Registered number: MS21416R

MID-WALES HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

MID-WALES HOUSING ASSOCIATION LIMITED

ASSOCIATION INFORMATION

Board of Management	Mr David Evans (Chair) Mr Wynne Davies (Deputy Chair) Ms Morag Bailey Mr Peter Bayliss Mr Vic Brown Mr Raymond Dowling Mr Nick Hoskins Ms Liz Jenkins Mrs Jill Ladbrook Mr Richard Martin Dr Olivia Morris Mr Peter Swanson Mr Reg Taylor
FCA Registered number	MS21416R
WG Registered Number Social Landlord	L013
Registered office	Ty Canol House Ffordd Croesawdy Newtown SY16 1AL
Auditors	Whittingham Riddell LLP Chartered Accountants & Statutory Auditors Hafren House Newtown SY16 3AJ
Bankers	Barclays Bank PLC PO Box 69 Cardiff CF1 1SG
Solicitors	Morgan La Roche PO Box 176 Bay House Swansea SA7 9YT
Chief Executive	Mr Shane Perkins
Director of Customer Services	Mr Aidan Ackerman
Director of Finance & Company Secretary	Mr Charles Brotherton
Director of New Business	Mrs Sian Howells

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Chair's Report to Annual Accounts 2015/16

This is my second year as Chair, and like the previous year it has been a period of change and consolidation.

The year has brought a new Government in the UK with a different housing Agenda, and just recently we have been through an Assembly election here in Wales with a minority Labour government being returned but with a substantial influx of new faces. We therefore live in changing times and we, as a Board, must be prepared for the challenges that without doubt lie ahead. I am pleased to state that even prior to the Assembly election, the Board had decided to appoint specialist consultants to help us assess the challenges and changes that may arise in the future.

It is interesting to note that 2015 was the Association's 40th Anniversary, and whilst rightly it was a time to celebrate success, it was also an opportunity to reflect that whatever the challenges faced, the Association has continued to thrive and rise to those challenges.

I am also particularly pleased to report that the Association's governance continues to be excellent, and to report that following an assessment by "The Governance Forum" we were awarded with a Level 2 for Governance. Very few housing associations of our size have gained Level 2 and as such, the Association's governance arrangements are very robust. However, we are not content to rest on our laurels and have already started to consider further improvements, for instance, adopting a new committee structure and terms of delegation which should make the Association and its Board even more efficient and effective for the future.

The Association continues to grow steadily through its development programme and during the year brought a total of 32 new properties into management, in Llanidloes and Newtown.
Our current development programme also includes the Tabernacle site in Aberystwyth which will deliver 22 one-bedroom flats which is due for completion this summer. The complex is centrally situated in the town and opposite the new Marks and Spencer's/Tesco shops/car park, and provides both a striking addition to the town and much needed affordable housing. We were particularly pleased to show this important scheme to the First Minister, Carwyn Jones in October 2015.
On a similar vein we are also refurbishing a town centre site in Newtown, on the site of the Old Magistrates' Court. The first flats were completed in 2015/16 with the remainder due for completion in 2016/17.

The Association has reported another excellent financial result. Despite added cost pressures, through effective financial management and budgetary control, the Association alone has achieved a surplus of £684,000, well above what was budgeted. It is the generation of these surpluses that gives the Association the ability to repay its loans and provide funds to support new homes and service improvements.

During the year the Association achieved agreement in principle to changes in the financial covenants from our funders, and these changes will give us the ability to develop more homes and critically, provide some flexibility to respond to any adverse financial effects that may arise from changes in Government Policy, especially concerning Welfare Benefit Reform.
Finally, I would like to thank my fellow Board Members particularly, Wynne Davies the Deputy Chair, Shane Perkins Chief Executive, Directors, Staff and Residents for their support during the year.

David O. Evans

David Evans, Chair
13 July 2016

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Introduction

This **Annual Report** comprises a number of sections which are explained below:

Strategic Report: This provides information upon the Statement of Accounts together with a review of financial performance. The Housing Statement of Recommended Practice (SORP) 2014 stipulates the strategic report should provide certain information to enable users to better understand the organization. Therefore, this report is arranged using those headings to ensure the Group clearly addresses those topics.

The Audit Opinion and Certificate: This is provided by and reflects the view of the appointed auditor following the audit of the Statement of Accounts.

The Core Financial Statements: The format and contents of these are prescribed in detail by the 2014 SORP. The statements required are:

- **Comprehensive Income and Expenditure Statement**: This statement shows the income and cost in the year of providing services in accordance with generally accepted accounting practices.

- **Consolidated Statement of Changes in Reserves**: This statement reconciles the opening and closing reserves of the Group.

- **The Balance Sheet**: This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.

- **The Cash Flow Statement**: The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

  The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of rent and other income or from the recipients of services provided by the Group. Investing activities represent the cash outflows that are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities represent future cash flows that are repayable to the providers of Capital (i.e. borrowing) to the Group.

  The Notes to the Core Financial Statements: These provide further, and supporting information to the Core Financial Statements. While this is primarily a technical document, every effort has been made to use plain English. Should you have any queries or comments regarding these accounts please contact the Finance Team Leader, Mid-Wales Housing Limited, Ty Canol, Ffordd Croesawdy, Newtown, Powys, SY16 1AL.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The Board of Management is pleased to present its Strategic report and the financial statements for the year ended 31st March 2016. The Group is registered as a "Community Benefit Society" under the Co-Operative and Community Benefit Societies Act 2014. It is also registered with the Welsh Government under the Housing Association Act 1996 and the Group adheres to the Housing Statement of Recommended Practice (SORP) – Accounting by registered social housing providers update 2014.

The revised SORP has resulted in some fundamental changes to the accounting treatment of transactions together with the format of this year's and future years Financial Statements. The 2014 SORP outlines the requirements of Financial Reporting Standard 102 (FRS102) as they should apply to registered social landlords. The requirements of FRS102 is based on the International Accounting Standards Board's International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs). The resulting changes from the adoption of FRS102 are further discussed in Note 37.

This strategic report covers the following areas:

- Business objectives, including strategy for achieving those objectives
- Business model
- Development and performance throughout the financial year and position at the end of the financial year
- Future prospects including the 2016/17 budget
- Principal risks and uncertainties being faced
- Analysis using financial and non-financial key performance indicators
- Governance (including the Statement of the Board of Management's Responsibilities)
- Value for Money
- Miscellaneous that includes matters of significance
- Internal Controls Assurance Statement

The Group:

At 31st March 2016, Mid-Wales Housing Group had 1,640 homes in management. It is the leading housing association in Mid-Wales. It employs a total of 42 people based at its offices at Tŷ Canol House in Newtown, plus a further 16 estate-based staff including cleaners and gardeners. It has one subsidiary, Care & Repair in Powys, which provides support and assistance to elderly owner-occupiers (and the disabled), enabling them to continue to live in their own homes. It is based at Unit 31, Ddole Road Enterprise Park, Llandrindod Wells and employs a further 14 people, including two handypersons.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Business Objectives

The purpose of the first section is to set out the business objectives of Mid-Wales Housing Group and describe the strategy for achieving those objectives.

Principal Activities

The principal activity of the Group is the provision of social housing accommodation.

Vision & Values

The Vision for the Group is "*Making quality homes affordable to more people in Mid-Wales".*

The Group produces a 5 Year Business Plan each year with an associated 35 year Financial Forecast. The Business Plan is produced after consultation with tenants, staff and Board Members. It identifies corporate priorities that if achieved will contribute to delivering the overall vision.

The UK economy may be recovering but for the majority of the Group's tenants and applicants', costs continue to rise faster than incomes, making the provision of affordable housing as pertinent as ever. Increasing demand for affordable housing combined with significant financial pressures on our customers mean there is an ever present need to balance quality and volume to meet Mid-Wales's current housing shortage. The potential need for key-worker housing to support local business needs has the potential to add significantly to this shortage.

The Group believes that, as a Social Enterprise, whilst what it achieves is very important, how it achieves those objectives is equally as important. Its corporate values dictate how it plans to achieve its objectives and also play an important role in whether strategic stakeholders will wish to work with the Group in the future.

The Group has identified four values it feels should guide how it delivers its Objectives:

Further details about the detailed business objectives for the next five years are given in the Future Prospects section of this Strategic Report.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Business Model

The Group's financial plans are guided by two principles:
Firstly: only borrow to invest; and
Secondly: generate surpluses.

Mid-Wales Housing Association Ltd is a traditional housing association and has only borrowed to invest in more housing properties or projects that add value to the Group's assets. The funders have set a 65% gearing limit, which means the borrowings of the Group cannot be more than 65% of the 'net worth' of the Group. This net worth calculation is 'historic', and compares loans to reserves and grant. A key aim of the Group is to provide properties for those in housing need and it has therefore sought to maximise the number of properties it can develop each year within the gearing limit.

The Group is part way through re-negotiating the gearing to 75%. Therefore, the financial plans should be considered against this increased gearing covenant. The Board wanted to ensure the additional borrowing capacity provided through the increased gearing limit was not immediately earmarked for increased development. Therefore, the gearing reaches a maximum of 70%; building in a 5% gearing tolerance as a risk mitigation measure along with earmarking 'capacity' of other investment initiatives.

The Group aims to generate surpluses each year. It is the accumulation of these surpluses that will enable the loans to be repaid within the agreed timescales. This aim is reinforced by the funders' requirement for operating surpluses; reflected in the interest cover covenant, which requires the operating surplus to be greater than interest payments. The calculation of this 'interest cover' takes into account the ongoing replacement of 'components' to ensure the Group continues to comply with Welsh Housing Quality Standards (WHQS) requirements. Therefore, the funding of these component replacements is through 'rent income' and not borrowing.

The Group currently has a 'restrictive' interest cover covenant of 115%. As part of the re-negotiation of loans the interest cover is being reduced to 105%. However, as with gearing, the Board have agreed the financial plans should include a tolerance against the new interest cover covenant and therefore the financial plans do not exceed 110%; a five percentage points tolerance.

In summary, the financial plans are guided by two principles; only borrow to invest in new homes and generate surpluses. The borrowing is to invest in new properties to meet the housing need, while the surpluses increase the financial strength of the Group, creating borrowing capacity, while also building up the required funds to repay existing loans. In addition, the financial plans are guided by the requirement to have five percentage points tolerance against the funders' gearing and interest cover limits. Therefore, in the financial plans, the gearing will not exceed 70% (funders' new limit 75%) and the interest cover will not exceed 110% (Funders new limit 105%).

Development and Performance

This section considers the Group's performance through the year together with the year end position. It covers the following areas:

- Development Programme
- Capital Component Replacement Programme
- Loan Finance
- Revenue Income and Expenditure
- Covenants
- Investments
- Staff

Development programme:

During 2015/16 the Group completed two new developments; Coed-y-Llan, Llanidloes and Glan-y-Dwr, Newtown. They provided 25 and 6 homes respectively. In addition, the Group re-purchased 14 Cwrt Eglwys, making a total of 32 units into management. The 22 flats being constructed at the Tabernacle, Aberystwyth have experienced delays and it is now expected handover will take place during August 2016.

In addition, the Group is nearing completion of 11 new homes at Presteigne and 6 further flats at Glan-y-Dwr, Newtown.

A large part of the work of the New Business team that delivers the Development Programme is securing grants. Without the Grants secured from the Welsh Government most Developments would not be viable. The remainder of the project is through loan finance. The cost and financing of the completed schemes, excluding capitalised staff time and capitalised interest costs are as follows:

Project	Budgeted Cost	Actual Cost	Variance	Budgeted Grant	Actual Grant	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Coed-y-Llan, Llanidloes	3,180	3,214	-34	1,739	1,739	0
Glan-y-Dwr, Newtown	698	691	7	288	288	0
14 Cwrt Eglwys, Newtown	67	67	0	0	0	0

While a number of these schemes have been more expensive to develop than originally envisaged, and consequently required more loan finance, they all continue to achieve the financial viability tests set by the Board.

Capital Component Replacement Programme

The Group also spends a significant element of the capital budget upon replacing components; like kitchens and bathrooms. This programme is again managed by the New Business team. The level of spend and components replaced are determined by the Asset Management Strategy, as incorporated in the 35 year financial plan. The 2015/16 activity was as follows:

Description	Actual	Budget	Actual	Budget	Variance
	Units	Units	£000's	£000's	£000's
Kitchen	98	100	330	350	20
Heating	2	4	3	6	3
Boiler	100	110	238	241	3
Bathroom	14	20	28	51	23
Windows	11	8	17	22	5
Total Capital			**616**	**669**	**53**

The key underspends relate to kitchens and bathrooms. These unspent budgets have been re-provided for within the 35 year Financial Plans to undertake further kitchen and bathroom works within the next 5 years.

Loan Finance

The average cost of borrowings at 31st March 2016 was 4.41%, the target set in the annual strategy is 4.30%. A full list of the borrowings outstanding at 31st March 2016 can be found in Note 20 to these accounts. Net borrowing has increased in the year as follows

	£'million
Loans Increase	-4
Monies on deposit Increase	-4
Net Change	-0

	B/fwd 31st March 2015	New Borrowing	Change in Monies	Repayments Made	C/fwd 31st March 2016
	£'000	£'000	£'000	£'000	£'000
Loans	-35,746	-5,931		2,021	-39,674
Monies on Deposit	157		3,857		4,014
Net Borrowing	-35,607	-5,931	3,857	2,021	-35,660

The new borrowing in the year constitutes the drawdown of existing facilities from Nationwide Building Society (£2.4m) and the arrangement of a new £3.5 million, 30 year bond facility with GB Social Housing. The Group is continuing to secure the necessary property assets to enable the GB Social Housing facility to be fully drawn; £1.289m was received on 29 April 2016 and the balance is due to be received in June 2016. The undrawn facility at 31st March 2016 is invested on behalf of the Group.

The Board of Management approved the Treasury Management Strategy in July 2015, which outlined the planned restructure of the loan portfolio. In brief, the proposals are:

- Convert and Increase the Barclays Loan Facility to a five year £4.0m Revolving Credit Facility – achieved;
- Restructure the Nationwide and Cheshire Loans into a single consolidated loan with four tranches, incorporating a 15 year £5.6m Revolving Credit Facility;
- Reduce the Repayment term for the Santander loan to 2026 (currently 23 December 2036) – achieved;
- Increase the gearing limits for the above three facilities to 75%, along with reducing the interest cover to 1.05 times (see covenants section);
- Negotiate a new long term loan facility of £4m to £6m – achieved.

Cashflow

A new statement has been included in the accounts for the first time that details the free cash generated in the year. The statement on page 55 shows that £501k free cash was generated by the Association. Measuring the level of free cash reflects both operational efficiency and the level of reinvestment in properties. Surplus cash flows are needed if the Group is to repay borrowing and also create capacity that can be used to develop new homes.

In addition, the Group needs to generate a minimum amount of cash to ensure the financial covenants set by the funders are not breached. It will also give greater confidence to funders when the Group is seeking new funding to build new homes.

Income and Expenditure

The Quarter 4 management accounts, as submitted to the Board, Welsh Government and the funders showed a surplus of £840,220 was generated by 31 March 2016. This surplus exceeded the forecast of £563,749 by £276,471. The main reasons for this additional surplus are:

Description	£,000
Net Interest saving	127
Bad Debt Provision saving	53
Rent	17
Service Charge Income	37
Service Charge Expenditure	(30)
Responsive Maintenance	21
Salary Savings	23
Depreciation Savings	28
Total	276

A fuller explanation is explained in the 2015/16 Quarter 4 Management Accounts, a copy of which can be requested from the Director of Finance.

The results disclosed within the Quarter 4 management accounts were prior to the adjustments required by SORP 2014. A reconciliation between the surplus reported in the Quarter 4 accounts and that disclosed within these Financial Statements is given below:

	£'000
Surplus reported in Quarter 4 management accounts	**840**
Adjustments required by SORP 2014 based on FRS102:	-56
Writing components previously replaced	-29
Reduction in value of service charge assets reintroduced	-71
Surplus per these statement of accounts	**684**

Covenants:

Position at 31 March 2015	Description	Funders Limit	Per Business Plan	Year End Position
1.33 times	**Interest Cover – Operating Surplus**	1.15 times	**1.17 times**	**1.37 times**
57.2%	**Gearing**	65%	**63.0%**	**60.36%**

Loan providers have set the above covenants that the Group must abide by. Gearing is a measurement of the Group's borrowing against the total of its reserves and grants received. Breaching these covenants would have serious consequences for the Group.

As mentioned earlier, the Group is pursuing an increase in the gearing level to 75% with Funders. While this has been agreed with Barclays, the necessary work is not yet completed with Santander and Nationwide BS. Until the new loan documents have been agreed with the 75% gearing level, it is critical to maintain borrowing within the current 65% level.

Interest cover is well ahead of target at 1.37 times net income due to the higher surplus that has been generated.

The change in gearing since 31st March 2015 can be analysed as follows:

Description	**YTD**	**YTD**
	£000's	**%**
Gearing at 31st March 2015		57.20
New Borrowing	5,931	10.92
Repaid borrowing (see below)	-1,999	-3.68
New Grants	-1,114	-2.05
Prior Year Adjustment	-417	-0.77
Increase In net worth (Reserves)	-684	-1.26
Gearing at 31 Mar 2016		**60.36**

Investments:

During the year to 31st March 2016, the average rate on external investments achieved was 0.77% which is in line with the low Bank of England base rate. However, security of the investments is the principal aim. Further Treasury information can be found in the Annual Treasury Report a copy of which can be obtained at www.mid-walesha.co.uk

Staff and Performance:

Staff:

Over the last two years the Group has restructured and delivered real improvements in service delivery whilst building a "Team Mid-Wales" culture. This was demonstrated by the attainment of Investors in People at Bronze level, a significant achievement at entry level and one we are confident of building upon in the future.

The Group is aware of the requirement being introduced from 2018, to disclose information on the gender gap concerning pay to staff. While the regulations only require a 'high level' disclosure, the Group will go further to ensure the information provided can be meaningful. It is planned to provide this information 'early' in the 2016-17 Financial Statements.

Supplier Payment Performance:

During 2015-16 100% of invoices from direct contractors were paid within 30 days. The Group incurred no interest for late payments.

Future Prospects

The Group's Business Plan is developed as a rolling five-year plan and as such, many of the aims and objectives remain broadly similar and develop each year. For instance, in 2014/15, it restructured to be more responsive, but recognised it had not quite got this right in relation to its New Business department. As a consequence, a further mini-restructure was required in that department in 2015/16. The Group now needs to take a fresh look at the challenges it faces, and further changes in structure may be required depending of the outcome of the various reviews planned for 2016/17.
At the heart of the key objectives over the next five years, continues to be the drive towards excellence in service provision and supporting the communities of Mid-Wales.

The Group's key objectives for the next five years are:

- **Ensuring the Group's Financial Sustainability**
  The Group has prudent financial plans, which aim to deliver on its ongoing commitments to WHQS within its Asset Management Strategy; to refinance its loan portfolio to ease existing loan covenant restrictions and thereby generate the capacity for more borrowing and potentially develop further housing. However, uncertainty over Welfare Benefit Reform (WBR) and the longer term rent setting policy of Welsh Government, means a need to do even more scenario testing. Fundamentally, remaining financially viable must be the overarching priority, in order to meet the needs of our community.

- The Group will continue to place a priority on income management, debt collection and managing Welfare Benefit Reform. A consideration in respect of formal partnerships will obviously have implications for improving efficiency and the financial standing of the Group, alongside service delivery benefits for tenants.

- **Researching the Potential for Further Partnerships, or Merger**
  Similar to many organisations, the Group has a history of working in partnership with others for mutual benefit. Indeed, its partnership with other North Wales RSLs via the Undod framework has seen successes in relation to procurement and increases in the proportion of Social Housing Grant over the years. However, given political and financial pressures, the Group must be open to other formal partnerships and/or formal mergers or acquisitions. It is not possible to identify specific scenarios at this time, but during 2016/17 the Group will set out what it would expect to achieve from any partnership(s).

