



REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

MELIN HOMES LIMITED

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MELIN HOMES LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

For the year ended 31 March 2023

Welsh Government Registered Social Landlord Number: **L110**
Co-operative and Community Benefit Societies Act 2014 Register Number: **27421R**

Chair J Thomas

Vice Chair M Reed

Other Members:

W Bowler	G Thomas (resigned 21/9/22)
C Jones	S Tipping
L Howells	J Jackson
P Crockett	A Hearn
P Kennedy	B Thompson
N Gardner	S Sailsu
	N Thomas

Company Secretary: T Broadhead

Management Team:

- P Kennedy (Chief Executive)
- P Crockett (Deputy Chief Executive)
- J Kirrane (Executive Director of People, Homes & Communities)
- A Huckin (Executive Director of Innovation, Culture & Improvement)

Registered Office: Ty'r Efail, Lower Mill Field
Pontypool, Torfaen, NP4 0XJ

Internal Auditors: TIAA
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Statutory Auditors: Haines Watts Wales LLP
7 Neptune Court
Vanguard Way, Cardiff CF24 5PJ

Solicitors: Blake Morgan
Bradley Court
Park Place
Cardiff, CF10 3DP

Bankers: Barclays Bank plc
PO Box 1015
3rd Floor, Windsor Court, 3 Windsor Place, Cardiff, CF10 3ZL

MELIN HOMES LIMITED

VISION, VALUES AND STRATEGY

Melin Homes seeks to be a dynamic organisation that works with others to make a positive difference to the people and communities we work with. We provide quality homes and services in Blaenau Gwent, Monmouthshire, Newport, Powys and Torfaen.

As a registered social landlord, we work closely with local authorities and other partners to build thriving communities. Our mission is to make a positive impact on neighbourhoods by providing high-quality social housing to those who need it. We also give financial advice to our tenants and organise community events to enhance the lives of residents.

Why do we exist

We exist to create opportunities for people and communities to thrive

How do we behave?

Together we can...

- Do the right thing
- Find a way
- Make things happen
- Make a difference
- Enjoy the journey

What we do:

The Melin SMaC Recipe:

- Deliver our purpose and live our values
- Build and maintain affordable homes
- Be a good employer
- Be proactive about collaborative and partnership working
- Listen to and engage with our residents and communities
- Grow our business in a sustainable and ethical way
- Only do things that benefit our residents or communities
- Deliver core services only in South East Wales
- Don't undertake activity that will put our reputation, assets or financial viability at risk
- Only carry out core enabling activities if costs are covered or surplus generated, if commercial, that can be reinvested into core
- Not provide services that are the statutory duty of others unless we are so commissioned

Corporate Strategy

The Association's corporate strategy is set out in a separate document which is reviewed annually. The strategy outlines the direction of travel for Melin Homes, whilst recognising the landscape and operating environment in which we work will continue to change. We continue to be a social landlord at heart, delivering affordable housing and related services to a wide range of people in need.

MELIN HOMES LIMITED

CHAIR'S STATEMENT

This has felt like the first-year post pandemic, we are now well into the new normal. It has been wonderful to see community events taking place and the ability to meet and talk to tenants' face to face. This is so important and one of the ways which we can understand the views of our tenants. Our staff continue to make us all proud of the services they deliver including maintaining our homes whilst continuing to delivery new houses.

There are so many ways now of connecting with our residents and staff and hearing those voices is more important than ever. We believe our role is not just to be an outstanding landlord but to support people to enjoy living in their homes and communities.

The Renting Homes Wales Act came into force on 1st December 2022, in preparation we developed new policies and procedures, and training for staff. In the run up to year end we prepared for converted contracts to be issued to Melin contract holders. This year has seen a focus on mould and damp and ensuring that our homes are fit for human habitation and in response to an increase in the number of cases over the winter period we developed new responsive approaches.

As part of our ongoing commitment to develop 1,000 houses over 5 years we successfully secured £10.3m in grant support and enabled us to handover 128 new homes and commence work on another 165 homes. These were a mix of rented homes and included 43 homebuy transactions which enabled people to take a step on the ladder into owning their own home.

