021 £'000	Group 2020 Combined £'000	Association 2021 £'000	Association 2020 Combined £'000
<b>Financial Assets</b>				
Measured at discounted amount receivable				
Rent arrears financing transactions (see note 13)	<u>654</u>	<u>350</u>	<u>615</u>	<u>325</u>
<b>Financial Liabilities</b>				
Measured at amortised cost				
Loans payable (see note 15)	695	702	684	691
Measured at undiscounted amount payable				
Trade and other creditors (see note 14)	<u>1,988</u>	<u>2,248</u>	<u>1,791</u>	<u>2,378</u>
	<u>2,683</u>	<u>2,950</u>	<u>2,475</u>	<u>3,069</u>

## 21. PENSION SCHEME

Barcud participates in the Dyfed Pension Fund.

The following information has been received from the Fund's actuaries.

For the year commencing 1 April 2020 the employer contributions will be 15.8% of pensionable pay. The budgeted Current Service Cost for the year commencing 1 April 2021 is approximately 42.5% of pensionable salaries which is expected to result in an approximate service cost of £475,000.

### Statement of Financial Position items as at 31 March

	2021 £'000	2020 £'000
Present value of funded benefit obligations	19,182	15,632
Present value of unfunded benefit obligations	-	-
Total present value of benefit obligations	19,182	15,632
Fair value of plan assets	(13,881)	(10,773)
Unrecognised past service cost	-	-
Deficit	5,301	4,859

### Components of pension cost for year to 31 March 2021

Current Service Cost	388	398
Interest on Pension Liabilities	112	86
Administration Expenses	4	4
Past service cost (gain)	-	238
Effect of Curtailments or Settlements	-	-
Effect of asset ceiling	-	-
Total pension cost recognised in SOCI	504	726

### Statement of other comprehensive income

Re-measurements (liabilities & assets)	251	820
Effect of asset ceiling	-	-
Total re-measurements included in the SOCI	251	820

### Additional disclosure items

	Assets at 31 March 2021		Assets at 31 March 2020	
	£'000	%	£'000	%
Equities	10,271	74.0	7,886	73.2
Government bonds	-	3.9	420	3.9
Other bonds	1,610	11.6	1,088	10.1
Property	1,541	11.1	1,325	12.3
Cash/liquidity	167	1.2	54	0.5
Other	292	2.1	-	0.0
<b>Total</b>	<b>13,881</b>		<b>10,773</b>	

## 21. PENSION SCHEME (CONTINUED)

### Change in benefit obligation during year to 31 March 2021

	2021 £'000	2020 £'000	
Benefit obligation at beginning of year	15,632	14,647	
Current service cost	388	398	(34.6% of pensionable payroll)
Interest on pension liabilities	373	370	
Member contributions	84	80	
Past service cost	-	238	
Re-measurement (liabilities)			
Experience (gain)/loss	(247)	551	(1.3% of period end liabilities)
(Gain)/loss on assumptions	3,140	(432)	(16.4% of period end liabilities)
Curtailments	-	-	
Settlements	-	-	
Benefits/transfers paid	(188)	(220)	
Business combinations	-	-	
Benefit obligation at end of year	19,182	15,632	

### Change in plan assets during year to 31 March 2021

	2021 £'000	2020 £'000	
Fair value of plan assets at beginning of year	10,773	11,366	
Expected return on plan assets	261	284	
Re-measurement (assets)	2,642	(901)	(19% period end assets)
Administration expenses	(4)	(4)	
Business combinations	-	-	
Settlements	-	-	
Employer contributions	313	168	
Member contributions	84	80	
Benefits/transfers paid	(188)	(220)	
Fair value of plan assets at end of year	13,881	10,773	
<b>Actual Return on plan assets</b>	<b>2,904</b>		<b>(20.9% of period end assets)</b>

### Summary of actuarial assumptions used

Financial assumptions (Average duration profile of liabilities at end of accounting period)

	Beginning of period	End of period
- Rate of CPI inflation / CARE benefits	2.1%	2.7%
- Rate of increase in salaries	3.6%	4.2%
- Rate of increase in pensions	2.2%	2.8%
- Discount rate	2.4%	2.1%

### Whole fund asset details

	Value (£m)	Determined as at
- Last actuarial valuation	2,576	31 March 2019
- Start of period	2,777	31 December 2019
- End of period	2,958	31 December 2020

## 22. RELATED PARTIES

Barcud is managed by a Board of Management (the Board) of up to twelve people. One of the Board members is a tenant. The tenancies are provided based on the Barcud's standard terms. During the financial year 2020/21, rent received from tenant Board members was £5,549.63. The Board members cannot use their position to their advantage.

The Group consists of Barcud (the parent), Care & Repair in Powys Limited (subsidiary) Cymdeithas Gofal (The Care Society - subsidiary) and EOM (Electrical Contractors) Ltd (subsidiary). Barcud Cyf as a registered social landlord is required by statute to produce Group Accounts.