- **Active Asset Management**
  The Group's Asset Management Strategy includes the broad criteria for considering retention, investment or disposal of its assets. During the year it will develop this strategy and consider property options before investing further

resource. Considerations will include “let-ability” as well as the more obvious cost benefit analysis.

- **In-House Maintenance Team**
  Over the last 15 years the Group has significantly improved its maintenance service to tenants. However, the limited capacity of local contractors has meant that some of those improvements have been slower than hoped. In 2015/16 the Group created a small in-house team to undertake “void works”, and preliminary results suggest that expanding the team could provide cost savings. During 2016/17 the Group will investigate whether an expansion of the in-house team will be cost effective.

  Care & Repair in Powys has a small “handyperson” team and looking at the two teams together will be an option.

- **Sustainability and Governance of Care & Repair in Powys**
  The objective of Care & Repair in Powys to maintain older people in their homes, and avoid admission to hospital or residential care is both admirable, and fits well with the strategic objectives of both Health and Social Care services. But at the same time, Welsh Government and Powys County Council have significantly cut funding for the service. Ensuring the continued sustainability of the service will be a priority, but this cannot be achieved through continued/substantive subsidy by the Group. The Agency will need to consider ways of reducing operating costs as well as finding innovative ways to provide its services. The Group is committed to retaining this valuable service and will work with it to ensure its long term sustainability, whilst also exploring the opportunities the continued growth in the elderly population might provide.

  The inter-relationship between the Group and its subsidiary requires codifying via an inter-company agreement, which will be agreed early in 2016/17.

- **Develop Further Housing**
  Public sector cuts continue to put adverse pressure on all public funding and the amount of government grant aid to assist the development of new housing may well reduce in the next few years. Conversely, the role of affordable housing in addressing wider social issues such as health, educational attainment and economic growth, provide incentives for Welsh Government to continue to invest in affordable housing. The Group will continue to develop using Social Housing Grant (SHG), whilst also looking at innovative finance solutions. Within Mid-Wales there is only a marginal difference between private sector rents and local housing allowance, meaning further intermediate housing is less viable. However, there may be a role for low cost home ownership solutions, and the Group will continue to explore its plans to offer “Shared Ownership with a Safety Net” to its own tenants.

- **Developing Services to Tenants**
  Many of the objectives over the next few years are concerned with Value for Money (VFM), and clearly this has an impact upon the services offered to our tenants. But two projects started in 2015/16 impact directly on services to tenants and will be brought to fruition.

  - Offering choice in relation to service charges will reduce costs for some tenants;
  - Clarifying the services offered by the Group and its expectations of tenants in return – our “Offer & Ask”.

Budget – Financial Projections

There is continuing economic and financial uncertainty facing housing associations, especially over the future levels of rent and the support our tenants could receive following the Welfare Benefit changes.

The Group has therefore, reviewed the underlying assumptions for setting the future budget and financial forecasts. In particular, while the Welsh Government has maintained the existing rent policy of increasing rents by CPI +1.5%, plus up to £2 per week, a lower level of increase is built into the financial plans to ensure the Group does not over-commit itself to a development programme that could become a financial burden if the rental stream growth was not to materialise.

Based on the management accounting structure and not FRS102, the summary income and expenditure for the Association based on these following these, changed assumptions, is given below:

Description	**Actual 2015-16 £’000**	B/Plan 2016-17 £’000	B/Plan 2017-18 £’000	B/Plan 2018-19 £’000	B/Plan 2019-20 £’000	B/Plan 2020-21 £’000	B/Plan 2021-22 £’000
Turnover	**6,970**	7,202	7,342	7,531	7,860	8,243	8,768
Operating costs	**(4,527)**	(4,790)	(4,713)	(4,934)	(5,106)	(5,421)	(5,733)
Gross surplus	**2,443**	**2,412**	**2,629**	**2,598**	**2,754**	**2,820**	**3,035**
Net interest	**(1,696)**	**(1,877)**	**(2,006)**	**(2,012)**	(2,285)	**(2,597)**	(2,838)
Net other (cost)	**(63)**	38	37	38	39	39	39
Surplus/(deficit)	**684**	**557**	**658**	**633**	**529**	**286**	**236**

The 2016-17 budget and 35 year financial forecasts were approved by the Board in March 2016.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The ongoing maintenance of the Group's housing properties is essential. With the treatment of components as capital, not revenue expenditure, it can be less transparent from the accounts the level of expenditure on these elements. The following is the plan of component expenditure over the next five years

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Bathrooms	66	115	90	179	166
Doors & windows	82	22	30	166	213
Kitchen	439	285	318	268	313
Plumbing	245	211	301	150	115
Welsh Housing Quality Standard	172	132	91	122	-
Total	**1,004**	**765**	**830**	**884**	**806**

The 30-year financial forecast has been updated for the development schemes set out in the Annual Development Plan 2016-17, approved by members at January 2016 Board. An extract from the plan is reproduced below:

Scheme	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**Total**
Opening stock	1,667	1,693	1,731	1,782	1,812	1,667
Cemmaes		6				6
Castle Caereinion		6				6
Llanfyllin			11			11
Presteigne	11				17	28
Laurels Gardens	1					1
Dolhafren Phase 2	6					6
Cefnllys Lane				2		2
Magistrates' Court Phase 2	7					7
Magistrates' Court (New Build) Phase 3		11				11
Orchard Close Phase 2				27		27
Canal Road Newtown		15	15			30
Gungrog Farm Welshpool			25			25
Y Bwthyn				1		1
Llys Eglwys	1					1
Future					13	13
Total	26	38	51	30	30	175
Closing stock	1,693	1,731	1,782	1,812	1,842	1,842

The total capital cash flows built into the 30 year financial forecast based on the above development programme is given in the table below:

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Gross Spend	1,360	5,029	5,719	6,867	6,010
Social Housing Grant (SHG)	-1,115	-1,173	-2,155	-2,200	-2,257
Loan financing	-245	-3,856	-3,564	-4,667	-3,753

Cylch Caron Extra Care Scheme

In addition to the above development programme, the Group has expressed a firm commitment to work in partnership with Ceredigion County Council and Hywel Dda University Health Board to provide a new build hub including an integrated community resource with 40 units of extra care housing (34 extra care units and six flexible integrated health and social care units) plus general medical and pharmacy accommodation.

Care services will be provided directly by local authority employed staff and we hope to develop the premises required.

Delivery of this integrated facility was originally planned for November 2016 with all services commissioned by March 2017; however, the procurement project is delayed and revised dates are awaited for the competitive tendering exercise proposed. Consequently, this scheme has not been included in this Development Plan at this stage and given the complexity of the potential funding routes involved, will form the subject of a stand- alone paper to Board should we be shortlisted to bid.

Principal Risks and Uncertainties Being Faced

The Group's activities expose it to a number of Risks. The Group has considered the Welsh Government and Homes and Communities Agency publications concerning ‘sector risks’ and has updated the Risk Register accordingly.

The following are an outline of those sector risks along with consideration of specific treasury risks:

Income

(i) **Rents**: this risk is specifically linked to the Chancellor’s announcement to reduce housing association rents in England by 1% a year for four years. While the legislation may not directly affect Welsh HAs, associations need to be mindful of the likely change to the rent policy in Wales and develop plans accordingly. The Group has modelled a number of scenarios and expects the long term level of rent increase to be lower than the current Welsh Government policy of CPI plus 1.5%.

(ii) **Welfare Reform**: the Westminster Government is committed to finding £12bn of savings from Welfare. The introduction of Universal Credit and the various reforms within the Welfare Benefit system will result in many households receiving less income. While the Group has developed a Welfare Reform strategy, the plans for dealing with the effects of Welfare Reform need to be kept under constant review.

(iii) **Supported housing and care**: this has tended to be a ‘low margin’ activity and with the removal of the ‘ring-fence’ in England this has put pressure on the funding available. While the ring-fence continues in Wales, the pressure to cut spending will mean this funding is also at risk. While the Group does not directly provide any supported housing, it has a large number of support provider partners and therefore the Group needs to understand the options/plan in the event of loss or reduction in income from contracts for our support provider partners.

Costs

(iv) **Pension costs**: this risk is specifically focussed on Defined Benefit (DB) schemes like SHPS (Social Housing Pension Scheme). The continued pension deficits need to be funded and the accounting changes under FRS 102 (Financial Reporting Standard) will make the deficit more transparent as funding past deficits will be shown on the Balance Sheet. Mid-Wales HA has a Defined Contribution (DC) scheme and therefore does not face the same pension deficit pressures.

(v) **Differential inflation rates**: the differential between costs and revenue inflation will continue to vary and the Group undertakes stress testing on differential inflation rates. Within the financial plans, the Group expects cost inflation to increase faster than income.

Assets

(vi) **Asset Register**: Associations are expected to maintain accurate and up-to-date Asset (and Liability) registers. The Group started a project in November 2015 to ensure it has the required accurate Asset and Liability data for the maintenance of these registers.

(vii) **New development (managing development programme):** with more reliance on funding through debt, Boards need assurance that the risks of individual schemes are understood and how they are managed. The regular monitoring of such schemes ensures the Board is made aware of any problems.

(viii) **Diversification:** increasingly housing associations are involved in activities to cross-subsidise the funding of more social housing. Therefore, Boards and the Regulator need assurance that social housing assets are not put at risk. Regulators have been concerned that diverse activities have been undertaken with Boards not having understood the full implications and obligations of activities and projects. The Group has not been involved in diverse activities and is well aware of the need to assess any such activities critically.

(ix) **Existing stock(Maintaining condition of existing stock)**: the management of existing stock relies upon robust management information systems, with sound asset and financial planning. The implementation of specialist asset management software in 2016 will assist the Group made informed decisions about its housing stock.

Liabilities

(x) **Liability Register**: Associations are expected to maintain accurate and up-to-date Liability (and Asset) registers. The Group started a project in November 2015 to ensure it has the required accurate Asset and Liability data for the maintenance of these registers.

(xi) **Counter party risks**: these concerns relate to the risk that a ‘party to a contract’ is unwilling or unable to fulfil contractual obligations, e.g. contractor goes into administration. Therefore, Boards need to understand the actions/plans if such an event occurs.

(xii) **Existing debt**: many funders are seeking opportunities to re-price loans. Therefore, Boards need assurance that loans are properly managed. The recent reports to the Mid-Wales HA Board have been about ‘exchanging a higher margin’ for greater covenant flexibility.

(xiii) **New debt**: when arranging new debt, Boards need to ensure they understand the risks, especially if funding is short term, where refinancing risks need to be understood and ensure sufficient security is in place when funding is required.

(xiv) **Hedging strategies** *(including market-to-market issues)*: the arranging of fixed interest arrangements on loans through the loan agreement, provide for indemnity to the lender that they will be fully compensated for lost 'interest/profit' if those fixes are repaid early. Therefore, the implications of these fixes need to be understood. The arrangement of a 'free standing fix'; hedge outside the loan document, can avoid such early repayment charges. However, they are susceptible to 'market to market' movements and therefore, unexpected costs. Therefore, again Boards need to understand the implications and impact of such arrangements.

The use of financial derivatives is governed by the Group's policies approved by the Board of Management, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use standalone derivative financial instruments and does not use such instruments for speculative purposes.

Treasury

(xv) **Cash flow risk:** The Group's activities expose it primarily to the financial risks of changes in interest rates. The Treasury Management Policy sets out the maximum proportion of debt that can be held in Interest bearing liabilities which are subject to a variable rate and so subject to variations. Fixing rates helps to ensure certainty of cash flows. Cash flow forecasts are also produced and presented to Executive team on a monthly basis.

(xvi) **Credit risk:** The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments. The Group's credit risk is primarily attributable to its rent arrears. The amounts presented in the Balance Sheet are net of allowances for bad debts. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In addition, the Treasury Management Policy states that Investments of cash should first be made with Institutions that the Group has borrowed money from and so minimises the risk of loss in the event of an Organisation holding deposits or investments on the Group failing. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

(xvii) **Liquidity risk:** In order to maintain liquidity, to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. The arrangement of the £4 million revolving credit facility with Barclays Bank helps mitigate any short-term 'shortfalls' in cash resources.

(xviii) **Interest Risk:** The Group's Treasury Management Policy sets out the maximum proportion of debt that can be held in loans that are subject to a variable interest rate and so subject to variations. Fixing Rates helps to ensure certainty of future cash flows.

Impact of the Current Economic Climate

Whilst the economic downturn has had a considerable Impact on all aspects of the local economy and across the nation at a macro economic level, Powys is well placed to cope with the funding and other issues caused.

The difficult economic and financial climate of the past five years has had a direct impact upon the Group. A key element of the UK Governments restriction on spending is the reform of the welfare benefits system. The impact is likely to result in a number of the Group's tenants receiving less income and increasing difficulty in paying the rent. This could result in higher rent arrears and greater bad debts. If the ability to collect the rent is worse than used in the financial plans, this will limit the ability of the Group to fund its ongoing maintenance plans.

The banking crisis in 2008, has resulted in less opportunity for long term loans and higher costs for such funding from the traditional banks and building societies. However, funding from the bond market has increased and the costs have remained remarkably low; this is partly as institutional investors have had limited opportunities to invest funds in low risk ventures. However, the bond market is less flexible and is 'asset hungry' and therefore, new and innovative ways of funding the development of new properties is needed.

Scenario Testing

The Group continually conducts financial modelling and the business plan has been tested for the year of loan repayment along with considering the impact against the funders' covenants. The sensitivity testing includes 'worst case' scenarios with a number of changes occurring at the same time and also having contingency plans in place to mitigate risks.

While a number of these scenarios suggest the Group would not be able to repay its loans this situation is unlikely to materialise. The annual review of the financial forecasts and assumptions would also identify what corrective action was required to ensure loans could be repaid. These would include creating efficiencies, re-negotiating loans, re-phasing repair programmes, reducing development programme and re-assessing service enhancements.

In an increasingly uncertain economic and financial environment, the Board needs to be very clear about what action it would take if any of the adverse events modelled in the sensitivity testing actually materialise. Therefore, during 2016, an 'action plan' will be developed of those actions the Board would take if a 'financial crisis' arose.

Leaving the European Union

The Board of Management is aware of the ‘Brexit’ referendum vote to leave the European Union (EU). Until it is clearer what the future relationship between the UK and EU is likely to be, it is not possible to outline what impact this may have on the financial position of the Association.

However, the Board is aware that a period of uncertainty will now exist until the future relationship with the EU is clear. In this period of uncertainty there could be changes in interest rates or inflation that are unexpected. Therefore, it becomes more important to undertake scenario testing of the financial plans to ensure the ongoing financial resilience of the Association.

Going Concern

The Group’s activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described above.

The Group has considerable financial resources and, as a consequence, the Board consider that the Group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector.

After making enquiries, the Board has a reasonable expectation that the Group and the subsidiary Agency have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Analysis using Financial & Non- Financial Key Performance Indicators

It is critically important for the Group to determine if the Business Plan objectives are being delivered. This is done through our strategic management tool: Covalent. Covalent has integrated modules for project management, risk management and performance management. This now allows corporate performance scrutiny using 'traffic lights' against set targets.

Monthly performance information is produced and published on the intranet. The Executive Group reviews performance monthly, while the Board formally reviews the performance bi-monthly. In addition, the Group has established weekly performance meetings, where Managers and Team Leaders outline leading indicators and performance. Both the Board and Welsh Government have real time access to covalent and can review performance at any time. The Board also receives an annual HouseMark benchmarking report showing peer group performance, highlighting areas where the Group is not performing to target or 'out-of-line' with our peers.

The following table is a summary of some key indicators reported within Covalent on a quarterly basis:

Areas	Q1	Q2	Q3	Q4	Annual Average
Repairs Competed on Time – Target 97.5%	99.6%	99.3%	98.9%	97.9%	98.9%
Debtors, Gross Rental Arrears – Target 2.5%	3.4%	3.3%	1.5%	1.8%	2.5%
Void days – Target re-let within 15 days	18	14	9.7	17.3	14.8
Fire Risk Assessment remedial work required within 90 days of identification. Result given is the number of days taken for remedial repair	0	0	0	0	0
Satisfaction with landlord	84%	84%	81%	No data to report	**83%**

Income and expenditure account

The summary Income and Expenditure account position for the Group over the last five years is given below:

	Actual	Actual Restated	Actual	Actual	Actual
	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Turnover	**7,847**	7,836	6,861	6,054	5,802
Operating costs	**5,478**	5,540	4,824	4,413	4,537
Operating surplus	**2,369**	2,296	2,037	1,641	1,265
Exceptional	**0**	0	236	10	0
Interest & Other	**1,741**	1,613	1,471	1,104	1,039
Surplus for year	**628**	683	330	527	226
Operating margin	30.19%	29.30%	29.70%	27.10%	21.80%

It should be noted that the 2014/15 figures have been restated in line with the transition to FRS102, the details of which are detailed in note 37. There was no requirement to restate the previous year's figures.

The higher growth in turnover in 2014/15 of over £1 million, reflects two elements. Firstly, the full year effect of new developments coming into management, namely Orchard Close, Churchstoke; Llanbadarn Road, Aberystwyth; and Burgess Close and Burgess Road, Welshpool. However, £435k of the year on year increase relates to amortised grants being coded as income rather than netted off expenditure. This 'lack' of netting income off against expenditure also explains the majority of the increase in operating costs in that year.

The 2015/16 year saw a lower level of completed developments; 25 units at Coed y Llan, Llanidloes coming into management during October 2015 and 6 flats from the conversion of the Former T.A. Building in Newtown at the end of March 2016. In addition, the Group repurchased a property, originally sold under the home buy scheme, in Newtown in March 2016.

The expected increase in turnover for 2015/16 in the table above, resulting from the increased rents from new properties and the annual rent increase of (2.7%) is not reflected because of the effect of amortised grants being £219k lower than the previous year due to a one off accelerated amortisation charge on a class of grants.

Another factor, on a lower than expected increase in Turnover, was the delay in the completion of the new properties at the Tabernacle, Aberystwyth. The scheme did not come into management towards the end of the financial year as expected. It is now estimated that these 22 properties will become available from August 2016.

2016/17 will see a greater level of activity as set out in the Development programme detailed on page 8 of this report.

The future operating income increases year-on-year as the rental income rises by inflation, plus the effect of new properties coming into management. The operating costs also increase but at a slower rate. This lower rate of increase in cost occurs primarily as the Group is not expecting the overhead costs to increase as a result of building and managing more properties. Therefore, the costs are only increasing by the marginal cost of adding another property to the housing stock.

While the operating surplus is increasing, the overall surplus after interest payments is much more static, especially during the next eight years. This is because interest payments are increasing as the level of debt increases, reflecting the funding of the development programme. In addition, the interest costs are increasing to reflect the anticipated rises in variable interest rates (LIBOR) from their historic lows.

Balance sheet

Five year summary	**Actual 2016 £'000**	Actual 2015 £'000	Actual 2014 £'000	Actual 2013 £'000	Actual 2012 £'000
Fixed assets	**98,131**	93,896	92,869	91,927	80,704
Net current (liabilities) /assets	**3,007**	1,029	1,971	-1,921	1,960
Capital grants	**-53,347**	-52,256	-52,285	-52,562	-50,725
Long term Creditors	**-40,190**	-35,679	-36,185	-31,977	-27,000
Net assets	**7,601**	6,990	5,796	5,467	4,001
Financed by:					
Total capital & reserves	**7,601**	6,990	5,796	5,467	4,001

Again the 2014/15 figures have been restated because of the conversion to FRS102, the details and explanation of which are in note 37.

The growth in fixed assets reflects the on-going construction of properties. The large increase in cost in 2013 reflects the construction of the Heol Rhedyn, Ffordd/Llys Croesawdy and the Burgess Road and Close (Red Bank) schemes along with the purchase of the properties from Wales & West Housing Group. This significant increase in property assets has not been matched by grant as much of the development has been without grant.

Despite the increased activity in 2014/15 little increase is shown because of the effects of FRS102 which required £5.051 million of accumulated amortisation of grants being taken off the assets total and put against grants directly. Long Term borrowing has increased in 2016 notably because of a new bond facility which result in new funds being received of just over £4m. Hence the Long Term Creditors figure, increasing to over £40 million.