Our subsidiary Candleston has continued to develop the site at Grove Farm and this year has helped Melin to deliver 12 LCHO and 2 social rent homes, with more units to be completed in the coming year. During the year, Candleston also continued its role as development agent for Melin with work starting on Crick Road, which is a 5-year project to develop the community of Portskewett.

We have continued to develop ways to engage with our Residents (Voices) to ensure that all residents have the opportunity to be heard and influence the services we provide. We do this formally and informally through surveys, meetings and community events. During 22/23 the Voices influenced our thinking in important decisions we have made such as Rent Affordability, Service Charges and our Corporate Strategy. In February 2023 we established the Listen Act and Learn Group so that teams across Melin can work together with residents to resolve issues and develop better communication.

We have been working with Tai Pawb on QED and the Leadership challenge. In October of last year we embarked upon a journey towards gaining the QED Leaders Accreditation. The QED Insights Pilot as it is known is the first in Wales and once again Melin is the first Housing Association to pilot the new Award [we were the first Housing Association in Wales to achieve the original QED Award back in 2018]. It further demonstrates Melin's desire to embed Equality, Diversity and Inclusion across the business. The QED Leaders Award will run from October 2022 to July 2024 and will include a practising project which will aim to increase diversity in our workforce.

Our Customer Contact Team (CCT) continues to provide resolution for residents at the first point of contact and has consistently exceeded performance targets in this area. During 2022/23 the CCT answered 60,255 telephone calls, replied to 47,262 text messages and

had 3,695 conversations with residents via Live Chat. They also responded to 1,182 queries from residents via other Social Media Platforms.

We received our latest Regulatory Judgement in June 2023. The judgement remained at Standard for Governance and Standard for Financial Viability, which is the highest level that can be achieved, and we have developed a Regulatory Assurance Plan to ensure that we continue to meet regulatory expectations. We are supported in our Governance of the organisation by a small team who work with the Board and across the organisation. Their work ensures the organisation operates safely and legally; I want to thank them for their work.

The continued success of Melin is down to our staff who are so committed to providing the highest level of service. They continue to find innovative ways of improving the lives of our tenants and their communities. A huge thank you to each and every one of them. I could not undertake this role without the support of my Board colleagues and the leadership team, I owe them my gratitude.

This is my last Chairs statement as I step down in October. It has been the greatest pleasure and privilege to serve as the Chair of such an amazing organisation and the staff and tenants.

J Thomas
Chair

MELIN HOMES LIMITED

REPORT ON HOUSING ASSOCIATION GOVERNANCE

The Board is responsible for ensuring that the Association maintains a system of internal financial control, including suitable monitoring procedures to review its effectiveness. The system is designed to manage rather than eliminate risk of failure to achieve business objectives. However, any such system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of identifying, evaluating and managing the significant risks on the basis of the principles of corporate governance contained in Community Housing Cymru (CHC) Code of Governance and Welsh Government Housing circular RSL 02/10, Internal Controls and Reporting. The Board has considered all of the major business and financial risks.

Governance and financial control have been subject to regular review and the following implemented:

- control of key financial risks through clearly defined authorisation levels and proper segregation of duties;
- risk assessment procedures for the appraisal of all property development schemes;
- regular budgetary monitoring and reporting of operating surpluses, balance sheets and cash flows to the Board;
- reports by senior officers, internal and external auditors on the system of internal financial controls and compliance with key internal procedures, including those relating to income, payroll and payments, contracts, treasury management, new developments and the safeguarding of the Association's assets;
- clear responsibilities on the part of key members of staff for the maintenance of sound financial controls and the production of reliable and timely financial management information;
- procedures and policies are in place to ensure the prevention, detection and reporting of frauds and including a review by the Board of the current register of frauds.

No weaknesses in internal control have been found which would result in any material losses, contingencies or uncertainties which would require disclosure as recommended by the above mentioned circular.

On the basis that a system can provide only reasonable, but not absolute assurance and that it relates to the needs of the business, the system as a whole was found at the time of approving the financial statements to be generally appropriate to the scale of the Association's activities.