### Transactions within the Group were:

	Parent £'000	Subsidiaries £'000
Physical Adaptation Grant Fee	(17)	17
SLA for Finance, IT & HR	141	(141)
Contracted works	(1,471)	1,471
Rent and Service Charge	18	(18)
Insurance	31	(31)
Wardening as per SLA	(30)	30
VAT	49	(49)
IT Equipment	13	(130)
Phone costs	7	(7)
Audit fee	7	(7)
Miscellaneous invoices	13	(13)

As at 31st March 2021, Barcud held Care & Repair in Powys as a creditor balance of £4,464 and a debtor balance of £24,528 was held at 31st March 2021. Within note 13 there is £4,134 included in the prepayments, accrued income and other debtors relating to Output VAT claimed by the group of £21,972 for January to March 2021.

As at 31st March 2021, Barcud held The Care Society as a creditor balance of £502 and a debtor balance of £50,921. Within note 13 there is £24,916.88 included in the prepayments, accrued income and other debtors relating to Output VAT claimed by the group of £21,972 for January to March 2021.

As at 31st March 2021, Barcud held EOM as a creditor balance of £225,459 and a debtor balance of £16,421. Within note 14 there is £148,133 included in accruals and other creditors relating to contracted work not invoiced.

### Ceredigion County Council

Any transactions with the Council are made at arm's length, on normal commercial terms and the Council Board members cannot use their position to the Council's advantage. Payments made to the Ceredigion County Council during 2020/21 are summarised below:

STW	£26,667
SLA's	£36,130
Payroll deduction	£1,185
Ctax NNDR	£42,246
Planning Fees/building regs	£2,089
HB overpayment	£8,896
Misc. payments	£2,549
Aids and Adaptations	£8,893
	<b>£128,654</b>

As at 31st March 2021, Barcud held Ceredigion County Council as a creditor in its Statement of Financial Position to the value of £14,439 for payment of NNDR and Council Tax. It also held Ceredigion County Council as a debtor to the value of £107,351 for the 3rd and 4th quarter Supporting People charge (£100,531) and miscellaneous recharges.

The remaining Board members are all independent members.

## 23. DEVELOPMENT AGREEMENT

Barcud entered into a Development Agreement co-incident with the date of transfer of the housing stock from Ceredigion County Council (CCC), to carry out an agreed schedule of refurbishment works to the properties. The value of these works was £71.5m (excl. VAT). The cost to CCC of contracting for these works to be undertaken was offset against an equal increase in the purchase price of the stock paid by Barcud. The works contracted will be carried out over an envisaged 15 year period and will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event that Barcud chooses not to complete the works specified, the development agreement may be terminated at no financial loss to Barcud. Please refer to Notes [10 and 13] for amounts outstanding at 31 March 2021.

## 24. GROUP RESTRUCTURE AND MERGER ACCOUNTING

On 2nd November 2020 the Group completed a restructure which included:

- » a Transfer of Engagements from Mid-Wales Housing Association Group, including EOM Limited and Care and Repair in Powys to Tai Ceredigion Cyf
- » the merged entity changing its name to Barcud Cyf ("Barcud").

The board are satisfied that the group structure meets the criteria of a merger and so merger accounting has been applied to the 2020/21 accounts for both the Group and parent association and the comparatives have been restated to include the results of the combining entities for 2019/20.

The accounts of the Group therefore include the results of Tai Ceredigion Cyf, Mid-Wales Housing Association, EOM Limited, Care & Repair in Powys and Cymdeithas Gofal The Care Society for both periods.

Any expenses relating to the merger have been expensed.

The tables below contain summary information relating to the entities as at 31 March 2020.

Association	Tai Ceredigion Cyf	Mid-Wales Housing Association	Association eliminations	Combined Association restated
	£'000	£'000	£'000	£'000
Turnover	13,495	9,166	-	22,661
Total comprehensive income	430	638	-	1,068
Reserves	11,448	10,637	-	22,085
Debt	24,538	62,884	-	87,422
Group	Tai Ceredigion Group	Mid-Wales Housing Association Group	Group eliminations	Combined Group restated
	£'000	£'000	£'000	£'000
Turnover	14,606	11,006	-	25,612
Total comprehensive income	561	598	-	1,159
Reserves	11,932	11,061	-	22,993
Debt	24,826	62,884	-	87,710

The accounting policies were aligned at the point of merger.

## 25. POST BALANCE SHEET EVENTS

Following the Board of Barcud agreeing a new treasury strategy in 2020/21, Centrus (treasury advisors) and Barcud held an investor roadshow in April 2021. Offers received showed a strong appetite for Barcud's credit and a private placement of £40m will be priced in July 2021 and drawn in August 2021 and a further £10m deferred tranche will be available, at a future date, with the preferred investor. The funds will be used to repay historic expensive bank debt and break costs and to fund the business plan and development programme for the next five years.