The increase in reserves since 2012 reflects the healthy operating surplus of the year. These surpluses are required for the repayment of borrowing and help create capacity for new borrowing that enables the building of new homes.

Covenants

The Group has undertaken a very large development and acquisition programme over the past few years and this has been using the gearing capacity of the Group. This is illustrated in the table below:

	Business plan			**Actual**	**Actual**	Actual	Actual	Actual	Actual
	2019	2018	2017	**2016**	2015	2014	2013	2012	2011
	%	**%**	**%**	**%**	%	%	%	%	%
Gearing	63	61	58	**60.36**	57.2	60.6	56.3	53.3	48.9
Interest Cover	126	129	110	**137**	121	137	152	120	118

The Group's financial plans forecasted gearing to reach 61% in 2014-15. However, the receipt of Social Housing Grant in March 2015, for the Knighton Road, Presteigne scheme, which had just started on site, had the effect of reducing the gearing to only 57%.

The gearing is comfortably within 4% of the 65% gearing limit set by funders. However, until the gearing limit is increased to 75%, it remains critically important to ensure the Group does not exceed the gearing limit and keeps to or improves upon the budget.

The following tables illustrate the Group's predicted performance for covenants and ability to repay the debt:

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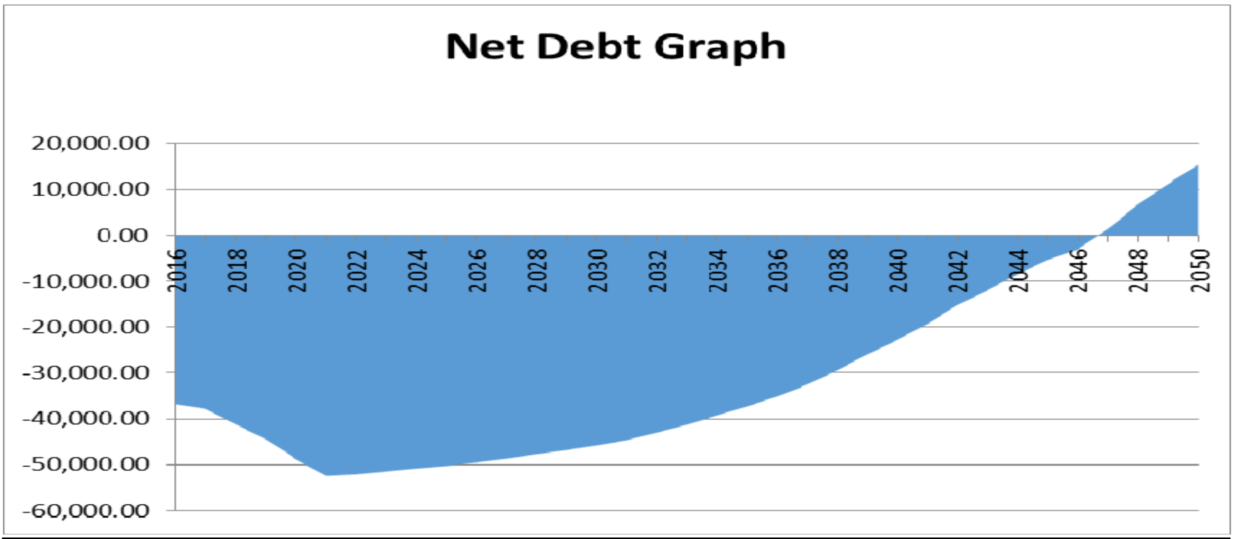
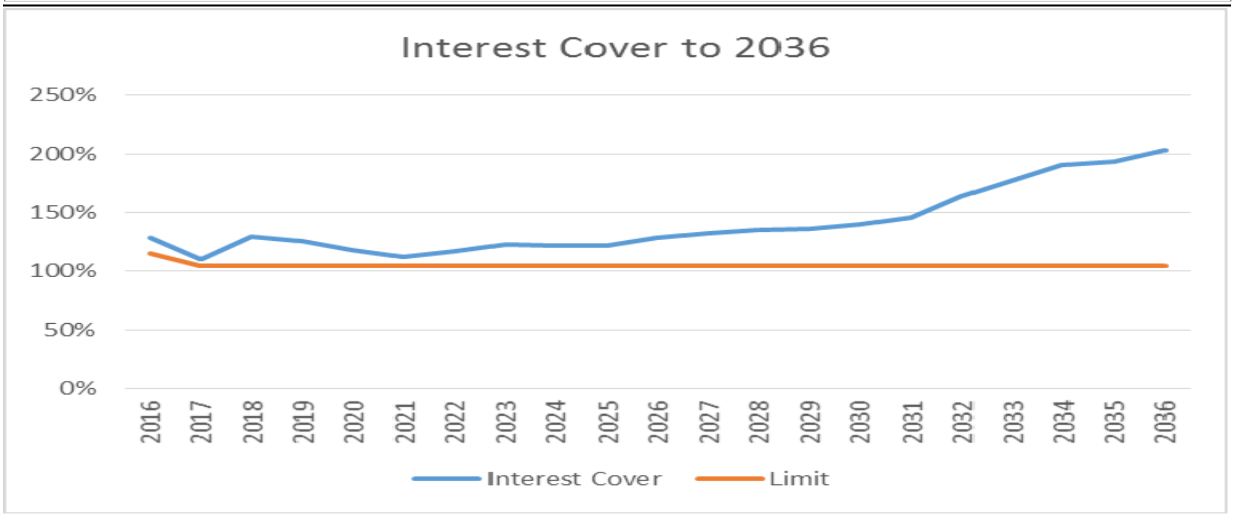
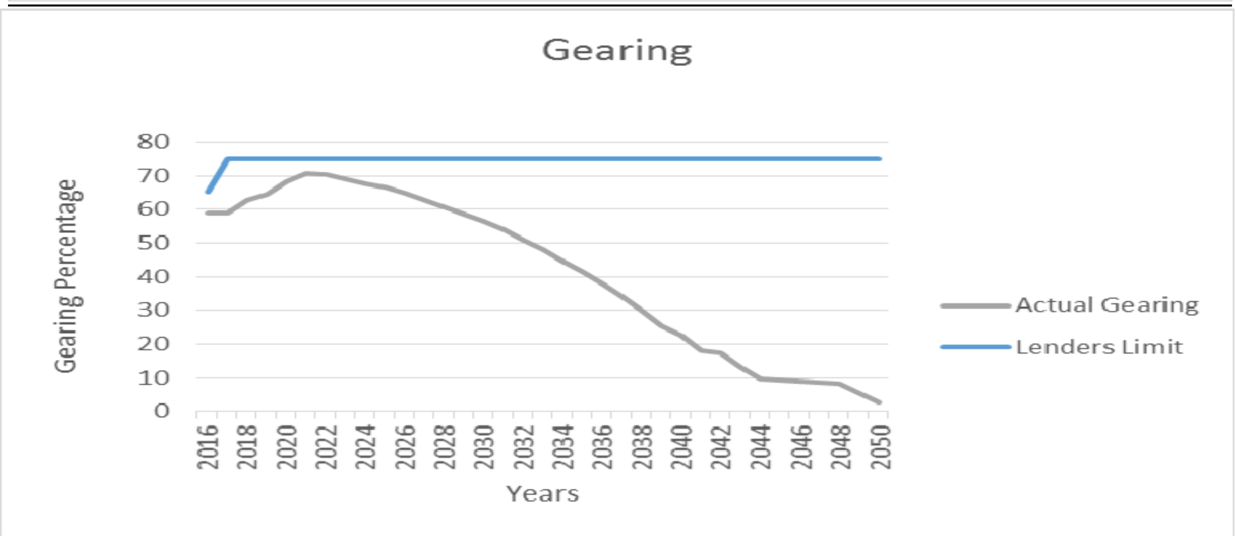






Governance

Structure

The Association is registered as a Registered Social Landlord under number LO13 and from 1 August 2015 the Association is registered as a "Community Benefit Society" under the Co-operative and Community Benefit Societies Act 2014 and uses the same registration number, MS21416R as it did when registered under the former statute: Industrial and Provident Societies' Act 1965 to 2002.

In August 2011 the Association had confirmed by the FCA the changed rules which adopted charitable objectives. Mid-Wales Housing Association is a group of companies with one subsidiary – Care & Repair in Powys (CRP).

Care & Repair in Powys is also a "Community Benefit Society", with charitable objectives registered with the FCA under registration number 29535R. Care & Repair in Powys is also registered with the Welsh Government as a Registered Social Landlord under registration number J135.

The Board of Management

The Group is governed by a volunteer Board of Management, which provides the overall direction for the Group through the consideration of strategic issues, the setting of objectives and policies and the establishment of a framework of delegation.

The Board is committed to excellent governance, and undertakes a formal Board Member appraisal every two years; undertaken by independent consultants. The Board was delighted that the 2015 appraisal awarded a level 2 in Governance by The Governance Forum (max score level 3). This is a very creditable achievement given the relatively small size of the Group. However, the Board recognises further governance improvements can be made and a new governance development plan is in place.

The Group's Rules permits up to 15 Members (including Co-opted Members) on the Board. On the date of this report the Board comprised 13 Members. The Board has agreed to reserve the other two places for Co-opted Members, where the Group may require specific skills to supplement the current skills mix. Board Members are drawn from a wide background for their skills and experience and include tenants. The Board Members as at the date of this report are listed on the Group's information page, together with brief biographical details at the back of this report.

Up to four Members may be tenants. The recruitment and appointment process for tenants was changed in 2015 to ensure prospective Tenant Board members have the necessary skills and competencies to serve on the Board. The election of these Tenant Board Members to the Board is now the same as for Independent Board Members; by shareholders duly elected at the Annual General Meeting (AGM). This change in appointment of Tenant Board Members was approved by the FCA in 2015. Each Member of the Board (which may include tenant Members) holds one fully paid share of £1 in the Group which is cancelled on cessation of membership.

Any individual may become a shareholder on payment of a £1 unless prohibited by law, and stand for election to the Board at the AGM. Interested individuals should contact the Company Secretary in the first instance for an information pack.

The role of Board Members is critical to the success of the Group and it is very important the Board continues to have the right skills and experience to fulfill this role. These qualities can be summarised as follows:

- Providing leadership and working as an effective team to take strategic and policy decisions
- Awareness of the housing needs and aspirations of the communities of Powys and Ceredigion.
- General business, financial and management skills
- Other relevant or specialist skills. e.g. accounting, legal, property and development; and experience as a service user.

The day-to-day management of the Group is delegated to the Chief Executive and Directors. The Executive team is outlined on the Group information page. They do not have the legal status of Directors, but they act as executives within the authority delegated by the Board. The Executives hold no interest in the Group's share capital and are not Members of the Board.

To enable the Board to focus on strategic issues the detailed review and scrutiny is undertaken through specific Committees. During 2015 there were four Committees in place and the workings of these are given below. However, during late 2015 the Board of Management reviewed its effectiveness and has agreed to a number of Governance changes; restructuring the committees, along with a comprehensive review and update of the Scheme of Delegation and Terms of Reference along with altering the frequency of Board meetings to better fit the business needs of the Group.

Attendance by Members at each Board and Committee meeting is disclosed at the rear of this document.

During 2015/16 Board, prior to the Committee Restructure in May 2016, was supported by the following Committees:

(i) Scrutiny Committee

The Committee's key responsibility was to provide assurance to the Board of Management that an effective internal control system is maintained and reviews all performance of the Group. The Scrutiny Committee had responsibility for reviewing the adequacy of all control statements prior to endorsement by the Board, reviewing all internal control processes so that the Group could be reasonably assured that the appropriate management arrangements are in place. The Committee is responsible for appointing the internal auditors and reviewing the insurance arrangements. The Committee met on five occasions during the financial year.

(ii) Finance & Audit Committee

The Committee's main responsibilities included compliance with financial regulations, protection of Group assets and scrutinising the draft annual accounts, annual budget and 35 year financial forecasts. It also assesses risk, set a risk management strategy and make recommendations to the Board. They reviewed financial policy and regulations and made recommendations to the Board. In addition, the Committee received quarterly updates on the treasury management strategy and made recommendations for the restructure of the existing loans to provide greater covenant flexibility, along with an increase in the funding facilities available to the Group. They also considered all other relevant financial matters as they are referred. They were responsible for the review and inspection of the gifts and hospitality register and fraud register. Lastly, they received regular updates concerning the potential impact and implications of the accounting changes due to the implementation of FRS 102, ensuring the accounts comply with International Financial Reporting Standards (IFRS).

It is their responsibility to appoint external auditors and review their effectiveness and performance and their interaction with internal audit. The Committee met on five occasions during the financial year.

(iii) Remuneration Committee

The Committee's overall responsibility was to ensure the Group has a remuneration policy to attract, retain and motivate those people of the highest competence who have the skills needed to realise the Association's and Care & Repair's objectives year on year, at the same time balancing the interests of the stakeholders, the Association, Care & Repair in Powys and its employees.

The Committee spent a significant amount of time considering and reviewing the Performance Award scheme. The system had been in place for three years, and while aimed at supporting the Association deliver 'Excellent' services, it was considered the scheme was too heavily focused on individual performance rather than supporting 'Team Mid-Wales'. The Committee recommended a changes performance reward scheme

which was implemented in the year.
This Committee met on four occasions during the financial year.

(iv) Nominations Committee
The Committee had an overall responsibility for ensuring excellent governance is maintained within the Group. It had overall responsibility to review the balance and effectiveness of the Board and of the Association and Care & Repair in Powys. This is done through recruitment, training and succession planning and ensuring an independent Board Member appraisal is undertaken every two years. The Committee also considered and made recommendations to the membership of each of the Group Committees. This Committee met on two occasions during the financial year

Board and Committee attendance and composition
During the year in addition to the AGM there were eight Board meetings and sixteen Committee meetings. The overall attendance of Board Members at these meetings was 84%. It is worthy of note that three of the Board members have had a 100% attendance record.

The Welsh Government has set a challenge for Housing Association Boards to have an equality of men and women amongst Board Members. The Group currently has 31% of the Board Members being female and therefore, needs to encourage more women to put themselves forward to serve on the Board.

This is the current composition of the Mid-Wales housing Association Board:

Description/ Diversity	**Board Members (Current 13)**	Board Members (Full 15)
Gender (M:F)	**4:9**	7:8
Age under 20	**0**	0
Age 20-44	**1**	5
Age 45-64	**5**	5
Age 65+	**7**	5
Ethnicity (non-white)	**0**	0
Religion (other faiths to Christian or no-faith)	**N/A**	0
Sexuality (non-Heterosexual)	**1**	1
Disability	**2**	3
Welsh Speaker	**2**	3

Future Committee Structure

Following the Board Member appraisal exercise the Board undertook a comprehensive review of the Scheme of Delegation and Committee structure. The result is a reduction in the number of Committees to three, and a better focus of these Committees. Therefore, during 2016 the following Committees will be in place;

(i) Audit & Scrutiny Committee
The purpose of this committee will be to check what is happening; to ensure the Group is adhering to the agreed policy and procedure and gain assurance that the targets and delivery of objectives are being achieved.

(ii) Finance & Risk Committee
The purpose of this committee will be to look forward at future proposals and strategies for the Group from a financial implication and risk perspective.

(iii) **Organisational Development Committee**
The purpose of the committee will be to ensure the overall staffing structure, governance framework and scheme of delegation for the effective operation of the Group in delivering the business plan objectives.

Resident Involvement

The Board of Management believes it is vital to get its customers involved in the decisions made about the services it provides.

To make the most of customer involvement, the Association:

- has a team of ‘tenant inspectors’ (Service Auditors);
- has encouraged the establishment of estate-based tenants’ groups to tackle specific issues;
- has established the Mid-Wales Housing Services Group of tenants who are regularly consulted over the phone or e-mail;
- established regular informal ‘chips and chat’ meetings throughout its area;
- has engaged residents’ children, through hosting fun days and outdoor activity excursions;
- attends a wide range of community events;
- sends out regular newsletters and an annual report on performance;
- operates a comprehensive website;
- has developed an interactive game on its website;
- rewards tenants who become involved with the Group;
- has established a Tenants’ and Residents’ Forum to review policy documents and procedures.

The main services are provided from the head office in Newtown where a fully equipped tenant's resource room is available. The above arrangements are considered to be the most appropriate way of making sure that the Group provides the best possible services to its customers.

Statement of the Board of Management's Responsibilities

The Board of Management is required by law to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the Board of Management is required to:

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

The Board of Management is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Industrial and Provident Society law.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Groups website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Change in Accounting Policies:

The only change in accounting policy has been the fundamental restatement of the accounts as a result of SORP 2014 being prepared on an FRS102 basis. Further details can be found in note 37.

Value for Money

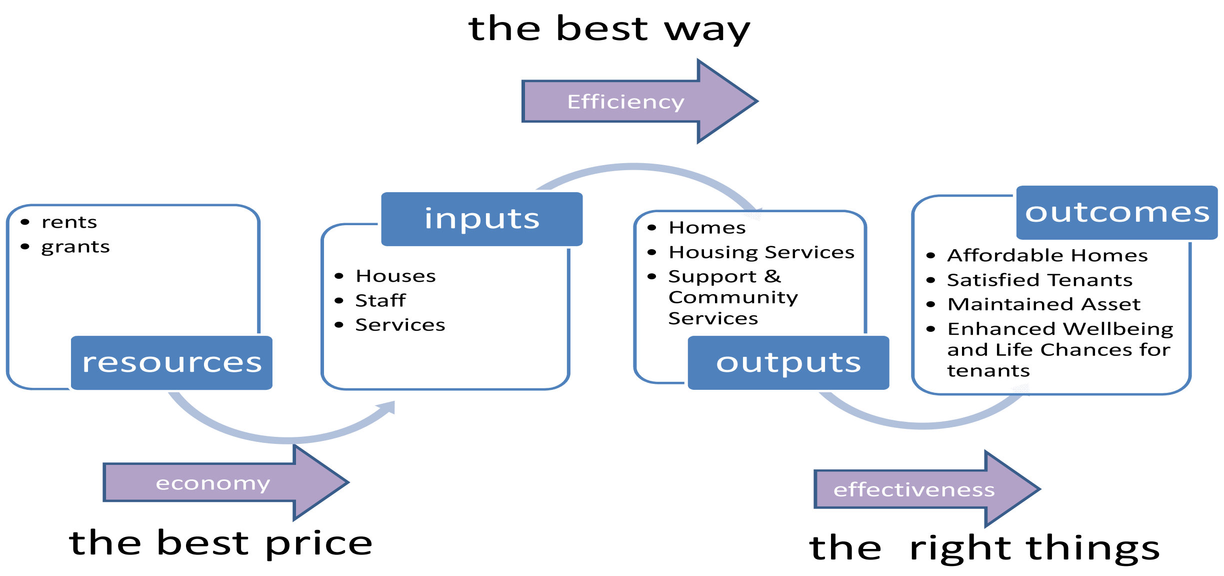
Decent housing brings numerous benefits, not least in terms of the positive impacts it can have on tenants' health and wellbeing, the educational attainment of individuals and on reducing energy bills. The lower levels of rent paid by people living in affordable housing are recognised as a particularly important means of preventing poverty or helping to mitigate its impact.

The Group is the beneficiary of significant sums of public money, in respect of Social Housing Grant (SHG) to help fund new properties, and the Welsh Government and local authorities need to be satisfied these funds are being used effectively. In addition, the operating activities undertaken by the housing Groups are being paid for from resident's rents, and as these are often those on the lowest incomes it is critically important for the sector to show that best use is being made of that income. Therefore, it is critical that the Group ensures it makes best use of its resources. This is at the heart of delivering Value for Money (VFM).

The concept of VFM is not new and generally is considered to cover three elements:

i.	Economy -	doing things at the 'best price';
ii.	Efficiency -	doing things in the 'best way';
iii.	Effectiveness -	doing the 'right things'.

This can be summarised as 'doing the right thing, in the best way at the best price'.