MELIN HOMES LIMITED

REPORT ON HOUSING ASSOCIATION GOVERNANCE (continued)

To effectively discharge its functions the Board is required to have a knowledgeable and balanced membership. The Association actively seeks to maintain a membership which contains a broad range of skills, background and interests from which suitable members of the Board of Management can be drawn. The Board consider that it needs experience and understanding in all areas of the business that is Melin to discharge its responsibilities effectively. Where new skills are required which cannot be met by training the Association will use co-option.

The number of Board places reserved for residents will be limited to 1/5 of the Board. This is only available to residents of the Association which have been elected by the residents of the Association. Residents who have been elected to the Board will serve for 3 years from the date of the election and will be eligible to be nominated for re-election.

Residents elected to the Board must comply with the obligations on all Board members as laid down by the Association's rules and will immediately cease to be Board members if they cease to be a tenant of the Association.

MELIN HOMES LIMITED

REPORT OF THE BOARD

The Board presents its report for the year ended 31 March 2023.

The Group

The Group is a not-for-profit organisation administered by a voluntary Board of Management. The Group is zoned to operate throughout Blaenau Gwent, Monmouthshire, Newport, Powys and Torfaen and operates from two offices based in Pontypool. The Group operates and provides 4,666 units of accommodation. It has housing properties which have a NBV of £317 million. It employs 231 people of whom 152 provide housing related services.

Principal Activities

The Group's principal activities are the development and management of social housing together with the provision of excellent services to our customers.

Board Members and Senior Officers

The present Board members and Senior Officers of Melin are set out on page 2, four members were elected.

Employees

In addition to the Board, the strength of the Group lies in the quality and commitment of its employees. Our ability to meet our strategic aspirations is determined by the contribution that is made by all staff and in all parts of the business.

In recognition of this we have continued to invest in our people and create a positive working environment and culture.

We continue to support our staff in understanding the role they play in delivering the Group's objectives and the progress that is being made thanks to their input. The Group provides training to support both organisational and individual development and seeks peoples' views on how to meet challenges and improve services.

Our staff have been rewarded for their hard work with the national recognition of Investors In People Gold, Customer Service Excellence, Corporate Health Standard Platinum and Best Companies accreditation.

The Group is committed to providing equality of opportunity and embracing the diversity of all its current and future employees.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. Melin employs a Head of Corporate Health and Safety, who has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

MELIN HOMES LIMITED

REPORT OF THE BOARD (continued)

Officers' Insurance

The Group has maintained insurance against the liabilities of all the Board members and Senior Officers in relation to the Group.

Performance for the Year

The Group achieved a surplus for the year of £10,360,000, compared to last year's surplus of £5,179,000.

Melin was also able to make significant achievements with some highlights stated below:

- Rent arrears remained low during the year and stood at 1.82% in March 2023;
- Former tenant arrears remained low in March 2023 at 0.46%;
- Voids losses stood at 0.75% at March 2023,
- Gas compliancy stood at 99.97% at March 2023;
- Average satisfaction with reactive repairs stood at 82.71% in March 2023;
- Melin's effective cash management, together with low interest rates, generated savings of £307k in loan interest against the budgeted amount.

Environmental (E), Social (S) and Governance(G) Targets

ESG targets are a hot topic at the moment and are now being incorporated into new loan facilities to ensure that RSL's are doing what they should be doing and that Banks are playing their part in ensuring that this is the case. Melin has set the following targets linked to its current Corporate Strategy:

KPI	Target	21/22 Target	21/22 Actual	22/23 Actual	22/23 Target	23/24 Target	24/25 Target	25/26 Target
Social – Tenancy Sustainability	Number of tenancy failures as a % of the residential tenancies granted by Melin during the year	3%	0.28%	2%	3%	3%	3%	3%
Environmental – Improving efficiency of current stock	Average SAP rating of existing housing properties with actual EPC's	77.99	78.28	78.31	78.16	78.41	78.66	78.91
Governance – Gender Pay Gap	Melin improves or maintains its Median Gender Pay Gap performance	+/-1%	0.21%	0.21%	+/-1%	+/-1%	+/-1%	+/-1%

The Association is committed to maximising the resources available to it and generating sufficient reserves to protect our core business and pursue our future aspirations. As we do this we have a clear understanding of our risk appetite and the need to meet the following funding requirements:

- Maintaining the Group's housing properties in a sound state of repair;
- Financing long term loan repayments;
- Providing a cushion against risk and future uncertainties; and
- Financing new schemes and developments internally.