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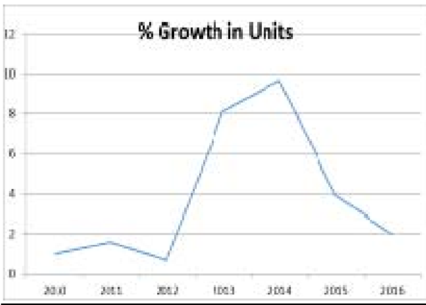
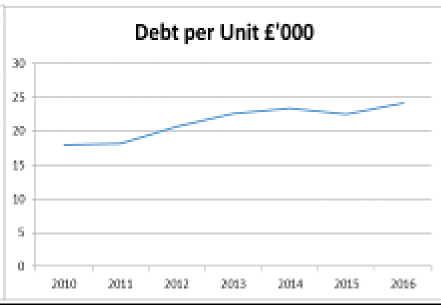
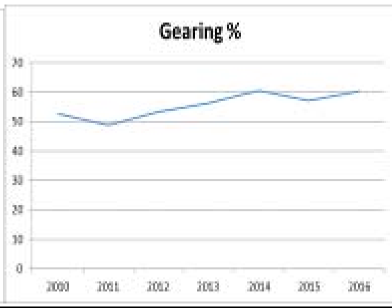
The demonstration of VFM can be considered from such perspectives as; is the Group continuing to develop new homes? Using its own resources? And are controlling costs?

<u>Developing more homes</u>
The challenge for the sector has been, and will continue to be, how to develop new homes with limited grant whilst providing affordable rents in sustainable communities. The success over the past six years can be shown in the following graphs that illustrate the position of the sector as a whole.





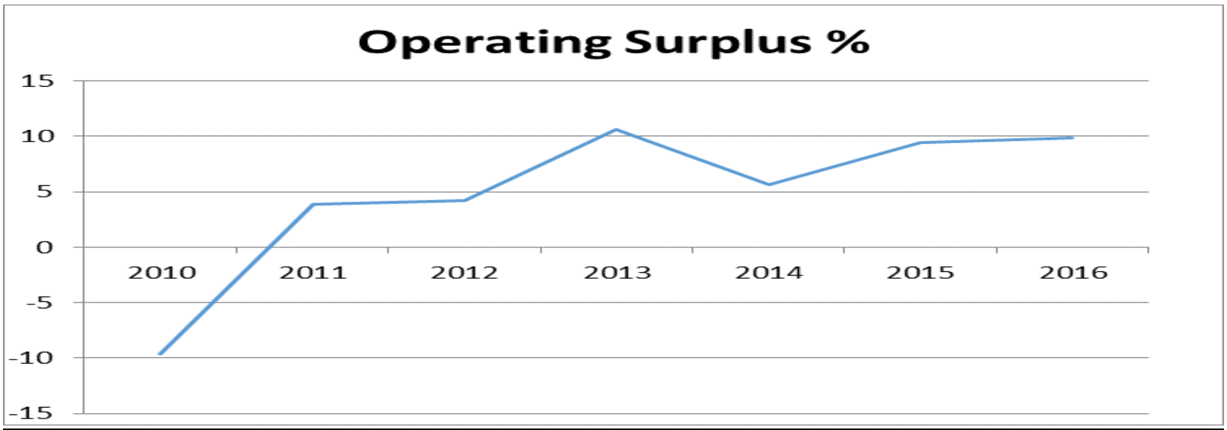


The Group has grown significantly. In a period of economic and financial uncertainty it is pleasing to note this organic growth. The consequence of this greater organic growth, especially the growth not supported by grant, is an increase in gearing and an increase in the debt per unit. These reflect the continued sweating of the assets by the Groups in the pursuit of providing more affordable homes.

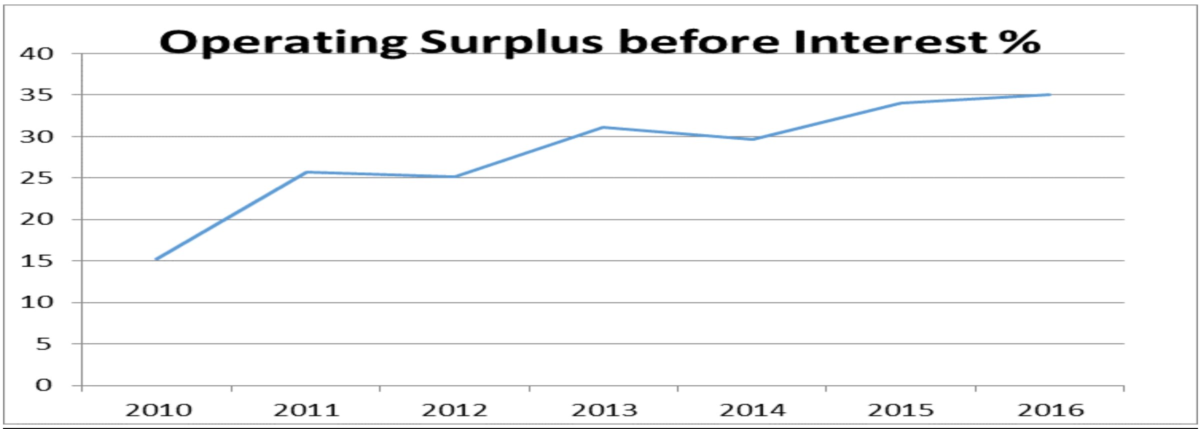
The gearing has been steadily increasing and is approaching the maximum level for the Group. The current gearing basis is historic and acts as a restriction on housing associations' ability to borrow the necessary funds to continue investing in new homes. During 2015 the Group achieved agreement in principle to increase the gearing limit to 75%, thereby enabling the Group to use the strength of the cash-flows to support more development.

The capacity to continue to grow is affected by the Group's ability to generate operating surpluses. It is from these operating surpluses that the Group pays interest on the loans and ultimately repays those loans.

Within the general financial constraints the Group's organic growth will average 2-3% per annum over the next five years. The relationship between operating surplus and turnover for the Group over the past six years is shown in the following graph.

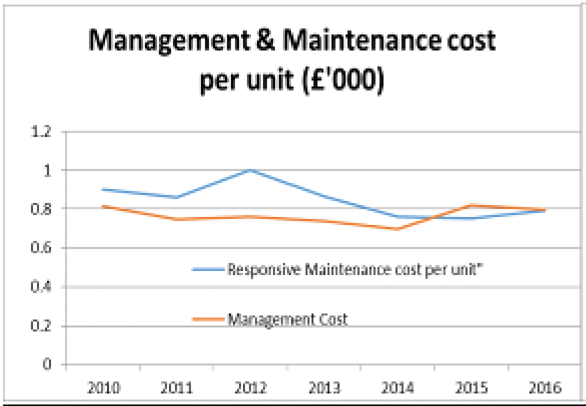


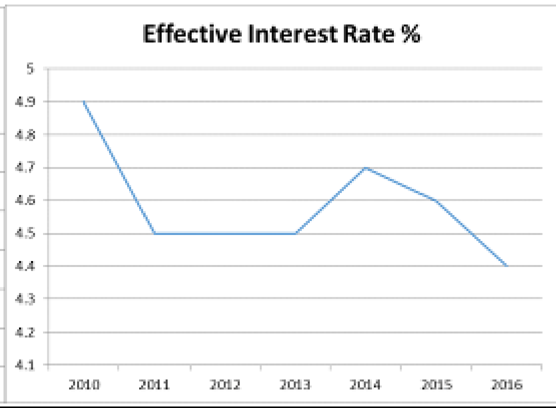
The actual operating surplus has increased from 2010 to 2013. Thereafter it has remained relatively stable at 10% The percentage of the turnover that is represented by the operating surplus before interest and exceptional items has also been increasing and is now c30%. It is the higher surplus that gives the Group the ability to re-invest in more homes and services.



Controlling costs

A further demonstration of VfM is whether a housing association is maintaining costs while at the same time improving performance and attaining increased levels of tenant and customer satisfaction. The housing association published accounts do not include any performance or satisfaction details, so the following graphs relate only to costs.





The management costs increased in 2015, having remained relatively stable from 2010 to 2013. This is as a result of housing associations investing more resources into income collection and Welfare Benefit advice to ensure rent arrears remain under control in the face of Welfare Benefit reform. Pleasingly rent arrears have reduced and current tenant rent arrears stood at 2.7% of turnover at 31 March 2016.

The routine maintenance cost initially has reduced and in cash terms remains the same in 2014 as in 2010. This real terms reduction in responsive spend-per-property is a reflection of significant investment by the sector in bringing properties up to Welsh Housing Quality Standard requirements.

While the sector has continued to borrow to fund the new developments, the impact of higher interest margins required by the banks and building societies has not resulted in an increase in the average interest rate paid by housing associations; this is partly a result of the Bank Base Rate remaining at 0.5% and long term ‘bond’ finance being relatively low cost. Over the past six years the average cost of funds has reduced from 4.9% to 4.4%.

Miscellaneous

Employees
The Group is committed to promoting equality of opportunity in its employment practice. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group continues its practice of consulting and keeping employees informed on matters that affect them, and on the progress of the Group. This is done in a number of ways including formal consultation with individual staff, departmental meetings and a regular briefing with the Chief Executive.

In addition the Group has an established Staff Forum, which considers all proposals to change any employments terms and conditions, and is a forum to enable staff members, through their representatives to raise any staffing issues.

Remuneration
The Association reviewed the staffing structure during 2013, to ensure resources were appropriately directed into key activities into the future. The new staffing structure was implemented from 1 March 2014. A refinement to the structure occurred in 2015 following the appointment of the Director of New Business, to ensure the team had the right structure for delivering the development programme and major works for existing properties.

As part of the restructure the Association implemented a ‘spot salary’ structure for employees; employees are paid at the market median. This market median is reviewed every three years by a suitably qualified consultant.

In addition, the Association has developed a performance reward scheme to encourage and reward excellence. This scheme was changed during 2015 to encourage a ‘Team Mid-Wales’ approach and reward staff based on Association performance, rather than individual performance.

Health and Safety
The Board of Management is aware of its responsibilities relating to health and safety. It has prepared health and safety policies and all managers have undertaken a programme of training on health and safety matters.

Insurance
The Group maintains insurance policies for Members of the Board and Executive Directors against liabilities in relation to the Group.

Political and Charitable Donations
The Group made no political donations during the year (2015-16). However, as part of its

commitment to supporting the community in which it operates, it made contributions to a number of community events and the Powys Business Awards amounting to £5,160. The chairs fund made charitable donations amounting to £334.

Post Balance Sheet Events

The Board of Management considers that there have been no events since the year end that have had a significant effect upon the Group's financial position.

External Auditors

Whittingham Riddell were appointed for three years (with the option to extend for a further two years) as External Auditors at the AGM on 1 August 2014. The process involved a tendering exercise, where price and quality factors were evaluated. The process also included the Scrutiny Committee interviewing prospective firms on 21st May 2014 and making a recommendation to the Board.

Disclosure of Information to Auditors

In the case of each of the persons who are Board Members at the date of this report, as far as each of the Board Members is aware:

- There is no relevant audit information of which the auditors are unaware;
- Each Board Member has taken all steps they ought as Directors to make the auditors aware of any relevant information.

Annual General Meeting

The Annual General Meeting will be held on 3rd August 2016.

Internal Controls Assurance Statement

The Board of Management is responsible for the system of internal control and for reviewing its effectiveness.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board of Management confirms there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This has been in place throughout the year and up to the date of approval of the annual report and accounts.

The Board of Management also confirms it has a Fraud, Bribery, Corruption or Misappropriation Policy which was updated in September 2015 and is due to be reviewed in August 2018. The Group has in place procedures covering prevention, detection and reporting of fraud, that are designed to reduce the likelihood of fraud. The Group also has in place procedures that will facilitate dealing with fraud, including the preservation and recovery of assets. The Financial Regulations policy was reviewed in July 2015 and further revised in February 2016 and Treasury Management Policy was revised in March 2016, these policies were in place throughout this year and are due to be reviewed in March 2018 and 2021 respectively.

The Risk Management Strategy, including the audit needs assessment, has been used to prioritise areas of internal control requiring review by internal audit. Such internal audits are carried out by professional auditors on areas considered a priority and written reports are provided for Executive Group and Board Review.

In May 2016 the Finance and Risk Committee (formally the Finance and Audit), received a report from the Director of Finance concerning the risks highlighted within the Welsh Government ‘Sector Risks’ document published in March 2016. The Committee agreed to the addition of several risks to the Strategic Risk map, along with a fundamental review of risks in August 2016.

During the year the Board and Committees have received the following evidence to support the effectiveness of internal controls:

- Review of risk map quarterly, with focus upon the changes in risks, plus an annual review of the risk map;
- Management reports on operational and financial matters. In addition, all Board reports include a risk management summary;
- Quarterly performance reports and management accounts. These monitor against goals, projects, performance and budgets;

- Setting of budgets and financial business plans in accordance with budget parameters and financial policies;
- Development scheme viability assumptions;
- External auditors' reports and management letter;
- Welsh Government (WG) Viability review;
- Welsh Government Housing Association Regulatory Assessment (HARA)
- A regular Self-Assessment review undertaken by the Board.

In addition, regular reports from internal auditors are performed. In total some 30 days of internal audit have been undertaken during 2015/16. These reports give an overall assessment of those controls, the reports completed in the year were:

Internal Audits conducted 2015/16

Audit	Date	Assessment
Asbestos	May 2015	Reasonable
Business Significant Risks	July 2015	Reasonable
Business Continuity	July 2015	Substantial
Voids and Lettings	August 2015	Reasonable
Performance Monitoring	September 2015	Substantial
Tenant Participation	September 2015	Reasonable
Planned and Cyclical Follow Up	January 2016	N/A
Financial Health check	January 2016	Substantial
Service Charges	January 2016	Substantial
Development – Appraisal/ Contract Management	February 2016	Reasonable

It is pleasing to note that of the ten Audits completed during 2015/16 there has been significant improvement in performance and assessments with no areas of service receiving limited assurance. The award of four substantial assurance reports (all relating to Governance and Finance areas) is the best achievement for the Group and is a continual reflection of the improved performance over the past five years.

It is particularly satisfying that the Financial areas of the business have now been awarded substantial assessments. The majority of the actions have now been completed. The New Business Team has been restructured and now has a full complement of staff in place. A follow up review of the Planned and Cyclical Service took place during the year and the auditor commented that he was pleased with progress being made. It is reassuring that Performance Monitoring continues to receive a Substantial Assurance.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

A tender for the Internal Audit Service was conducted during the year. The selection process followed the Group's Value for money template. The current internal auditors, TIAA were successfully reappointed following the selection process.

By order of the Board:

Mr David O Evans FRICS
Chair
13 July 2016

INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 31 MARCH 2016

We have audited the Association and Parent Society (“the Society”) financial statements of Mid Wales Housing Association Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, Consolidated Statement Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Balance Sheet, the Association Balance Sheet, the Consolidated Cashflow and Free Cashflow Statements and the Association Cashflow and Free Cashflow Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Society's Members, as a body, in accordance with section 87 of the Co-Operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society’s Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society’s Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board of Management and auditors

As explained more fully in the Statement of Board of Management's responsibilities set out on page 34, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Corporate governance matters

In addition to our audit of the financial statements, we have reviewed whether the Board’s statement on page 41 reflects the Society’s compliance with the Housing Association Circular 02/10 (“the Circular”) ‘Internal Controls and Reporting’, and we report whether the Board has provided the disclosures required by the Circular and whether the statement is not inconsistent with information of which we are aware from the audit.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at www.frc.org.uk/auditscopeprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association and Society's affairs as at 31 March 2016 and of its surplus for the year then ended;

- Have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

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

- the Society has not kept proper nooks of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which the report relates, and the balance sheet are not in agreement with the Society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

With respect to the Board's statement on internal controls, in our opinion the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

John Fletcher FCA (Senior Statutory Auditor)
for and on behalf of
Whittingham Riddell LLP
Chartered Accountants
Hafren House
5 St. Giles Business Park
Newtown
SY16 3AJ

13 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
TURNOVER	1, 3	**7,847,163**	7,835,824
Operating expenditure		**-5,478,008**	-5,539,917
OPERATING SURPLUS		**2,369,155**	2,295,907
-Loss/Gain on disposal of property, plant and equipment	3	**-45,665**	32,592
Finance income	7	**10,707**	18,560
Interest and financing costs	8	**-1,706,527**	-1,664,347
SURPLUS BEFORE TAXATION		**627,670**	682,712
Taxation	9	**-17,578**	**-**
SURPLUS FOR THE YEAR		**610,092**	682,712

All amounts relate to continuing operations.

The notes on pages 56 to 112 form part of these financial statements.

Approved on 13 July 2016 by

David O. Evans Chairman

Member of the Board of Management

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
TURNOVER	1, 3	**7,359,156**	7,046,716
Operating expenditure	3	**-4,916,414**	-4,814,396
OPERATING SURPLUS	4	**2,442,742**	2,232,320
-Loss/gain on disposal of property, plant and equipment	3	**-45,665**	32,857
Finance income	7	**10,588**	18,264
Interest and financing costs	8	**-1,706,327**	-1,664,114
SURPLUS BEFORE TAXATION		**701,338**	619,327
Taxation	9	**-17,578**	-
SURPLUS FOR THE YEAR		**683,760**	619,327

All amounts relate to continuing operations.

The notes on pages 56 to 112 form part of these financial statements.

Approved on 13 July 2016 by

Chairman

Member of the Board of Management

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AT 31 MARCH 2016

	Share Capital £	Income and expenditure reserve £	Total £
At 01 April 2015	**72**	**6,990,346**	**6,990,418**
Surplus for the year		**610,092**	**610,092**
At 31 March 2016	**72**	**7,600,438**	**7,600,510**

The notes on pages 56 to 112 form part of these financial statements.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES AT 31 MARCH 2016

	Share Capital £	Income and expenditure reserve £	Total £
At 01 April 2015	**72**	**6,682,567**	**6,682,639**
Surplus for the year		**683,760**	**683,760**
At 31 March 2016	**72**	**7,366,327**	**7,366,399**

The notes on pages 56 to 112 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	11	**83,668**		88,968	
Housing properties	12	**93,130,540**		88,984,895	
Other property plant and equipment	13	**3,980,628**		4,016,998	
Investments	14	**937,024**	**98,131,860**	793,472	93,884,333
CURRENT ASSETS					
Assets held for sale	16	**-**		123,099	
Debtors	17	**588,539**		667,116	
Monies on deposit	18	**4,014,866**		157,134	
Cash at bank		**1,000,215**		2,570,536	
		5,603,620		3,517,885	
CREDITORS: amounts falling due within one year	19	**-2,597,025**		-2,482,892	
NET CURRENT ASSETS/(LIABILITIES)			**3,006,595**		1,034,933
CREDITORS: amounts falling due after more than one year	20		**-93,537,945**		-87,928,908
			7,600,510		6,990,418
CAPITAL AND RESERVES					
Share capital	26		**72**		72
Revenue reserve	27		**7,600,438**		6,990,346
			7,600,510		6,990,418

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 July 2016.

David O. Evans

Chairman

C Botherton

Secretary

Member of the Board of Management

ASSOCIATION BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	11	**83,002**		86,817	
Housing properties	12	**93,130,540**		88,984,894	
Other property, plant and equipment	13	**3,954,356**		3,984,150	
Investments	14	**937,024**	**98,104,922**	793,472	93,849,333
CURRENT ASSETS					
Assets held for sale	16	**-**		123,099	
Debtors	17	**566,647**		614,351	
Monies on deposit		**4,014,866**		157,134	
Cash at bank		**777,869**		2,255,176	
		5,359,382		3,149,760	
CREDITORS: amounts falling due within one year	19	**-2,561,822**		-2,387,546	
NET CURRENT ASSETS/(LIABILITIES)			**2,797,560**		762,214
CREDITORS: amounts falling due after more than one year	20		**-93,536,083**		-87,928,908
			7,366,399		6,682,639
CAPITAL AND RESERVES					
Share capital	26		**72**		72
Revenue reserves	27		**7,366,327**		6,682,567
			7,366,399		6,682,639

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 July 2016.

David O. Evans — Chairman

C Brotherton — Secretary

Member of the Board of Management

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Note		**2016** £		2015 £
Net Cash from Operating Activities	34		**3,305,698**		3,083,780
Cashflows from Investing Activities					
Purchase of property, plant & equipment		**-5,154,395**		-3,462,718	
Purchase of Investment Property		**-**		-843,506	
Proceeds from sale of assets held for sale		**134,275**		1,188,500	
Grants received		**1,284,653**		3,429,943	
Interest received		**10,707**		18,560	
Net cashflow from investing activities			**-3,724,760**		330,779
Cashflows from financing Activities					
Interest paid		**-1,711,790**		-1,693,464	
Interest element of finance leases		**-4,877**		-590	
New loans and deferred credits		**6,426,036**		-	
Repayment of borrowings		**-1,912,160**		-694,860	
Capital element of finance leases		**-927**		-1,842	
Sinking fund receipts		**26,051**		39,328	
Sinking fund payments		**-32,962**		-42,342	
Proceeds from share issue		**3**		6	
Net cashflow from investing activities			**2,789,374**		-2,393,764
Net increase/-decrease in cash and cash equivalents			**2,370,312**		1,020,795
Cash and cash equivalents at 1 April			**2,508,191**		1,487,396
Cash and cash equivalents at 31 March			**4,878,503**		2,508,191

ASSOCIATION CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	**2016**	**2016**	2015	2015
		£	**£**	£	£
Net Cash from Operating Activities	34		**3,337,089**		3,053,805
Cashflows from Investing Activities					
Purchase of property, plant & equipment		**-5,152,090**		-3,462,453	
Purchase of Investment Property		**-**		-843,506	
Proceeds from sale of assets held for sale		**134,275**		1,188,500	
Grants received		**1,284,653**		3,429,942	
Interest received		**10,588**		18,264	
Net cashflow from investing activities			**-3,722,574**		330,747
Cashflows from financing Activities					
Interest paid		**-1,711,590**		-1,693,231	
Interest element of finance leases		**-4,877**		-590	
New loans & deferred credits		**6,426,036**		-	
Repayment of borrowings		**-1,912,160**		-694,860	
Capital element of finance leases		**-927**		-1,842	
Sinking fund receipts		**26,051**		39,328	
Sinking fund payments		**-32,962**		-42,342	
Proceeds from share issue		-		5	
Net cashflow from investing activities			**2,789,571**		-2,393,532
Net increase in cash and cash equivalents			**2,404,086**		991,020
Cash and cash equivalents at 1 April			**2,252,071**		1,261,050
Cash and cash equivalents at 31 March			**4,656,157**		2,252,071

CONSOLIDATED FREE CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	**2016** **£**	**2016** **£**	2015 £	2015 £
Net cash inflow from operating activities	34		**3,305,698**		3,083,780
Returns on investments and servicing of finance					
Interest paid		**-1,711,790**		-1,693,464	
Interest received		**10,707**	**-1,701,083**	18,560	-1,674,904
Adjustments for reinvestment in existing properties					
Component replacements		**-403,244**		-636,813	
Purchase other replacement fixed assets		**-120,093**	**-523,337**	-100,792	-737,605
Free cash generated before loan repayments			**1,081,278**		671,271
Loans repaid (excluding revolving facilities and overdrafts)			**-613,890**		-696,702
Free cash generated/-consumed after loan repayments			**467,388**		-25,431

ASSOCIATION FREE CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	**2016**	**2016**	2015	2015
		£	**£**	£	£
Net cash inflow from operating activities	34		**3,337,089**		3,053,805
Returns on investments and servicing of finance					
Interest paid		**-1,711,590**		-1,693,231	
Interest received		**10,588**	**-1,701,002**	18,264	- 1,674,967
Adjustments for reinvestment in existing properties					
Component replacements		**-403,244**		-636,813	
Purchase other replacement fixed assets		**-117,788**	**-521,032**	-100,527	-737,340
Free cash generated before loan repayments			**1,115,055**		641,498
Loans repaid (excluding revolving facilities and overdrafts)			**-613,890**		-696,702
Free cash generated/-consumed after loan repayments			**501,165**		-55,204

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently to the transactions in the year and to the preceding year.

1.1 Basis of accounting

1.1.1 The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They also comply with the Statement of Recommended Practice for Registered Social Housing providers 2014 (SORP), and the Accounting Requirements for Registered Social Landlords General Determination by Welsh Government. Mid-Wales Housing Group is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Statement of compliance

This is the first year the Group has prepared its financial statements in accordance with FRS 102, accordingly the financial information as at 1 April 2014 (being the date of transition) and for the year ended 31 March 2015 have been restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 37.

1.2 Consolidated accounts

1.2.1 The consolidated financial statements for Mid-Wales Housing Association incorporate the financial statements of Mid-Wales Housing Association Limited (Association) and Care & Repair in Powys (Agency). These companies are all Association Entities within the meaning of the Co-operative and Community Benefit Societies Act 2014 (superseded the Industrial and Provident Societies Act 1965) and the Housing Act 1996.

1.2.2 Acquisitions

Business combinations which are considered to be acquisitions are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.3 Acquisitions and discontinued operations

1.3.1 No such transactions took place.

1.4 Property, plant and equipment - housing properties

1.4.1 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

1. ACCOUNTING POLICIES

are complete.

From 1 April 2016 The following maximum development administration rates are applied to schemes constructed as a mechanism to recover administration costs:

Scheme Mechanism	Percentage Applied
Framework or design and build	5.0%
Package deal (4% pre 01.04.2016)	2.5%
Off the shelf	1.0%

To qualify for the 2.5% charge, a package deal will need minimum input from across the Association, otherwise 5.0% will be applied.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated. Depreciation is not charged in the year of purchase but a full charge is made in the year of disposal.

1.4.2 Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Component	Lifespan (years)
Land	Unlimited
Structure	150
Timber framed buildings	120
Roof	80
Electrics	25
Windows and doors - existing	30
Windows and doors - New	40
Electrical heating	30
Heating systems	30
Boiler	15
Bathrooms	30
Kitchen units	15
Physical Adaptation Equipment	15
Play Areas	15
Lifts	25

1. ACCOUNTING POLICIES

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

1.4.3 Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in the Statement of Comprehensive Income.

1.4.4 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 Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

1.4.5 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.

1.5 Non-housing property, plant and equipment

1.5.1 Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Component	**Lifespan (years)**
Freehold Office Land	Unlimited
Freehold Office Buildings	50
Office Furniture	10
Office equipment	10
I.T. Networking	10
Computer Equipment	4-5
Motor Vehicles	5-8
Windows and doors - New	40
Electrical heating	30
Heating systems	30

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1.5.2 Depreciation is not charged in the year of purchase but a full charge is made in the year of disposal. The exception to this is service chargeable equipment which is depreciated in the year of purchase.

1.6 Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment. Ty Canol has been treated as property, plant and equipment despite the fact that some of the office space is rented out to third parties. This treatment is felt appropriate as the income derived is not material and the offices were not built to generate income, vacant space is temporarily rented out to generate a contribution towards costs. As the Group expands it will utilise the office space currently rented out.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment

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

1.7 Intangible assets

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 - 5 years

1.8 Impairment of social housing properties and offices

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is

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recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated Replacement Cost is taken as a suitable measurement model of present value as outlined in SORP 2014.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.
Where there is an indication of impairment to the office premises a review is carried out. Impaired office premises are valued at the higher of net realisable economic value or the replacement cost of the asset which would be required to continue to provide the housing management and maintenance service at that office location.

1.9 **Social Housing Grant and other Government grants**
Where grants are received from government agencies such as local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model 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. 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 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.
Grants received from non-government sources are recognised as revenue using the performance model as set out in FRS102.

1.10.1 **Housing Finance Grant**
Although the Group has no such Grant a Policy is put in place in case the need arises. 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

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receivable over the agreed 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 and 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 Balance Sheet as a creditor.

1.10 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 Balance Sheet as a liability.

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their 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 Balance Sheet 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 Statement of Comprehensive Income as a donation when future performance-related conditions are met.

1.11 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 Balance Sheet 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 in the Balance Sheet.

For shared ownership stair casing sales, when full stair casing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not be 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.

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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 Balance Sheet related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

1.12 Disposal Proceeds Fund (also see Designated Reserves 1.14.2)

The Disposal Proceeds Fund was set up under the Right to Acquire Legislation. The Right to Acquire (RTA) was introduced by the Housing Act 1996 on 1 April 1997 and subsequently amended by the Housing Act 2004.

The Right to Acquire (RTA) gives qualifying Registered Social Landlord tenants a right to purchase their homes if they were provided using Social Housing Grant or transferred from a local authority. A discount of 25% of the market value is given, up to a maximum of £16,000. The Right to Acquire only applies to certain types of property and does not apply in designated rural areas.

The RTA also obliges RSLs to maintain a Disposals Proceeds Fund for the purposes of replacing properties sold under the scheme.
The net disposal proceeds as a result of the sale of a property under Social Homebuy are also credited to the Disposal Proceeds Fund. The main objective of the fund is to provide replacement properties for social rent at no greater subsidy cost than properties provided through the normal grant support system.

1.13 Stock Swaps

Where an agreement is entered into with another social landlord to purchase housing properties from one another in return for other housing properties or a combination of non-monetary and monetary asset(s), the value of the transaction to both parties is treated as a stock swap and housing properties accounted for at fair value (existing use value for social housing (“EUV-SH”).) Where there is a government grant associated with the housing properties that are being swapped, the fair value of the obligation to repay or recycle the government grant is already taken into account in the EUV-SH of the housing properties and therefore no additional value is attributed to the government grant transferred.

1.14 Reserves

1.14.1 **Restricted reserves**

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

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1.14.2 **Designated Reserves**

FRS102 does not permit Designated Reserves to be shown on the Balance Sheet. However, the Group is still operationally allowed to have such reserves and the following is a list of the purpose of the current Designated Reserves of the Group

1.14.3 **Revenue reserve**

The revenue reserve reflects the surplus or deficit generated from the trading activities of each organisation within the Group. The aim of any organisation is to generate a surplus that can be re invested into the business. If deficits are generated, this reserve is negative and, therefore, no ‘free’ reserves exist for re investing in activities.

The earmarking of reserves to create a designated reserve requires a positive reserve. Therefore, the designation of reserves is restricted by the total revenue reserve generated.

1.14.4 **Replacement equipment reserve**

This reserve is established to fund the future replacement cost of equipment at all the supported housing schemes (including older persons, young persons and other specialist areas) for the Group. Equipment is defined as items such as lifts, door entry systems and fire alarm systems. Many of these items of equipment are recovered through a service charge.

1.14.5 **Furniture and fittings reserve**

This reserve is established to fund the future replacement cost of furniture and fittings at all the supported housing schemes (including older persons, young persons and other specialist areas) for the Group. Furniture and fittings are defined as items such as carpets, curtains, chairs and washing machines. Many of these items of furniture and fittings are recovered through a service charge.

1.14.6 **Property disposal reserve**

When the Group disposes of a property including shared ownership property, the value is written out of the balance sheet and the disposal proceeds credited to the income and expenditure account. Any surplus between the proceeds and value is credited to the property disposal reserve.

This fund is to be used in creating another income producing asset. This can either be a new property or an extension/improvement to an existing property where the rents can be increased.

1.14.7 **Beneficiary Reserve**

This is a special reserve created by Care & Repair in Powys to help those applicants for aids and adaptations who do not quite have enough resources to fund the works themselves.

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1.14.8 **Handyperson Service Reserve**

This reserve was created by Care and Repair in Powys in 2013 to fund an apprentice on a two-year training plan, on the proviso that Powys Training Health Board (PtHB) would match the funding for a second apprentice. This reserve has been fully used by 31 March 2016.

1.14.9 **Handyperson Van Reserve**

In August 2015, the Care and Repair in Powys Board agreed to establish a Handyperson's Van Reserve to reflect the need to have an ongoing investment in such vehicles.

1.14.10 **ICT Investment Reserve**

This reserve is established by Care & Repair in Powys to cover the anticipated cost of upgrading the ICT within the agency to enable the Agency to operate in a more efficient way.

1.14.11 **Office Move Reserve**

This reserve was established by Care & Repair in Powys to cover the anticipated cost of moving to a common office to enable the Agency to operate in a more efficient way, and to fund relocation costs. This reserve has been fully used by 31 March 2016.

1.14.12 **Other Designated Reserve**

This reserve is the largest Care & Repair reserve and is the minimum reserves level required in the event that the business would require 'winding-up'. It includes for redundancy payments, notice period for staff, continuing fixed costs and other 'winding-up' costs.

1.14.13 **Powys County Council (PCC) – DFA Reserve**

The Care and Repair in Powys Agency moved from grant funding to a 'fee' based system in April 2015. This reserve provided for three months of 'working capital', enabling the administration of the Disabled Facility Adaptations (DFA) to continue, before the fee income was received. This reserve has been removed at the 31st March 2016, due to a lack of cash-backed funding.

1.14.14 **Rapid Response Adaptations Programme (RRAP) Reserve**

Due to additional funding received by Care and Repair in Powys in 2014/15, the RRAP budgets for PCC and PtHB were underspent at the end of the financial year. These monies were allowed to be carried forward to 2015/16. This reserve will be fully spent at 31st March 2017.

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1.14.15 **Office reserve**

This reserve reflects the investment of the Association's own resources in the provision of purpose built offices.

1.14.16 **Staff Performance Reward Reserve**

This reserve is to set ring fence the specific funds made available by the Association to fund future staff performance reward payments

1.15 Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

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 at 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 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 balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. However, all new leases and all leases relating to Housing Properties are to be accounted for under the requirements of IFRS16, which requires an asset to be recorded and related liability disclosed on the Balance Sheet. IFRS16 does not come into force until 1 January 2019 but the Group has chosen to adopt it early. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1.16 Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

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1.17 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 a 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 equal to the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

1.18 Taxation

The Group have charitable rules and are recognised by Her Majesty's Revenue and Customs (HMRC) as charities and are therefore exempt from corporation tax.

1.19 Pension Scheme

Defined contribution scheme

The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

1.20 Turnover

1.20.1 Turnover represents rental and service charge income, fees, revenue grants receivable from local authorities and the Welsh Government (WG) and other sources. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

1.20.2 Property built for sale

Proceeds from property sales of those properties built for sale are accounted for in the income and expenditure account in the period in which the disposal occurs. The cost of sales includes the incidental costs of executing the sale along with the cost of the property.

1.20.3 If an asset is actively marketed for disposal, is available for immediate disposal and there is a high probability that it will be disposed then the asset will be transferred from its current classification to assets held for sale. If it is highly probable that the capital receipt will be received within one year, then the asset will be classified under current assets. The value transferred will be the lower of the carrying amount and fair value less the costs to sell. Depreciation is not charged.

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1.20.4 Supported housing and other managing agents

Where the Group has ownership of a supported housing or other schemes but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

120.5 Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or noncurrent assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

1.20.6 Supporting People (SP) income

SP funding was introduced on 1st April 2003 and replaced Supported Housing Management Grant. SP contracts are entered into with local authorities and are of two types:

- block subsidy is determined on the support needs of each tenant;
- block gross is a fixed sum determined by the number of qualifying bed spaces and minimum occupying levels, or number of support hours, as agreed with the local authority.

The Group has one block gross contract relating to the provision of a care line service to a number of older persons.

1.21 Service charges, sinking funds and service costs

The Group 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 Balance Sheet. 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 Balance Sheet as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

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1.22 Financial instruments

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

1.22.1 Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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.

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

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.

1.22.2 Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

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. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

1.22.3 Financing transactions – rent arrears

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in surplus or deficit in the Statement of Comprehensive Income.

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1.22.4 Derivative financial instruments

Although not at present, the Group may use derivative financial instruments to reduce exposure to interest rate movements. The Group would not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

1.23 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. No loans, long term deposits or investments have been included in the opening or closing cash balances. These are separately disclosed.

MWHA, under its Treasury Management Strategy, can hold fairly substantial amounts in call accounts and Money Market Funds at any one time but not all of this would be to meet short term cash flow requirements. As such, an appropriate split between cash/cash equivalents and investments is made based on short term needs and cash readily available.

1.24 Stock and Work in progress

Inventories are included in the balance sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first in, first out costing formula.

1.25 Maintenance and Improvements

1.24.1 The Group only capitalises the replacement of components as outlined in the Housing Properties note.

1.24.2 Major repairs expenditure on housing properties, where it increases the net rental stream by:

- adding another room; or

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- the improvement enables a higher rental income to be charged (for example, in-curtilage parking or energy efficiency improvements).

All other major repairs expenditure is charged to the Statement of Comprehensive Income as incurred.

1.26 Employee benefits

1.25.1 Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Group.

1.25.2 Termination benefits

Termination benefits are amounts payable as a result of a decision by the Group or Agency to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Statement of Comprehensive Income when the Association or Agency is demonstrably committed to the termination of the employment of an officer or Group of officers, or making an offer to encourage voluntary redundancy.

1.27 Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.28 Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Statement of Comprehensive Income or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

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1.29 Provisions, contingent liabilities and contingent assets provisions

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 amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. 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 income and expenditure account.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Group settles the obligation.

1.30 Value Added Tax (VAT)

The Association was VAT registered from 1st April 2014. The Group has been registered since 1st April 2016. The majority of its income, being housing rents, and service charges, is exempt for VAT purposes. However, 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%. Expenditure is shown inclusive of unrecoverable VAT.

1.31 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 reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is 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.

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Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.32 Policies not yet Adopted

Theses financial statements have been prepared under FRS102 which has regard to International Accounting Standards.

Although not required by FRS102 itself International Accounting Standard (IAS) 8 requires that when an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

(a) this fact; and
(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application. The dates after the title is the date from which the standard is applicable, which is also the date the Group will adopt the revision unless stated otherwise.

Despite not being a requirement of FRS102 and the fact that many of the policies below may be incorporated into future SORP, policies not yet adopted are:

Standard	Details of amendment	Potential effect
IFRS 5, Non-current assets Held for Sale and Discontinued Operations (01/01/16)	Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.	This is not expected to have any effect on past or present results of the Group, as it currently has no discontinued operations.
IFRS 9 Financial Instruments (01/01/18)	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and De-recognition.	This is not expected to have any effect on past or present results of the Group, given the nature of Financial Instruments currently held.
IFRS 10 Consolidated Financial Statements (01/01/16)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and	This is not expected to have any effect on past or present results of the Group, as there have been no acquisitions of a

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	those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	business.
IFRS 11 Joint Arrangements (01/01/16)	Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.	This is not expected to have any effect on past or present results of the Group as there are no joint operations.
IFRS 16 Leases (01/01/19)	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. There are additional disclosures too.	This has been adopted for new leases including a new photocopier lease in the subsidiary. MWHA has no other leases other than Housing Properties which have adopted this new policy. The existing leases In the subsidiary will have lapsed when this standard comes into force.

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IAS 1, Presentation of Financial Statements (01/01/2016)	*Disclosure Initiative:* Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	No obvious amendments are deemed necessary
IAS 16 Property, Plant and Equipment (01/01/2016)	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	The Group does not use revenue as a basis of consumption so this Standard will have no impact at present.
IAS 38 Intangible Assets (01/01/2016)	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	The Group does not use revenue as a basis of consumption so this Standard will have no impact at present.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. From 1 April 2016, English housing associations were forced to reduce social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with Welfare Reform and Work Act 2016. This is not the situation in Wales where rents for 2016/17 could be increased by CPI + 1.5%. The current agreement with the Welsh Government (WG) allows rent increases of CPI + 1.5% until April 2018. This is being reconsidered by WG but no direction will be given until later in 2016. As such no trigger for impairment is considered to exist.

Provisions

Provisions are made when clear and accurate information is available to do so. In the absence of this, creating a provision may be misleading and could have significant financial implications. In this case there is uncertainty regarding a professional assessment in relation to the amount of such costs and their timing, as well as the implications of accounting approach and their related financial impact. No provisions were considered necessary at year end.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

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.

Item	**Uncertainty**	**Effect if assumptions differ from actual**
Housing Properties together with Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that on average the annual depreciation charge for building structures within the housing properties asset would increase by £3,607 for every year that useful lives had to be reduced.
Arrears	At 31 March 2016 the Group had a balance of Tenant Arrears of £187,657.	If collection rates were to deteriorate from their current levels such that only half of the arrears would be collectable, then the bad debt provision would need to be raised by £93,827.