Future Developments

The Group is zoned to operate and provide new homes in Blaenau Gwent, Monmouthshire, Newport, Powys and Torfaen Council areas.

- Melin has an agreed five-year development plan, and during 2022/2023 resources were allocated to start work on 165 new homes, as well as to purchase land for development.
- The Group will continue to seek new and innovative ways of providing new homes and improving service delivery and is pleased to be involving residents in this ongoing process.

Housing Properties

The Group spent £26 million on the acquisition and development of housing properties. This was financed primarily through Grants of £4 million and internal financing of £22 million was recovered in the form of loans.

Cash Flow and Liquidity

The net cash inflow during the year was £4,241k compared to an outflow of £2,023k in 2021/22. £20 million was drawn down in May 2022 from Macquarie, £4.6m was paid down on our Barclays RCF during the year, £3.4m of Barclays loans were paid off and £500k of our Santander loan were paid off.

MELIN HOMES LIMITED

REPORT OF THE BOARD (continued)

Capital Structure

Housing properties (£317 million) are financed by grants of £157 million (50%), loans of £131 million (41%) and cumulative internal funds of £29 million (9%).

Going Concern

After making enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Risk

Our approach to risk has always been to embed risk management practices into day-to-day activities as much as possible and ensure that it is part of the culture of the organisation to manage risk effectively. Melin's Board and staff are committed to ensuring that risk is minimised as we seek to achieve our objectives and that effective risk management continues to underpin the delivery of our corporate vision and values. Melin has consistently increased our focus on the management of risk and has aligned our risk register in accordance to the Welsh Government's assessment of sector-wide risks.

Our methods of reviewing, monitoring and assessing risk has ensured that we operate in an environment where emerging risks can be planned for in advance to minimise potential impact on our business and financial performance. Melin has developed a Board Assurance Framework (BAF) that links our strategic risks to our internal performance measures as well as our external assurances. This ensures that our risk management processes consider the bigger picture and we are able to identify emerging risks at an earlier stage. The Audit and Assurance Committee are responsible for monitoring the effectiveness of our BAF, which forms part of the quarterly reporting presented to the sub-Committee and Board. We encourage our leaders to monitor and manage their operational risks and ensure strategic links are made to the BAF where relevant.

Below is the most significant strategic risk currently facing Melin, along with a summary of control measures in place to manage this risk:

- **Welfare Reform** – The Welfare Reform Act 2012 introduced a wide range of reforms to the benefits and tax credits system. So far, the impact upon Melin has been minimal, however we have continued to develop our systems and adapt our staff teams to be able to effectively manage the transition. We actively work with our residents to get them back into work and have a dedicated money advice team that aim to get more money back into our resident's pockets. We launched a 'we don't bite' campaign to encourage our residents to talk to us and consistently work with other local organisations in partnership to benefit our residents;

Statement of the Responsibilities of the Board for the Financial Statements

The Co-operative and Community Benefit Societies Act and Registered Social Housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board has:

- selected suitable policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and the Statement of Recommended Practice "Accounting by Registered Housing Associations"; and
- prepared the financial statements on a going concern basis unless it is inappropriate to presume the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords registered in Wales General Determination 2015. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Board is aware:

- there is no relevant audit information of which the Association 's auditors are unaware; and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The annual general meeting will be held on 20 September 2023 at the Melin Offices, Pontypool.

Auditors

A resolution to appoint Haines Watts Wales LLP will be proposed at the annual general meeting.

The report of the Board was approved on 19 July 2023 and signed on its behalf by:



Tom Broadhead
Company Secretary

Independent Auditor's Report to the Members of Melin Homes Limited

Opinion

We have audited the financial statements of Melin Homes Limited (the 'Association') and its subsidiary (the Group) for the year ended 31 March 2023 which comprise the Consolidated Statement of comprehensive income, the Consolidated and Association on Statement of Changes in Reserves, the Consolidated and Association on Statement of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, schedule 1 to the Housing and Regeneration Act 2008 and The Accounting requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on the matters prescribed under Housing Association Circular RSL 02/10 “Internal controls and reporting”

In our opinion, with respect to the Board’s statement on internal financial control:

- 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.