3. PARTICULARS OF TURNOVER, COSTS AND SURPLUS (Group)

	2016	**2016**	**2016**	2015	2015	2015
	Turnover £	**Operating costs** £	**Operating Surplus / (Deficit)** £	Turnover £	Operating costs £	Operating Surplus / (Deficit) £
Social housing lettings	**7,151,216**	**-4,435,214**	**2,716,002**	6,973,605	-4,521,737	2,451,868
Other Social Housing activities:						
1st tranche property sales	**134,275**	**-123,515**	**10,760**	-	-	-
Supporting People	**2,434**	**-2,612**	**-178**	6,754	-6,471	283
Care and Repair	**497,517**	**-585,989**	**-88,472**	798,598	-749,135	49,463
Development	**17,614**	**-329,046**	**-311,432**	-	-262,574	-262,574
Non Social Housing Activities:						
Market rented properties	**44,107**	**-1,632**	**42,475**	56,867	-	56,867
	7,847,163	**-5,478,008**	**2,369,155**	7,835,824	-5,539,917	2,295,907
-Deficit/surplus on Disposal		**-45,665**	**-45,665**		32,592	32,592
Interest receivable		**10,707**	**10,707**		18,560	18,560
Interest payable		**-1,772,151**	**-1,772,151**		-1,707,354	-1,707,354
Interest capitalised		**65,624**	**65,624**		43,007	43,007
Taxation		**-17,578**	**-17,578**			
Total	**7,847,163**	**-7,237,071**	**610,092**	7,835,824	-7,153,112	682,712

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

PARTICULARS OF TURNOVER, COSTS AND SURPLUS (ASSOCIATION)

	2016	**2016**	**2016**	2015	2015	2015
	Turnover £	**Operating costs** £	**Operating Surplus / (Deficit)** £	Turnover £	Operating costs £	Operating Surplus / (Deficit) £
Social housing lettings	**7,151,216**	**-4,435,214**	**2,716,002**	6,973,605	-4,521,737	2,451,868
Other Social Housing activities:						
1st tranche property sales	**134,275**	**-123,515**	**10,760**	-	-	-
Supporting people	**2,434**	**-2,611**	**-177**	6,754	-6,471	283
Care and Repair	**9,510**	**-12,192**	**-2,682**	9,490	-11,411	-1,921
Development	**17,614**	**-341,250**	**-323,636**	-	-274,777	-274,777
Non Social Housing Activities:						
Market rented properties	**44,107**	**-1,632**	**42,475**	56,867		56,867
	7,359,156	**-4,916,414**	**2,442,742**	7,046,716	-4,814,396	2,232,320
-Deficit/surplus on disposal		**-45,665**	**-45,665**		32,857	32,857
Interest receivable		**10,588**	**10,588**		18,264	18,264
Interest payable		**-1,771,951**	**-1,771,951**		-1,707,121	-1,707,121
Interest capitalised		**65,624**	**65,624**		43,007	43,007
Taxation		**-17,578**	**-17,578**			
Total	**7,359,156**	**-6,675,396**	**683,760**	7,046,716	-6,427,389	619,327

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – Group and Association

	General needs and Sheltered housing	Supported housing	2016	2015
	£	£	£	£
Income				
Rent receivable	**6,081,136**	**287,178**	**6,368,314**	6,012,509
Service charge income	**516,327**	**38,417**	**554,744**	517,964
Amortised government grant	**200,745**	**23,213**	**223,958**	443,132
Government grants taken to income	**4,200**	**-**	**4,200**	**-**
Turnover from social housing lettings	**6,802,408**	**348,808**	**7,151,216**	6,973,605
Cost				
Management costs	**-1,169,719**	**-97,279**	**-1,266,998**	-1,326,505
Service charge costs	**-450,151**	**-37,667**	**-487,818**	-469,213
Routine maintenance	**-1,182,743**	**-34,255**	**-1,216,998**	-1,302,260
Major repairs expenditure	**-414,613**	**-36,769**	**-451,382**	-319,361
Bad debts	**-99,026**	**-1,798**	**-100,824**	-229,824
Depreciation of housing properties	**-844,069**	**-97,601**	**-941,670**	-874,574
Other costs	**30,476**	**-**	**30,476**	-
Operating costs	**-4,129,845**	**-305,369**	**-4,435,214**	-4,521,737
Total	**2,672,563**	**43,439**	**2,716,002**	-2,451,868
Rent loss due to voids (memorandum note)	**-**	**-**	**-37,775**	-45,335

4. OPERATING SURPLUS & MATERIAL ITEMS

The operating surplus is stated after charging:

	GROUP		ASSOCIATION	
	2016	**2015**	**2016**	**2015**
	£	£	**£**	£
Depreciation of housing properties	**941,670**	874,574	**941,670**	874,574
Depreciation of property, plant and equipment:	**92,609**	100,667	**80,786**	92,510
Amortisation of intangible fixed assets:	**48,926**	50,329	**47,441**	48,484
Government grants amortisation	**-223,958**	-443,132	**-223,958**	-443,132
Auditors' remuneration	**16,910**	17,686	**15,230**	17,686
Auditors' remuneration – non-audit	**2,430**	2,153	**1,890**	2,153
Operating Leases	**33,650**	44,909	**8,650**	44,909

There are no material items of income and expenditure that the Group deems as requiring further explanation.

5 DIRECTORS REMUNERATION

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team. Chief Executive means the person who has overall responsibility for running the day to day affairs of the Group.

No remuneration was paid to members of the Board of Management who are not senior executives during the year (2015: £nil*)*. Expenses to the amount of £18,939 (2015: *£*17,117*)* were paid in the year to the Board Members.

Directors who are Executive Staff Members were paid as follows:

	2016	2015
	£	**£**
Wages and salaries	**254,174**	256,695
Social security costs	**32,836**	33,438
Other pension costs	**25,284**	19,674
Estimated money value of any other benefits otherwise in cash	**1,840**	1,310
	314,134	311,117

During the year retirement benefits were accruing to 3 senior executives and the Chief Executive (2015-16) in respect of defined contribution pension schemes.

Remuneration of the highest paid Director, excluding pension contributions:

	2016	2015
	£	**£**
Emoluments	**84,759**	76,895

The Chief Executive is an ordinary member of the defined contribution pension scheme. No enhanced or special terms apply or individual pension arrangements apply

6 STAFF COSTS

Staff costs, including Executive Directors remuneration, were as follows:

	GROUP		ASSOCIATION	
	2016	**2015**	**2016**	**2015**
	£	£	**£**	£
Wages and salaries	**1,602,183**	1,652,874	**1,292,909**	1,291,104
Redundancy costs	**22,294**	0	**14,416**	0
Social security costs	**148,301**	146,887	**122,199**	116,976
Other pension costs	**115,938**	98,586	**99,291**	78,545
	1,888,716	1,898,347	**1,528,815**	1,486,625

The average monthly number of employees, including the Executive Directors, during the year was as follows:

Actual Number of Staff	GROUP		ASSOCIATION	
	2016	**2015**	**2016**	**2015**
	No.	No.	**No.**	No.
Office Staff	**46**	49	**41**	40
Wardens & Gardeners	**3**	3	**3**	3
Cleaners	**11**	12	**11**	12
Maintenance Staff	**4**	0	**2**	0
Technical and Case Workers	**7**	10	**0**	0
	71	74	**57**	55

Full Time Equivalents	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	No.	No.	**No.**	No.
Office Staff	**44.25**	49.0	**40.0**	40.0
Wardens & Gardeners	**2.7**	2.7	**2.7**	2.7
Cleaners	**2.8**	3.4	**2.8**	3.4
Maintenance Staff	**3.4**	0	**1.4**	0
Technical and Case Workers	**6.6**	9.0	**0**	0
	59.75	64.1	**46.9**	46.1

The full time equivalent number of staff who received emoluments, including pension contributions, in excess of £50,000 are shown below:

	2016	2015
Salary Band £	**No.**	No.
50,000 – 59,999	**1**	1
60,000 – 69,999	**1**	2
70,000 – 79,999	**2**	1

7. OTHER FINANCE INCOME

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank interest receivable	**10,707**	18,560	**10,588**	18,264

8. INTEREST AND FINANCE COSTS

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	£	£
Bank loans and overdrafts	1,767,273	1,706,764	1,767,073	1,706,531
Borrowing costs capitalised	-65,624	-43,007	-65,624	-43,007
Finance Leases	4,878	590	4,878	590
	1,706,527	1,664,347	1,706,327	1,664,114

Borrowing costs have been capitalised on a capitalisation rate of 4.47 percent (2015 4.6 percent) which is the weighted average rates applicable to the Groups outstanding loans during the year.

9. TAXATION

The Association amended its rules in 2011 and is now treated as a charity for taxation purposes and as such is not liable to Corporation Tax. The Cost in the accounts represents loss relief brought forward that has been written off as such losses can be offset until such time that the Association is liable to Corporation Tax.

10. LEASES

The Group as Lessee

Operating Leases

The Association makes use of assets financed by operating lease. The lease costs form part of revenue expenditure. Total operating lease rentals paid in the year were £33,650 (£44,909 in 2014/15) and the total outstanding commitment on operating leases at the 31st March 2016 was £47,667 (£47,167 at 31st March 2015).

	Land & Buildings	**Other**
	£	**£**
Leases expiring in 2016/17	**-**	**1,549**
Leases expiring between 2017/18 and 2018/19	**41,667**	**4,431**
	41,667	**5,980**

IFRS 16 Lease has been adopted early for all leases relating to housing properties and any new lease signed. Existing leases, all of which expire with two years have been treated on existing rules.

11. INTANGIBLE FIXED ASSETS

GROUP	Computer Software	Total
	£	£
Cost		
At 1 April 2015	583,444	583,444
Additions	**43,626**	**43,626**
Disposals	**-**	**-**
At 31 March 2016	**627,070**	**627,070**
Amortisation		
At 1 April 2015	494,476	494,476
Charge for the year	**48,926**	**48,926**
On disposals	**-**	**-**
At 31 March 2016	**543,402**	**543,402**
Net book value		
At 31 March 2016	**83,668**	**83,668**
At 31 March 2015	88,968	88,968

ASSOCIATION	Computer Software	Total
	£	£
Cost		
At 1 April 2015	576,838	576,838
Additions	**43,626**	**43,626**
Disposals		
At 31 March 2016	**620,464**	**620,464**
Amortisation		
At 1 April 2015	490,021	490,021
Charge for the year	**47,441**	**47,441**
On disposals	-	-
At 31 March 2016	**537,462**	**537,462**
Net book value		
At 31 March 2016	**83,002**	**83,002**
At 31 March 2015	86,817	86,817

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. HOUSING PROPERTY TANGIBLE FIXED ASSETS (GROUP AND ASSOCIATION)

2015/16	Social Housing Properties Completed	Completed Shared Ownership	Social Housing Under Construction	Total
Cost	**£**	**£**	**£**	**£**
At 1 April 2015	94,884,184	116,153	4,332,325	99,332,662
Components capitalised	**654,992**	**-**	**-**	**654,992**
Other Additions	**407,650**	**-**	**4,273,761**	**4,681,411**
Disposals	**-629,830**	**-**	**-205,104**	**-834,934**
Transfers	**3,941,367**	**-**	**-3,941,367**	**-**
At 31 March 2016	**99,258,363**	**116,153**	**4,459,615**	**103,834,131**
Depreciation				
At 1 April 2015	10,327,512	20,255	-	10,347,767
Charge for year	**940,937**	**733**	**-**	**941,670**
Disposals	**-585,846**	**-**	**-**	**-585,846**
At 31 March 2016	**10,682,603**	**20,988**	**-**	**10,703,591**
Net Book Values				
At 31 March 2016	**88,575,760**	**95,165**	**4,459,615**	**93,130,540**
At 31 March 2015	84,556,672	95,898	4,332,325	88,984,895

Included within additions are amounts in respect of capitalised development department costs of **£157,143** *(*2015*:* £67,340*)*. Included within additions are amounts in respect of capitalised interest costs of **£65,624** (2015*:* £43,007*)*. The interest rate for capitalisation used was **4.47%** *(*2015: 4.62%); the average weighted cost of funds. The aggregate amount of capitalised interest was **£801,585** *(*2015*:* £735,961*)*.

The cost of Land held above is:

	2016	2015
	£	£
Leasehold	**1,634,626**	1,634,626
Freehold	**28,346,973**	27,751,471
	29,981,599	29,386,097

The Net book value of Housing Assets can be analysed as:

	2016	2015
	£	£
Leasehold	**1,634,626**	1,634,626
Freehold	**91,495,914**	87,350,269
	93,130,540	88,984,895

13. OTHER PROPERTY, PLANT & EQUIPMENT- GROUP

	Market Rented Properties	Office	Plant & Machinery, Fixtures & Fittings	Total
		£	£	£
Cost				
At 1 April 2015	900,373	3,048,157	549,225	4,497,755
Additions	**-**	**-**	**56,239**	**56,239**
Disposals	**-**	**-**	**-44,876**	**-44,876**
At 31 March 2016	**900,373**	**3,048,157**	**560,588**	**4,509,118**
Depreciation				
At 1 April 2015	-	158,483	322,274	480,757
Charge for the year	**-**	**28,269**	**64,340**	**92,609**
On disposals	**-**	**-**	**-44,876**	**-44,876**
At 31 March 2016	**-**	**186,752**	**341,738**	**528,490**
Net book value				
At 31 March 2016	**900,373**	**2,861,405**	**218,850**	**3,980,628**
At 31 March 2015	900,373	2,889,674	226,951	4,016,998

The value of Freehold Land contained above is:

	2016	2015
	£	£
Market rented properties	**132,435**	132,435
Office	**283,496**	283,496
	415,931	415,931

OTHER PROPERTY, PLANT & EQUIPMENT - ASSOCIATION

	Market Rented Properties	Office	Plant & Machinery, Fixtures & Fittings	Total
		£	£	£
Cost				
At 1 April 2015	**900,373**	**3,048,157**	**440,704**	**4,389,234**
Additions	**-**	**-**	**50,993**	**50,993**
Disposals	**-**	**-**	**-16,079**	**-16,079**
At 31 March 2016	**900,373**	**3,048,157**	**475,618**	**4,424,148**
Depreciation				
At 1 April 2015	**-**	**158,483**	**246,601**	**405,084**
Charge for the year	**-**	**28,269**	**52,518**	**80,787**
On disposals	**-**	**-**	**-16,079**	**-16,079**
At 31 March 2016	**-**	**186,752**	**283,040**	**469,792**
Net book value				
At 31 March 2016	**900,373**	**2,861,405**	**192,578**	**3,954,356**
At 31 March 2015	900,373	2,889,674	194,103	3,984,150

Market rent properties represents the properties MWHA rents out at a market rent. The SORP requires these properties to be valued within these accounts at market value rather than cost. No depreciation is to be applied.

For a more accurate reflection of the component costs that make up the Office Costs (Ty Canol) a reapportionment of the costs of those components took place that reduced the annual depreciation charge on the office by £9,000. In addition, the total life of Ty Canol was reduced from 150 years to 50 years to match accepted practice. A residual value of £500,000 was set which is the expected value of the office after 50 years and so that element will not be depreciated.

The value of Freehold Land contained above is:

	2016	2015
	£	£
Market rented properties	**132,435**	132,435
Office	**283,496**	283,496
	415,931	415,931

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

14. FIXED ASSET INVESTMENTS

	2016	**2016**	2015	2015
	£	**£**	£	£
Homebuy loans 01 April	**793,472**		793,472	
Repayment of loan	**-15,163**		-	
Homebuy loans 31 March		**778,309**		793,472
Monies on deposit 01 April	**157,134**		-	
Interest Received	**1,581**		-	
Monies on deposit 31 March		**158,715**		-
		937,024		793,472

Last year the monies on deposit, balance of £157,034, was disclosed under current assets.

15. LONG TERM DEBTORS GROUP AND ASSOCIATION

Amounts falling due after more than one year

	2016 **£**	2015 £
Rent and service charge arrears	**109,299**	61,673
Loan – Guilsfield Community Council	**10,000**	11,000
Prepayments and accrued income	**35,763**	-
	155,062	72,673
Less Provision for Bad Debt	**-109,299**	-60,879
	45,763	11,794

The Rent and service charge arrears debt represents an estimate of the money to be recovered through service charges for 2013/14 expenditure. It will be recovered in the 2016/17 Service Charge calculation. The Guilsfield C.C. debtor is an arrangement to pay for the cost of an access road.

16. ASSETS HELD FOR SALE GROUP AND ASSOCIATION

	2016 **£**	2015 £
Completed Houses to be sold	**-**	123,099

Represents the cost of an unsold houses that was being marketed for sale.

17. CURRENT DEBTORS

	GROUP		ASSOCIATION	
	2016 **£**	2015 £	**2016** **£**	2015 £
Rent and service charge arrears	**528,784**	576,142	**528,784**	576,142
Less provision for doubtful debts	**-338,375**	-343,054	**-338,375**	-343,054
	190,409	233,088	**190,409**	233,088
Trade Debtors	**11,526**	47,859	**-**	-
Amounts owed by Group undertakings	**-**	-	**4,287**	150
Loan – Guilsfield Community Council	**11,000**	12,000	**11,000**	12,000
Prepayments and accrued income	**357,063**	306,148	**342,410**	301,092
Deferred tax (Note 20)	**-**	17,578	**-**	17,578
Sinking Funds - Lease	**18,541**	50,443	**18,541**	50,443
	588,539	667,116	**566,647**	614,351

Of the above debtors £45,763 is due after more than one year (2015: £11,794). See note 15 for further details

18. CURRENT ASSET INVESTMENTS

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Monies held on deposit	**4,014,866**	157,134	**4,014,866**	157,134

19. CREDITORS: Amounts falling due within one year

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans and overdrafts	**136,579**	44,665	**136,579**	3,106
Finance leases	**1,852**	993	**1,038**	993
Housing loans	**618,270**	696,702	**618,270**	696,702
Recycled capital grant fund	**-**	-	**-**	-
Trade creditors	**1,520,482**	1,357,962	**1,507,826**	1,337,382
Sinking fund	**-**	17,135	**-**	17,135
Accruals and deferred income	**42,124**	73,363	**27,084**	50,205
Interest on mortgages since last date of payment	**114,484**	100,058	**114,484**	100,058
Grants in advance	**-**	2,417	**-**	-
Disposal proceeds fund	**-**	-	**-**	-
Rent and services prepaid	**109,675**	138,301	**109,675**	138,301
Amounts owed to group Undertakings	**-**	-	**850**	-
Other taxation and social security	**41,309**	44,845	**33,766**	37,213
Deferred income on bonds	**12,250**	6,451	**12,250**	6,451
	2,597,025	2,482,892	**2,561,822**	2,387,546

Loans are secured by a fixed charge on the Association's land and buildings. They are repayable by installments at both fixed and variable rates between 1.09% and 10.17% which is an historic indexed linked loan. Security against default of debt is given on Housing Loans only, more details are given in Note 20.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20. CREDITORS: Amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Recycled capital grant (Note 19)	**146,982**	74,644	**146,982**	74,644
Housing Loans	**39,080,548**	35,061,358	**39,080,548**	35,061,358
Finance Leases	**111,631**	108,888	**109,770**	108,888
Government Grants (Note 21)	**53,347,557**	52,256,402	**53,347,557**	52,256,402
Deferred income on bonds	**851,227**	427,616	**851,226**	427,616
	93,537,945	87,928,908	**93,536,083**	87,928,908

Included within the above are amounts falling due as follows:

	GROUP		ASSOCIATION	
	2016	**2015**	**2016**	2015
	£	**£**	**£**	£
Between one and two years				
Recycled capital grant	**-**	-	**-**	-
Housing loans	**622,174**	792,102	**622,174**	792,102
Finance leases	**1,975**	1,038	**1,085**	1,038
Deferred income on bonds	**13,026**	6,860	**13,026**	6,860
Between two and five years				
Recycled capital grant	**146,982**	74,644	**146,982**	74,644
Housing loans	**1,866,523**	2,617,610	**1,866,523**	2,617,610
Finance leases	**4,525**	3,401	**3,554**	3,401
Deferred income on bonds	**44,239**	23,297	**44,239**	23,297
Over five years				
Housing loans	**36,591,851**	31,651,646	**36,591,851**	31,651,646
Finance leases	**105,131**	104,449	**105,131**	104,449
Government grants	**53,347,557**	52,256,402	**53,347,557**	52,256,402
Deferred income on bonds	**793,962**	397,459	**793,961**	397,459
	93,537,945	87,928,908	**93,536,083**	87,928,908

Creditors include amounts not wholly repayable within 5 years as follows:

	2016	2015
Housing Loans	**£**	£
Repayable at end of term	**20,826,400**	15,738,902
Repayable by installments	**18,254,148**	19,322,456
	39,080,548	35,061,358
Finance leases		
Repayable by installments	**111,631**	108,888
Government Grants		
Repayable only when property sold	**53,347,557**	52,256,402
Deferred income on bonds		
Amortised in installments	**851,227**	427,616

Loans are secured by a fixed charge on the Association's land and buildings. They are repayable by installments at both fixed and variable rates between 1.09% and 10.17%. No adjustments have been made to the carrying value of debt in respect of discounts and premia. Finance costs of £71k have been charged against the GBSH Bond.

Housing Properties have been secured against all Housing Debt. No security is given for any other liabilities. The association has funding arrangements from the following companies:

	2016	2015
Total short & long term:	**£**	£
Nationwide Building Society	**20,222,039**	18,404,259
Principality Building Society	**538,960**	577,307
Barclays Bank	**-**	1,298,270
The Housing Finance Corporation (Note 38)	**4,062,836**	4,153,243
Orchard Brook	**1,316,971**	1,324,981
Santander	**10,000,000**	10,000,000
GB Social Housing Bond	**3,533,118**	-
	39,673,924	35,758,060

The Total Finance leases outstanding relates to:

	Housing Properties	Housing Properties
	2016 £	2015 £
Due within 1 year	**1,852**	993
Due after 1 year	**111,631**	108,888
	113,483	109,881

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

21. DEFERRED INCOME – GOVERNMENT GRANTS

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 01 April	**52,256,402**	49,949,584	**52,256,402**	49,949,584
Grants receivable	**1,330,277**	2,819,609	**1,330,277**	2,819,609
Government grants received	**-15,164**	-74,644	**-15,164**	-74,644
Disposal Adjustment	**-**	4,985	**-**	4,985
Amortised to Statement of Comprehensive Income	**-223,958**	-443,132	**-223,958**	-443,132
At 31 March	**53,347,557**	52,256,402	**53,347,557**	52,256,402
Due within 1 year	**-**	-	**-**	-
Due after 1 year	**53,347,557**	52,256,402	**53,347,557**	52,256,402
Original value of Grants	**58,212,916**	59,528,029	**58,212,916**	59,528,029

The net book value of grants is made up of:

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Social Housing Grants on Completed Houses	**48,147,851**	46,255,681	**48,147,851**	46,255,681
Social Housing Grants on Houses under Construction	**3,351,655**	4,321,974	**3,351,655**	4,321,974
Physical Adaptations Grants	**1,032,516**	846,498	**1,032,516**	846,498
Homebuy Loans	**778,309**	793,473	**778,309**	793,473
Other grants	**37,226**	38,777	**37,226**	38,777
At 31 March	**53,347,557**	52,256,402	**53,347,557**	52,256,402

22. RECYCLED CAPITAL GRANT (RCG) FUND

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 01 April	**74,644**	-	**74,644**	-
Disposal	**-**	74,644	**-**	74,644
Repaid Homebuy Loan	**15,164**	-	**15,164**	-
Recycling of grant	**-75,000**	-	**-75,000**	-
Return of previously recycled grant.	**132,174**	-	**132,174**	-
At 31 March	**146,982**	74,644	**146,982**	74,644
Repayable within 12 months	**0**	0	**0**	0
Repayable after 12 months	**146,982**	74,644	**146,982**	74,644

When a property is sold, any Government Grants used in its construction must either be repaid to Welsh Government or with their permission recycled in the construction of a new property. The Association has 3 years from the date of sale to recycle grants. RCG was re-credited to the fund during 2015/16 as previously committed funds were returned following the award of additional funds to the Dolhafren Project.

23. DISPOSAL PROCEEDS FUND

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 01 April	**-**	-	**-**	-
Disposal Proceeds	**-**	-	**-**	-
At 31 March	**-**	-	**-**	-
Repayable within 12 months	**-**	-	**-**	-
Repayable after 12 months	**-**	-	**-**	-

As there have been no transactions to report this note has been included to raise the profile of the Fund. It is a requirement of the RTA legislation that RSLs must credit all receipts arising from Right To Acquire sales (less admissible deductions) into a Disposals Proceeds Fund. Receipts placed in the Disposals Proceed Fund may only be used to provide replacement properties for rent.

24. DEFERRED TAX ASSET

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
At 31 March	**-**	17,578	**-**	17,578

The deferred tax asset is made up as follows:

	2016	2015
	£	£
Tax losses carried forward	**-**	17,578

Since the Group is not liable to Corporation Tax because of the charitable nature of it's actives it is unlikely the tax losses brought forward will be recovered and so have been written off during 2015/16. The losses will continue to be reported on returns to Her Majesty's Revenue and Customs (HMRC).

25. FINANCIAL INSTRUMENTS

The carrying value of the Group's and Association's financial assets and liabilities are summarised by category below:

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Financial assets				
Measured at undiscounted amount Receivable				
• Monies on Deposit (Note 18)	**4,014,866**	157,134	**4,014,866**	157,134
• Loans repayable	**11,000**	12,794	**11,000**	12,794
• Rent arrears and other debtors	**577,539**	654,322	**551,360**	601,407
• Amounts due from related undertakings (Note 17)	**-**	-	**4,287**	150
	4,603,405	**824,250**	**4,581,513**	**771,485**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

	GROUP		ASSOCIATION	
	2016	2015	**2015**	2015
	£	£	**£**	£
Financial liabilities				
Measured at amortised cost				
• Loans payable (note 20)	**40,562,295**	36,192,127	**40,562,295**	36,192,127
• Finance Leases	**112,669**	109,881	**110,808**	109,881
Measured at undiscounted amount payable				
• Bank overdraft (note 19)	**136,579**	44,665	**136,579**	3,106
• Trade & other creditors	**1,793,685**	1,680,294	**1,793,685**	1,680,294
	42,605,228	38,026,967	**42,603,367**	37,985,408

The liability on Finance Leases all relates to housing properties.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	GROUP		ASSOCIATION	
	2016	2015	**2016**	2015
	£	£	**£**	£
Interest income and expense				
Total interest income for financial assets at amortised cost	**10,707**	18,560	**10,588**	18,264
Total interest expense for financial liabilities at amortised cost	**1,767,273**	1,706,764	**1,767,073**	1,706,531

26. SHARE CAPITAL

	2016	**2015**
Allotted, called up and fully paid ordinary shares of £1 each	**£**	**£**
At 1 April	**72**	72
Issued during the year	**-**	-
Cancelled during the year	**-**	-
At 31 March	**72**	72

The shares provide members with the right to vote at general meetings but do not have the right to any dividend or distribution in a winding up, and are not redeemable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

27. RESERVES

GROUP

	01.04.15	**Transfer between reserves**	**Surplus**	**31.03.16**
	£	**£**	**£**	**£**
Revenue reserve	4,381,164	**117,142**	**610,092**	**5,108,398**
Designated reserves				
Replacement equipment	8,698	**-**	**-**	**8,698**
Furniture and fittings	85,817	**-13,531**	**-**	**72,286**
Property disposal	200,603	**6,485**	**-**	**207,088**
Offices	1,995,074	**-109,277**	**-**	**1,885,797**
Staff reserve	54,904	**29,156**	**-**	**84,059**
Office move reserve	2,721	**-2,721**	**-**	**0**
ICT investment reserve	25,000	**-**	**-**	**25,000**
Handyperson reserve	15,000	**-15,000**	**-**	**0**
Handyperson van reserve	-	**16,557**	**-**	**16,557**
Designated reserve	161,247	**19,000**	**-**	**180,247**
Beneficiary reserve	7,118	**-1,464**	**-**	**5,654**
PCC - DFA reserve	24,000	**-24,000**	**-**	**-**
RRAP reserve	29,000	**-22,346**	**-**	**6,654**
Total Designated Reserves	2,609,182	**-117,142**	**-**	**2,492,040**
Total Reserves	6,990,346	**-**	**610,092**	**7,600,438**

ASSOCIATION

	01.04.15	Transfer between reserves	Surplus	**31.03.16**
	£	£	£	**£**
Revenue reserve	4,337,471	**87,167**	**683,760**	**5,108,398**
Designated reserves				
Replacement equipment	8,698	**-**		**8,698**
Furniture and fittings	85,817	**-13,531**		**72,286**
Property disposal	200,603	**6,486**		**207,089**
Offices	1,995,074	**-109,277**		**1,885,797**
Staff reserve	54,904	**29,155**		**84,059**
Total Designated	2,345,096	**-87,167**	**-**	**2,257,929**
Total Reserves	6,682,567	**-**	**683,760**	**7,366,327**

28. CAPITAL COMMITMENTS

At 31 March 2016 the Association had capital commitments all of which relate to the Association as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	**1,238,647**	3,100,913
Approved by the Directors but not contracted for	**1.3M**	NIL

These commitments are to be funded partly by Social Housing Grants and private loan funding. The amount of Social Housing Grant received in respect of capital commitments is **£3,126,853** (2015: £3,597,018).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group	**Association**	Group	Association
	2016	**2016**	2015	2015
Payments due:	**£**	£	£	£
-within one year	**28,421**	**3,421**	40,431	8,182
-within 1 and 5 years	**19,226**	**2,559**	47,647	5,980
-after 5 years	**0**	**0**	0	0
	47,647	**5,980**	88,078	14,162

29 RETIREMENT BENEFIT SCHEME

The Association and Care and Repair operate a defined contributions pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £116,734 *(2015:* £95,175*).* The charge of the Association was £100,098 (2015: £75,175). The large increase is due to auto-enrollment, where all employees are now automatically enrolled into the pension scheme.

Group Contributions totaling £14,380 *(*2015: £11,784*)* were payable to the fund at the balance sheet date and are included in creditors. Association Contributions payable to the fund and included in creditors are £12,421 (2015: £8,819).

30. UNITS OF ACCOMODATION IN MANAGEMENT

The units of accommodation & offices in management are as follows:

	Supported	Sheltered	General Needs	Intermediate Rent	Market Rent	Total in Management
Brought forward on 1 April 2015	**106**	**49**	**1,264**	**30**	**6**	**1,455**
Removed for development						**-**
Additions			**32**			**32**
Total 31 March 2016	**106**	**49**	**1,296**	**30**	**6**	**1,487**
Units With Services						**159**
Total Units						**1,646**

Units with services provided are made up as follows:

	Homebuy	Shared ownership	Leasehold for the elderly	Leasehold Flats	Freeholders with services	Offices	Total units
Brought forward on 1 April 2015	4	4	63	15	69	4	159
Staircasing sales							-
Additions							-
Total 31 March 2016	4	4	63	15	69	4	159

31. LEGISLATIVE PROVISIONS

The Association was incorporated under the Industrial and Provident Societies Act 1965 but this Act was repealed with effect from 1st August 2014. The Association is now registered as a “Community Benefit Society” under the Co-operative and Community Benefit Societies Act 2014. It is also registered with the Welsh Government under the Housing Association Act 1996.

32. GROUP STRUCTURE

The Group consists of Mid-Wales Housing Association Limited (the parent) and Care and Repair in Powys Limited (the subsidiary). Mid Wales Housing Limited as a registered social landlord is required by statute to produce Group Accounts.

Company name	**Country**	**Percentage Shareholding**	**Description**
Care and Repair in Powys Limited	UK	100	FCA Reg No: MS29535R

Transactions between the Group were: (Negative indicates an expense)

	ASSOCIATION		**SUBSIDUARY**	
	2016	2015	**2016**	2015
	£	£	**£**	£
Management Fee Income	**11,412**	**11,412**	**-11,412**	**11,412**
Grant for Management Fee	**-11,412**	**-11,412**	**11,412**	**-11,412**
Physical Adaptation Grant Fees	**-12,204**	**-12,204**	**12,204**	**12,204**
Costs paid and recharged to Subsidiary	**17,590**	**60,657**	**-17,590**	**-60,657**

At the 31 March the following balances are disclosed with the Group Accounts

	ASSOCIATION		**SUBSIDUARY**	
	2016	2015	**2016**	2015
	£	£	**£**	£
Amounts owed by Group Undertakings	**4,287**	14,476	**850**	150
Amounts owed to Group Undertakings	**-850**	-150	**-4,287**	-14,476

33. RELATED PARTY TRANSACTIONS

The Board of Management includes members who are tenants of the Association. During the year rent has been paid by said members under normal Association terms. Transactions between the Group entities below and the Association are made at arm’s length, on normal commercial terms and the board members cannot use their position to their advantage.

Powys County Council

During the year Care and Repair Powys received £95,588 (2015: £196,904) from Powys County Council. At the year-end there was a balance due of £10,332 from Powys County Council (2015:£59,333).

34. RECONCILIATION OF CASH INFLOW FROM OPERATING ACTIVITIES

GROUP

	2016	2015
	£	£
Operating surplus	**2,369,155**	2,295,907
Increase value of market rented properties	**0**	-56,876
Own work capitalised	**-157,143**	-67,340
Depreciation of housing properties	**941,670**	874,574
Amortisation of grants	**-223,958**	-443,132
Developments written off	**201,668**	98,785
Depreciation of tangible assets	**94,093**	150,995
Amortisation of Intangible assets	**47,441**	0
Decrease in debtors	**169,648**	2,476
Increase in creditors	**16,325**	113,148
Sinking fund transactions	**0**	-7,856
Change in cost of assets built for sale	**-123,099**	123,099
Value of Asset re-introduced	**-30,102**	-
	3,305,698	3,083,780

ASSOCIATION

	2016	**2015**
	£	£
Operating surplus	**2,442,742**	2,232,320
Increase value of market rented properties	**-**	-56,876
Own work capitalised	**-157,143**	-67,340
Depreciation of housing properties	**941,670**	874,574
Amortisation of grants	**-223,958**	-443,132
Developments written off	**201,668**	98,785
Depreciation of tangible assets	**80,787**	140,944
Amortisation of Intangible assets	**47,441**	-
Decrease in debtors	**111,993**	56,378
Increase in creditors	**45,090**	102,909
Sinking fund transactions	**-**	-7,856
Change in cost of assets built for sale	**-123,099**	123,099
Value of Asset re-introduced	**-30,102**	-
	3,337,089	3,053,805

35. ANALYSIS OF CHANGES IN NET DEBT

GROUP

	1 April 2015 £	Cashflow £	31 March 2016 £
Cash at bank and in hand	2,552,855	**2,462,226**	**5,015,082**
Bank overdraft	-44,665	**-91,914**	**-136,579**
	2,508,191	**2,370,312**	**4,878,503**
Debt:			
Debts due within one year	-765,903	**147,633**	**-618,270**
Debts falling due after more than one year	-35,426,224	**-4,517,801**	**-39,944,025**
Total	-33,683,936	**-1,999,856**	**-35,683,792**

ASSOCIATION

	1 April 2015 £	Cashflow £	31 March 2016 £
Cash at bank and in hand	2,255,176	**2,537,559**	**4,792,736**
Bank overdraft	-3,106	**-133,473**	**-136,579**
	2,252,071	**2,404,086**	**4,656,157**
Debt:			
Debts due within one year	-765,903	**147,633**	**-618,270**
Debts falling due after more than one year	-35,426,224	**-4,517,801**	**-39,944,025**
Total	-33,940,056	**-1,966,082**	**-35,906,138**

36. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT

GROUP

	2016 **£**	2015 £
Increase in cash in the year	**2,404,086**	991,020
Cash –inflow/outflow from increase in debt financing	**-4,370,168**	758,315
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS	**-1,966,082**	**1,749,335**
NET DEBT AT 1 APRIL	**-33,940,056**	**-35,689,391**
NET DEBT AT 31 MARCH	**-35,906,138**	**-33,940,056**

ASSOCIATION

	2016 **£**	2015 £
Increase/(Decrease) in cash in the year	**2,404,086**	991,020
Cash inflow from increase in debt financing	**-4,370,168**	758,315
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS	**-1,966,082**	1,749,335
NET DEBT AT 1 APRIL	**-33,940,056**	-35,689,392
NET DEBT AT 31 MARCH	**-35,906,138**	-33,940,057

37 TRANSITION TO FRS102

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. In carrying out the transition to FRS 102, the Group has not applied any of the optional exemptions as permitted by Section 35 Transition to this FRS.

Consolidated Balance Sheet 01 April 2014	**Restate of UK GAAP**	**Grants (A)**	**Intangible Assets (B)**	**Market Rents (C)**	**Leases (D)**	**Staff Benefits (E)**	**Reported under FRS102**
Fixed assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Intangible assets	0	0	109	0	0	0	109
Housing properties cost	90,002	-5,051	0	0	91	0	85,042
Housing properties - SHG	-50,567	50,567	0	0	0	0	0
Housing properties – other grants	-2,736	2,736	0	0	0	0	0
Investment Properties	0	0	0	0	0	0	0
Other plant & equipment	3,256	0	-109	0	0	0	3,147
Homebuy Loans	793	0	0	0	0	0	793
Homebuy loans - grants	-793	793	0	0	0	0	0
Long term debtors	100	0	0	0	0	0	100
Current assets	6,470	0	0	0	0	0	6,470
Current liabilities							
Trade and other payables	-1,202	0	0	0	0	-9	-1,211
Loans and borrowings	-766	0	0	0	-1	0	-767
Deferred Government Grants	-2,505	2,505	0	0	0	0	0
Non-current liabilities							
Loans and borrowings	-36,184	-1	0	0	-109	0	-36,293
Deferred Government Grants	-1	-51,082	0	0	1	0	-51,083
	5,867	**467**	**0**	**0**	**-18**	**-9**	**6,307**
Revenue reserve	3,321	467	0	0	-18	-9	3,761
Restricted reserve	2,546	0	0	0	0	0	2,546
	5,867	**467**	**0**	**0**	**-18**	**-9**	**6,307**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Consolidated Balance Sheet 31 March 2015	Reported Under UK GAAP Restated Note 38	Grants (A)	Intangible Assets (B)	Market Rents (C)	Leases (D)	Staff Benefits (E)	Reported under FRS102
Fixed assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Intangible assets	0	0	89	0	0	0	89
Housing properties cost	95,044	-5,305	0	-843	89	0	88,985
Housing properties - SHG	-53,750	53,750	0	0	0	0	0
Housing properties – other grants	-2,917	2,917	0	0	0	0	0
Investment Properties	0	0	0	900	0	0	900
Other plant & equipment	3,206	0	-89	0	0	0	3,117
Homebuy loans	793	0	0	0	0	0	793
Homebuy loans - grants	-793	793	0	0	0	0	0
Long term debtors	12	0	0	0	0	0	12
Current assets	3,506	0	0	0	0	0	3,506
Current liabilities							
Trade and other payables	-1,732	0	0	0	0	-9	-1,741
Loans and borrowings	-742	0	0	0	-1	0	-743
Deferred Government Grants	-753	753	0	0	0	0	0
Non-current liabilities							
Loans and borrowings & deferred income	-35,488	0	0	0	-109	0	-35,597
Recycled gov grant	-75	0	0	0	0	0	-75
Deferred Government Grants	0	-52,256	0	0	0	0	-52,256
	6,311	**652**	**0**	**57**	**-21**	**-9**	**6,990**
Revenue reserve	3,702	652	0	57	-21	-9	4,381
Restricted reserve	2,609	0	0	0	0	0	2,609
	6,311	**652**	**0**	**57**	**-21**	**-9**	**6,990**