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 or the Housing and Regeneration act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association’s financial statements are not in agreement with books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board’s responsibilities statement set out on page XX, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group and Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Our planning procedures identify the legal and regulatory frameworks applicable to the operations and financial statements of the Association. These are reviewed internally with the audit team including relevant industry experience and expectations as well as externally with the client management. The key laws and regulations we considered in this context were; Financial Reporting Standard (FRS) 102, Co-Operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Once identified, we assess the risks of material misstatements in relation to the laws and regulations, irregularities, including fraud and adjust our testing accordingly. Our audit procedures include:

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularities likely involve collusion, forgery, intentional misrepresentation, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Auditor's responsibilities in respect of the Housing for Wales Circular HFW 02/10 "Internal controls and reporting"

We review whether the Board's statement on internal financial control reflects the Association's compliance with the Housing Association Circular RSL 02/10 "Internal controls and reporting" and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Use of Report

This report is made solely to the Association's members, as a body, in accordance with the requirements of the Co-operative and Community Benefit Societies Regulations 2014, the Housing and Regeneration Act 2008 and The accounting requirements for Registered Social Landlords General Determination (Wales) 2015. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Haines Watts Wales LLP
Statutory Auditor
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date 31 July 2023

MELIN HOMES LIMITED**Consolidated Statement of Comprehensive Income**

For the year ended 31 March 2023

	Notes	GROUP		ASSOCIATION	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	3	35,976	27,208	28,328	26,001
Less: Operating costs	3	<u>(29,044)</u>	<u>(21,843)</u>	<u>(22,125)</u>	<u>(20,501)</u>
Operating surplus	6	6,932	5,365	6,203	5,500
Surplus/(Deficit) on sale of fixed assets		14	0	14	0
Interest receivable	7	364	97	364	97
Interest payable	8	(4,669)	(3,809)	(4,533)	(3,682)
Fair Value Movement on Investment Properties		<u>20</u>	<u>55</u>	<u>20</u>	<u>55</u>
Surplus before tax		2,661	1,708	2,068	1,970
Taxation	26	<u>(11)</u>	<u>(9)</u>	<u>(11)</u>	<u>(9)</u>
Surplus for the year after taxation		2,650	1,699	2,057	1,961
		<u>2,650</u>	<u>1,699</u>	<u>2,057</u>	<u>1,961</u>
Actuarial gain/(loss) on pension	21	7,752	3,480	7,752	3,480
		<u>7,752</u>	<u>3,480</u>	<u>7,752</u>	<u>3,480</u>
Total comprehensive income		<u>10,402</u>	<u>5,179</u>	<u>9,809</u>	<u>5,441</u>

CONTINUING OPERATIONS

None of the Group's or Association's activities were acquired or discontinued during the above two financial years.

HISTORICAL COST

There is no difference between the reported surplus and the historical surplus.

MELIN HOMES LIMITED

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2023

	GROUP	
	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2022	22,420	22,420
Surplus from statement of comprehensive income	10,402	10,402
Actuarial movement	-	-
Transfers to reserves	-	-
Transfers (from) reserves	-	-
	<hr/>	<hr/>
At 31 March 2023	32,822	32,822

	ASSOCIATION	
	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2022	22,929	22,929
Surplus from statement of comprehensive income	9,809	9,809
Actuarial movement	-	-
Transfers to reserves	-	-
Transfers (from) reserves	-	-
	<hr/>	<hr/>
At 31 March 2023	32,738	32,738

MELIN HOMES LIMITED

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	GROUP		ASSOCIATION	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Tangible fixed assets					
Housing properties - gross cost	10	368,154	348,893	361,181	339,680
- depreciation	10	<u>(50,741)</u>	<u>(47,035)</u>	<u>(50,741)</u>	<u>(47,035)</u>
		317,413	301,858	310,440	292,645
Long Term Investments	11	24,662	23,554	24,662	23,554
Other	12	3,116	3,276	3,116	3,276
Current assets					
Investments		113	113	113	113
Debtors: amounts falling due within one year	13a	6,620	11,783	13,274	17,169
Debtors: amounts falling due after more than one year	13b	10,670	10,960	10,670	10,960
Housing Properties Held for Sale	27	243	-	243	-
Cash at bank and in hand		<u>7,816</u>	<u>3,575</u>	<u>6,935</u>	<u>3,330</u>
		25,462	26,431	31,235	31,572
Current liabilities					
Creditors: amounts falling due within one year	14	(25,347)	(24,334)	(24,231)	(19,753)
Grants: amounts falling due within one year	17	<u>(1,417)</u>	<u>(1,373)</u>	<u>(1,417)</u>	<u>(1,373)</u>
		(26,764)	(25,707)	(25,648)	(21,126)
Net current assets		<u>(1,302)</u>	<u>724</u>	<u>5,587</u>	<u>10,446</u>
Total assets less current liabilities		343,889	329,412	343,805	329,921
Non-current liabilities					
Creditors: amounts falling due after more than one year	15	(158,467)	(149,156)	(158,467)	(149,156)
Grants: amounts falling due after more than one year	17	<u>(155,205)</u>	<u>(152,436)</u>	<u>(155,205)</u>	<u>(152,436)</u>
		(313,672)	(301,592)	(313,672)	(301,592)
Pension Liability	21	<u>2,563</u>	<u>(5,400)</u>	<u>2,563</u>	<u>(5,400)</u>
Net assets		<u>32,780</u>	<u>22,420</u>	<u>32,696</u>	<u>22,929</u>
Capital and reserves					
Revenue reserve		<u>32,822</u>	<u>22,420</u>	<u>32,738</u>	<u>22,929</u>
		<u>32,822</u>	<u>22,420</u>	<u>32,738</u>	<u>22,929</u>

The financial statements were approved by the Board of Management on 19 July 2023 and were signed on its behalf by:

Tom Broadhead
Company Secretary



Julie Thomas
Chair



Martin Reed
Vice chair



The notes on pages 16 to 38 form part of the financial statements.

MELIN HOMES LIMITED

STATEMENT OF CONSOLIDATED CASH FLOW
Year Ended 31 March 2023

	Note	12m ended 31 Mar 2023 £'000	GROUP 12m ended 31 Mar 2022 £'000	12m ended 31 Mar 2023 £'000	ASSOCIATION 12m ended 31 Mar 2022 £'000
Net cash inflow from operating activities	1	11,594	5,709	9,368	2,143
Returns on investment and servicing of finance					
Interest paid		(4,722)	(3,782)	(4,586)	(3,655)
Interest received		364	97	364	97
Tax paid		(9)	(10)	(9)	(10)
		<u>(4,367)</u>	<u>(3,695)</u>	<u>(4,231)</u>	<u>(3,568)</u>
Adjustments for reinvestment in existing properties					
Component replacements		(3,572)	(2,340)	(3,572)	(2,340)
Purchase of other replacement fixed assets		(96)	(24)	(96)	(24)
Free cash generated/(consumed) before loan repayments		<u>3,559</u>	<u>(350)</u>	<u>1,469</u>	<u>(3,789)</u>
Loans repaid (excluding revolving credit facilities)		(13,383)	(20,171)	(9,689)	(20,171)
Free cash consumed after loan repayments		<u>(9,824)</u>	<u>(20,521)</u>	<u>(8,220)</u>	<u>(23,960)</u>
Capital expenditure and financial investment					
Purchase and construction of housing properties		(27,154)	(22,024)	(21,749)	(17,750)
Component expenditure		(3,572)	(2,340)	(3,572)	(2,340)
Government grants received		10,557	8,568	10,557	8,568
Grants repaid		163	0	163	0
Purchase of other fixed assets		(427)	(534)	(427)	(534)
Sale of other fixed assets		71	161	71	161
Sale of housing properties and fixed asset investments		<u>10,781</u>	<u>2,247</u>	<u>3,136</u>	<u>2,247</u>
		0	0	0	0
Fair Value Movement on Investment Properties		20	55	20	55
Net cash inflow/(outflow) from investing activities		<u>(9,561)</u>	<u>(13,866)</u>	<u>(11,801)</u>	<u>(9,592)</u>
Free cash inflow/(outflow) before financing		<u>(2,334)</u>	<u>(11,852)</u>	<u>(6,664)</u>	<u>(11,017)</u>
Financing					
Housing loans received		20,000	30,000	20,000	30,000
Housing loans repaid		<u>(13,383)</u>	<u>(20,171)</u>	<u>(9,689)</u>	<u>(20,171)</u>
Free cash (outflow)/inflow from financing		<u>6,617</u>	<u>9,829</u>	<u>10,311</u>	<u>9,829</u>
(Decrease)/Increase in cash	2	<u>4,283</u>	<u>(2,023)</u>	<u>3,647</u>	<u>(1,188)</u>