Association Balance Sheet 01 April 2014	Reported Under UK GAAP Restated Note 38	Grants (A)	Intangible Assets (B)	Market Rents (C)	Leases (D)	Reported under FRS102
Fixed assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Intangible assets	0	0	105	0	0	105
Housing properties cost	90,002	-5,051	0	0	91	85,042
Housing properties - SHG	-50,567	50,567	0	0	0	0
Housing properties – other grants	-2,736	2,736	0	0	0	0
Investment Properties	0	0	0	0	0	0
Other plant & equipment	3,211	0	-105	0	0	3,106
Homebuy loans	793	0	0	0	0	793
Homebuy loans - grants	-793	793	0	0	0	0
Long term debtors	100	0	0	0	0	100
Current assets	6,221	0	0	0	0	6,221
Current liabilities						
Trade and other payables	-1,161	0	0	0	0	-1,161
Loans and borrowings	-766	0	0	0	-1	-767
Deferred Government Grants	-2,505	2,505	0	0	0	0
Non-current liabilities						
Loans and borrowings	-36,185	0	0	0	-108	-36,293
Deferred Government Grants	0	-51,083	0	0	0	-51,083
	5,614	**467**	**0**	**0**	**-18**	**6,063**
Revenue reserve	3,287	467	0	0	-18	3,736
Restricted reserve	2,327	0	0	0	0	2,327
	5,614	**467**	**0**	**0**	**-18**	**6,063**

Association Balance Sheet 31 March 2015	Reported Under UK GAAP Restated Note 38	Grants (A)	Intangible Assets (B)	Market Rents (C)	Leases (D)	Reported under FRS102
Fixed assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Intangible assets	0	0	87	0	0	87
Housing properties cost	95,044	-5,305	0	-843	89	88,985
Housing properties - SHG	-53,750	53,750	0	0	0	0
Housing properties – other grants	-2,917	2,917	0	0	0	0
Investment Properties	0	0	0	900	0	900
Other plant & equipment	3,171	0	-87	0	0	3,084
Homebuy loans	793	0	0	0	0	793
Homebuy loans - grants	-793	793	0	0	0	0
Long term debtors	12	0	0	0	0	12
Current assets	3,138	0	0	0	0	3,138
Current liabilities						
Trade and other payables	-1,687	0	0	0	0	-1,687
Loans and borrowings	-700	0	0	0	-1	-701
Deferred Government Grants	-753	753	0	0	0	0
Non-current liabilities						
Loans and borrowings & deferred income	-35,488	0	0	0	-109	-35,597
Recycled gov grant	-75	0	0	0	0	-75
Deferred Government Grants	0	-52,256	0	0	0	-52,256
	5,995	**652**	**0**	**57**	**-21**	**6,683**
Revenue reserve	3,650	652	0	57	-21	4,338
Restricted reserve	2,345	0	0	0	0	2,345
	5,995	**652**	**0**	**57**	**-21**	**6,683**

Consolidated Income & Expenditure Account Year to 31 March 2015	**Reported Under UK GAAP Restated Note 38**	**Grants (A)**	**Intangible Assets (B)**	**Market Rents (C)**	**Leases (D)**	**Staff Benefits (E)**	**Reported under FRS102**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	7,336	443		57			7,836
Cost of sales	-5,280	-258			-2		-5,540
Operating surplus	2,056						2,296
Gain/ (loss) on disposal of fixed assets	33						33
Interest receivable	19						19
Interest payable and financing costs	-1,664				-1		-1,665
Surplus before taxation	444						683
Taxation	0						0
Surplus for the year	444						683
Association Income & Expenditure Account Year to 31 March 2015	**Reported Under UK GAAP Restated Note 38**	**Grants (A)**	**Intangible Assets (B)**	**Market Rents (C)**	**Leases (D)**	**Staff Benefits (E)**	**Reported under FRS102**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	6,547	443		57			7,047
Operating costs	-4,554	-258			-3		-4,815
Operating surplus	1,993						2,232
Gain/ (loss) on disposal of fixed assets	33						33
Interest receivable	18						18
Interest payable and financing costs	-1,664						-1,664
Surplus before taxation	380						619
Taxation	0						0
Surplus for the year	380						619

The following changes to accounting policies arose as a result of the transition to FRS102. The effects of these changes are shown in the tables above.

A. Government grants (including depreciation)

Government grants (including social housing grants) now appear within liabilities in the statement of financial position, having previously been deducted directly from the gross costs of the assets they were used to partially fund. This has the impact of increasing the gross cost of those assets and therefore commensurately increasing the associated depreciation charges. However, such increases are partially offset in the statement of comprehensive income by amortisation applied to the gross grant liability balances.

Amortisation of grants from the date an asset was capitalised created a difference between that amortisation period and the period over which housing assets built prior to 1st April 2000 were depreciated. Because of accounting practice at the time, houses built before 1st April 2000 only had depreciation charged from 1st April 2000. Therefore, the net book value of those houses has been restated to match the amortisation period of the grants.

The "catch-up" depreciation charged as a result of the FRS102 change was £1,938k as at 31 March 2015 (1st April 2014 £2,045k). The one off credit because of the extra amortisation of grants at 31 March 2015 was £2,590k (1st April 2014 £2,518k).

The net impact of these changes on the reserves was an increase on the 1st April of £467k rising to £652k by 31 March 2015 because of the effect on 2015 results of £185k.

B. Intangible Assets

Computer software, with a net book value of £109k at 1 April 2014, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Group's net assets nor on the surplus for the year, except that the previous depreciation charge in now described as amortisation.

C. Investments (Market Rented properties)

Properties let at a market rent are now deemed to be classed as investments. They must be shown apart in Fixed Assets and are to be valued annually based on their market value and not disclosed at cost. Therefore, such assets are not depreciated and under FRS102 any gain or loss from the annual revaluation will be recognised within the Statement of Comprehensive Income.

D. Leases

The Association has adopted the principals of "IFRS 16 Leases", as such some assets and liabilities not previously recognised have required adjustments to Non- Current Assets together with an associated liability being a finance lease. More details of the effects of IFRS 16 are given in 1.15 under accounting policies (note 1 of these accounts). Assets were increased by £91k as at 01 April 2014 together with an additional liability disclosed of £108k. The corresponding figures at 31 March 2015 was increased assets of £89k (reduced because of annual depreciation) and liabilities rising to £109k (rising because of annual interest).

E. Staff Benefits (Holiday Accrual)

FRS 102 requires short term employee benefits to be charged in surplus or deficit to the Statement of Comprehensive Income as the employee service is received. This policy was already adopted by the parent company but not the subsidiary. This has resulted in the Group recognising a liability for holiday pay of £9k on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the Income and Expenditure account as they were paid. In the year to 31 March 2015 no additional charge was recognised in the Statement of Comprehensive Income and the additional liability at 31 March 2015 remained at £9k.

F. Statement of cash flows

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition, the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive. The Group had already made the changed to the definition of what constitutes cash within previous years accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

38. Prior Year Adjustment

During the work carried out reviewing old leases and the related past transactions three material errors have been identified that warrant adjusting prior to restating the Financial Statements because of FRS102.

Balance Sheet – Group & Association

	Previously Reported	Cost of Bodlondeb Land (i)	Depreciation on Bodlondeb Structure (i)	Reduction in Sunny Bank Grant (ii)	THFC Bond (iii)	**Restated Balance Prior to FRS 102**
01 Apr 14	£	£	£	£		£
Fixed Assets						
Property	89,513,552	538,263	-50,238			**90,001,577**
Social Housing grant	-50,149,348	-538,263		121,034		**-50,566,577**
General reserves - Group	3,250,599	0	-50,238	121,034		**3,321,395**
General reserves - MWHA	3,216,100	0	-50,238	121,034		**3,286,896**
31 Mar 15	£	£	£	£		£
Fixed Assets						
Property	94,558,864	538,263	-53,286			**95,043,841**
Social Housing grant	-53,332,386	-538,263		121,034		**-53,749,615**
Long-term Liabilities						
THFC Loans	-4,587,310				434,067	**-4,153,243**
Deferred Income						
- Over 12 months	0				-427,616	**-427,616**
-Under 12 months					-6,451	**-6,451**
General reserves - Group	3,633,967		-53,286	121,034		**3,701,715**
General reserves - MWHA	3,581,664		-53,286	121,034		**3,649,412**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Income & Expenditure Account – Group & Association 2014/15

	Previously Reported	Cost of Bodlondeb Land (i)	Depreciation on Bodlondeb Structure (i)	Reduction in Sunny Bank Grant (ii)	**Restated Balance Prior to FRS 102**
	£	£	£	£	**£**
Depreciation on Housing Assets	613,314	0	3,588	0	**616,902**
Group Surplus	446,728	0	-3,588	0	**443,140**
Association Surplus	383,309	0	-3,588	0	**379,721**

(i) Bodlondeb land

The land at Bodlondeb is leased on a peppercorn rent from Powys County Council. The Association constructed the property on this land. The land was valued at £538,263 in the accounts as it was treated as a Grant over the life of the Building Asset. However, the notional grant was deducted from the cost of the structure and not credited to Grants. The prior year adjustment corrects this and accounts for the additional depreciation that should have been charged on the structure.

(ii) Sunny Bank grant

The properties at Sunny Bank, Little Ness, were constructed on church land under a 125 year lease. The construction was partly funded by a donation from the Diocese that owned the land. That donation was incorrectly disclosed within the Association's accounts resulting in an overstatement of grants of £121,034.

(iii) THFC Bond

£435k of deferred income received in conjunction with the £3m bond arranged during 2014/15 was disclosed against the loan finance outstanding in the 2014/15 accounts when it should properly have been disclosed separately. The overall balance of liabilities has not been affected and no additional charge to the Comprehensive Income Statement

MID WALES HOUSING ASSOCIATION LIMITED

MEMBERS

NAME AND ADDRESS	BRIEF DETAILS	DATE JOINED BOARD OF MANAGEMENT
Ms. Morag Bailey	20 years' experience in housing, currently Head of Continuous Improvement at The Wrekin Housing Trust, the largest social landlord in Shropshire, having also worked at Chester & District HT and Powys County Council. A Fellow of the Chartered Institute of Housing, a member of the CIH Audit & Risk Committee and previous Chair of the West Midlands Region. An experienced European Foundation of Quality Management (EFQM) assessor, qualified Leadership and Executive Mentoring Coach along with the Advanced Governance Award through the Institute of Leadership and Management. Specialises in business improvement, systems thinking and resident involvement within housing. MWHA Tenant.	4th August, 2010
Mr. Peter Bayliss	Currently a consultant in financial management and modelling, investment manager for a local community bank, partner in a holiday accommodation business and a private landlord of longstanding, I also deliver presentations on and write feasibility studies for businesses and community groups considering installing renewable energy technologies. Formerly, a national technical specialist and anti-avoidance caseworker with HMRC, I investigated and analysed large scale marketed avoidance schemes prior to litigation. Previously, I also worked in the Inland Revenue's Special Compliance Office, investigating and prosecuting serious fraud. A former maths lecturer with the OU, I hold degrees in economics, maths, and business studies and am currently reading for an MSc in financial management at Edinburgh Business School. Fluent in reading financial and management accounts, a large proportion of my HMRC career was spent in assessing fiscal risk.	1st August 2014
Mr. Vic A.J. Brown	MWHA Tenant for nearly twenty years. Prior to moving to Wales, involved in transport operations being qualified for Road Haulage Operations in both UK & International movements (CPC National & International). Five years were spent owning and operating a pair of working narrowboats throughout the canal system in England. This brought about my involvement with NABO (National Ass. Boat Owners) joining the committee to help protect the rights and safety of those persons and establishments relying on the Waterways for their livelihood. Since being in Pontrobert I've tried to keep active as far as I can operating a Signage & Design business in Welshpool for about four years before the physical pressures over ran my capability. Since that time I've been researching both my home town's history and getting interested in the political and public understanding of the disabled and less able people within our society.	31st July 2013
Mr. Wynne Davies	Retired Local Government Officer. Qualified building surveyor with over 25 years' experience managing local authority housing maintenance services (Brecknock Borough and Powys County Council). Current interests and activities include Treasurer to the local parish church and Vice Chair of the Village Hall Committee. Llanddew community councillor.	4th August, 2010 Deputy Chair

MEMBERS

Mr. Raymond Dowling	Chair of Powys Community Chest Committee, which distributes lottery funding to successful applications within Powys, through the Sports Council of Wales. Lay representative on the Wales Deanery, responsible for doctor and dentist training throughout Wales. Former member of Montgomeryshire Community Health Council, with special responsibilities for cancer issues. Member of the former Banwy Valley Development team charged with the regeneration of the area, post the 'foot and mouth' epidemic that hit the region.	2nd August, 2006
Mr. David O. Evans	Qualified surveyor (FRICS) with career encompassing both public and private sectors and with over 44 years' experience in the property market. A Chairperson with the Valuation Tribunal Service in Wales and a professional member of the Residential Property Tribunal (Wales). Now semi-retired but retained as a consultant by a Mid-Wales firm of Chartered Surveyors. A former adjudicator with The Dispute Service – an organisation formed under the Housing Act 2004 to deal with the resolution of problems at the termination of residential tenancies. Fluent Welsh speaker.	2nd August, 2006 Chair
Mr. Nick Hoskins	Career background consists of over 30 years' Executive Board experience with major international construction organisations including the Conder and Denholm Groups. Other past roles embrace various Chair and Non-Executive Director appointments with a diversity of businesses in such sectors as IT, Defence and Engineering. Former long serving Governor of Southampton Solent University and Warsash Maritime Academy. More recent years spent as an independent advisor, mentor and qualified contributor to organisations and businesses of all sizes in both the public and private sectors, focussing on matters of strategy and overcoming barriers to growth. Notably in the region these have included various local authorities, The National Lottery, Mid Wales Manufacturing Group, NPTC Group, Mid-Wales Housing and the Powys Business Awards as well as countless smaller enterprises deserving of professional support in their endeavours.	29th July, 2009
Ms. Liz Jenkins, MBE	Retired after 35 years working as Trade Union Official, negotiating terms and conditions for employees with a wide range of public and private sector employers. Also Health and Safety Officer for the union, working both in the UK and at European level on the Development of Health and Safety Legislation (for which I was awarded an MBE). Former member of General Council and Executive of Wales TUC. Former member of the Advisory Committee to the Welsh Government on issues affecting older persons in Wales. Voluntary work has included Chair of Soho Housing Association and International Treasurer of Amnesty International. Previous Board Member and Chair of Care & Repair in Powys. Currently Chair of the Management Committee of our local village hall, and volunteer advisor at the Brecon Advice Centre.	1st August 2014
Mrs. Jill Ladbrook	Self-employed since 2004, contracts with Disability Wales and EPS as Start Up Business Advisor. Member of Aberystwyth University Steering Committee for Female Entrepreneurship Wales and Ireland. Legally trained, worked in the public sector for Adult Services in Social Care & Housing for Pembrokeshire County Council, Regional Officer for South West Wales for Care	Co-opted 23rd May 2012 Appointed 31st July 2013

MEMBERS

	& Repair Cymru, worked in partnership with Probation Service with all offenders in Ceredigion with a drug or alcohol related crime.	
Mr. Richard Martin	Chartered Civil Engineer having spent working life in both the public sector (Bristol City Council, Ceredigion County Council and Clerk to Cardigan Town Council) and the private sector (Woolwich Building Society and Principality Developments Ltd.). A former Chair of Woolwich Independent Staff Association and former Chair of Ceredigion County Council's Standards and Ethics Committee, current activities and interests include Ceredigion County Council Schools Inclusion/Exclusion Panel, the Health Inspectorate Wales (WG), the Welsh NHS Complaints Procedure, and auditor to the New Quay Bird and Animal Hospital. Fluent Welsh Speaker.	29th July, 2009
Dr. Olivia Morris	Originally a physicist, graduating from Aberystwyth University, I have gone on to study many aspects of business and marketing, most recently being awarded my doctorate in Societal Marketing from Glyndwr University where I now lecture part-time. I have accounting experience including the AAT level 4 qualification and use this daily in my current role as part of the senior management team at a local engineering company; where I oversee all defence and subsea projects. I often use my bookkeeping and auditing qualifications for voluntary organisations such as Macmillan, Red Cross and YFC.	3rd August 2011 (Resigned tenancy 22.4.15, co-opted 25.3.15, Re-elected 23.9.15)
Mr. Peter Swanson, J.P.	Initial employment with brewery catering subsidiary running a chain of hotels and restaurants in the West Midlands. Left in 1970 to follow a career in agriculture, worked on a farm near Wolverhampton and attended Rodbaston College of Agriculture. Moved to Aston Hall Farm, Churchstoke in 1973 and farmed 230 acres over the next few years expanding to 850 acres, now split between daughter and son, although still taking an active part in the business. Appointed a Justice of the Peace in 1983 (served a four-year term as bench chairman), Governor of Montgomery College of FE (now Coleg Powys) in 1985, past member of Powys Health Authority, served time as Chairman and Vice Chairman of Dyfed Powys Health Authority. Past member of the Wales Agricultural Training Board, Lay Member and Chairman of Powys County Council Standards Committee 2002-2012. A Lloyds of London member and director of Ugly Duckling Underwriting. Private property landlord with some 18 flats in Newtown, property investments and lettings in Menorca.	1st August 2012
Mr. Reginald Taylor	Dedicated whole of his career to public services through local Government as a member of Powys Health Authority. Member of Montgomeryshire Health Council from 1992/94 and Chair from 1994. Chair of Welsh Association Health Councils from 1995. Chair of CHC Health Information Advisory Group in Wales. Chair of the Working Group on Employment and Resources for Welsh CHC. Lay Member on the Shropdoc Co-operative for three years. Member of Montgomeryshire District Council's Housing Committee, Vice Chair of the Establishment Committee and founder member of TPAS.	31st July 2013

GOVERNANCE OF MID-WALES HOUSING ASSOCIATION

Attendance of Board Members at Board and Committee Meetings held from 1st April 2015 to 31st March 2016.

Members forwarded apologies for all instances of non-attendance.

AGM AND BOARD MEETINGS: (9 meetings)

BOARD MEMBER	% ATTENDANCE
Morag Bailey	78%
Peter Bayliss	89%
Vic Brown *	63%
Wynne Davies (Deputy Chair) * +	75%
Ray Dowling *	75%
David Evans (Chair)	100%
Nick Hoskins *	100%
Liz Jenkins *	75%
Jill Ladbrook *	63%
Richard Martin *	100%
Olivia Morris *	88%
Peter Swanson	89%
Reg Taylor *	86%
Susan Trevor ^	75%
Overall Attendance	**84%**

* 8 meetings only (i.e. not required to attend Special Board in November 2015)
^ resigned in September 2015
\+ leave of absence granted during July and August 2015

SCRUTINY COMMITTEE MEETINGS: (5 meetings)

BOARD MEMBER	% ATTENDANCE
Wynne Davies +	80%
Richard Martin	100%
Peter Swanson	80%
Reg Taylor	100%
Susan Trevor ^	67%
Overall Attendance	**85.4%**

\+ leave of absence granted during July and August 2015
^ resigned in September 2015

MEMBERS

REMUNERATION COMMITTEE MEETINGS: (4 meetings)

BOARD MEMBER	% ATTENDANCE
Ray Dowling	75%
David Evans	75%
Liz Jenkins	100%
Jill Ladbrook	75%
Richard Martin	100%
Overall Attendance	**85%**

NOMINATIONS COMMITTEE MEETINGS: (2 meetings)

BOARD MEMBER	% ATTENDANCE
Morag Bailey	100%
Ray Dowling **	50%
David Evans **	50%
Olivia Morris	100%
Overall Attendance	**75%**

* 1 meeting only
** 2 meetings only

FINANCE & AUDIT COMMITTEE MEETINGS: (5 meetings)

BOARD MEMBER	% ATTENDANCE
Morag Bailey	100%
Peter Bayliss	100%
Susan Havard *	80%
Olivia Morris	60%
Peter Swanson	100%
Overall Attendance	**88%**

* Care & Repair in Powys Board Representative