MELIN HOMES LIMITED

RECONCILIATION OF THE OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		ASSOCIATION	
	12m ended 31 Mar 2023 £'000	12m ended 31 Mar 2022 £'000	12m ended 31 Mar 2023 £'000	12m ended 31 Mar 2022 £'000
1 Operating surplus	6,932	5,365	6,203	5,500
Depreciation of tangible assets	4,791	4,596	4,791	4,596
Surplus on sale of assets	(1,142)	(882)	(1,142)	(882)
(increase)/decrease in debtors	4,950	(9,236)	3,682	(10,517)
increase/(decrease) in creditors	(2,350)	7,217	(2,579)	4,797
Increase in stock	0	0	0	0
Non cash movement in pension	(211)	(46)	(211)	(46)
Amortisation of grant	(1,376)	(1,305)	(1,376)	(1,305)
Net cash inflow from operating activities	<u>11,594</u>	<u>5,709</u>	<u>9,368</u>	<u>2,143</u>

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	12m ended 31 Mar 2023 £'000	12m ended 31 Mar 2022 £'000	12m ended 31 Mar 2023 £'000	12m ended 31 Mar 2022 £'000
2 (Decrease)/Increase in cash in the year	4,241	(2,023)	3,605	(1,188)
Cash inflow from changes in debt	(10,935)	(9,829)	(10,311)	(9,829)
Non cash movement on debt	0	0	0	0
Movement in net debt in the period	<u>(6,694)</u>	<u>(11,852)</u>	<u>(6,706)</u>	<u>(11,017)</u>
Net debt at start of year	(116,940)	(105,088)	(117,185)	(106,168)
Net debt at end of year	<u>(123,634)</u>	<u>(116,940)</u>	<u>(123,891)</u>	<u>(117,185)</u>

3 ANALYSIS OF CHANGES IN NET DEBT

ASSOCIATION	31 Mar 2022 £'000	Cash flows £'000	Non cash amendments	31 Mar 2023 £'000
Cash in hand and at bank	3,330	3,605	-	6,935
	<u>3,330</u>	<u>3,605</u>	<u>-</u>	<u>6,935</u>
Debt due in less than one year	(1,669)	(3,384)	-	(5,053)
Debt due in more than one year	(118,846)	(6,927)	-	(125,773)
Balance at end of year	<u>(117,185)</u>	<u>(6,706)</u>	<u>0</u>	<u>(123,891)</u>
GROUP	31 Mar 2022 £'000	Cash flows £'000	Non cash amendments	31 Mar 2023 £'000
Cash in hand and at bank	3,575	4,241	-	7,816
	<u>3,575</u>	<u>4,241</u>	<u>-</u>	<u>7,816</u>
Debt due in less than one year	(1,669)	(4,008)	-	(5,677)
Debt due in more than one year	(118,846)	(6,927)	-	(125,773)
Balance at end of year	<u>(116,940)</u>	<u>(6,694)</u>	<u>0</u>	<u>(123,634)</u>

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord.

2. Accounting Policies

Basis of Accounting

The principal accounting policies of the Group and Association are set out below. The financial statements of the Association have been prepared in accordance with applicable accounting standards in the United Kingdom, including the Statement of Recommended Practice for "Accounting by Registered Social Housing Providers" as updated in 2018 (SORP 2018), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015.

Turnover

Turnover comprises:

- a) rental income and service charges receivable from tenants less voids;
- b) management fees;
- c) housing property sales;
- c) revenue based grants; and
- d) sundry income.

Housing Properties

Housing properties are principally properties available for rent and are stated at cost.

Cost includes the:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure;
- (iii) interest charges incurred during the development period (Interest on loans raised to finance the development are capitalised up to the date at which practical completion occurs); and
- (iv) development administration costs.

Following the implementation of component accounting, certain components of residential properties with asset lives which are different to the main structure, or shell, of those properties have been separately identified for depreciation purposes. On replacement of such assets the original asset is written off and the replacement asset is capitalised and depreciated over its useful life. On implementing the change in accounting policy the deprecation charges on all residential properties have been reinstated as if the policy had always been applied, replacement components previously written off as major repairs have been restated as fixed assets and components which have been replaced have been written off.

Where properties have been purchased from a private developer at a subsidised price due to local authorities recognising the lack of grant available, the cost of acquisition is grossed up by the value of the subsidised price.

"Housing properties in the course of construction" are stated at cost and are transferred into "housing properties" when completed. Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on the initial purchase of land and buildings is capitalised and disclosed as part of housing properties in the course of construction.

Where properties are sold under WG initiatives such as Right to Buy (RTB), Right to Acquire (RTA) or Shared Ownership the Association will deduct the original cost incurred and original SHG received from the balance sheet. Any surpluses that are made on the sale will be reinvested into our housing stock in the same way as any surplus made throughout the Association.

Basis of consolidation

The consolidated accounts include the results of Melin Homes Limited (“the Association”) and its trading subsidiary undertaking Candleston Limited. Consolidated accounts are required under the Co-operative and Community Benefit Societies Act 2014. Melin Homes Limited is the parent entity and the ultimate parent entity. Where any conflict arises between the SORP 2018 and applicable financial reporting standards, then the SORP prevails.

Development Administration Costs

The cost of a housing property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs of the Association's staff arising directly from the construction, or acquisition of the property, and the incremental costs of the Association are capitalised where they relate to expenditure that would not have been incurred if the Association did not have an ongoing development programme. Detailed analysis of staff development activity is used as a basis of determining the amount of staff cost capitalised.

Abortive costs are capitalised where they form part of the Association's development programme unless it can be demonstrated that such costs are classed as excessive and are then charged to the income and expenditure account.

Properties awaiting sale

Properties awaiting sale are included in current assets at the lower of cost and net realisable value.

Social Housing Grant

Social Housing Grants are receivable from the Welsh Government and are utilised to reduce the capital costs of housing properties. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property.

Where properties have been purchased from a private developer at a subsidised price due to local authorities recognising the lack of grant available, the subsidy is treated as if grant had been received.

Where, following the sale of a property, SHG becomes repayable under certain circumstances, to the extent it is not subject to abatement, it is included as a current liability until it is recycled or repaid. SHG which is repayable will normally be restricted to net proceeds of sale. SHG is subordinated in respect of loans by agreement with the Welsh Government.

Grants received in relation to Housing Properties are shown within creditors and are disclosed as Deferred income net of amortisation. Grants held as deferred income are released over the useful life of the component to which they relate to in accordance with the depreciation policy set out below.

Other Grants

These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Loans & Interest Payable

Loans are advanced by Banks and Building Societies under the terms of individual mortgage deeds in respect of each property or housing scheme.

Interest is allocated at a constant rate on the carrying amount over the period of the borrowing, up to the date of practical completion.

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant (SHG) in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Depreciation of Housing Properties

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred. Depreciation is charged on the historic cost of property components. Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of leases. The depreciable amount is written off over the estimated useful lives from the date of purchase/build as follows:

Component Type	Useful Life
New Build Houses / Flats – Structure	150 Years
Refurbishments/Acquisitions Houses – Structure	125 Years
Refurbishments/Acquisitions Flats - Structure	100 Years
Windows and Doors	25 Years
Kitchens	15 Years
Bathrooms	25 Years
Central Heating	30 Years
Boilers	15 Years
Solar Panels	25 Years
Outside Works	30 Years

Components on leasehold land are depreciated over the shorter of the above and the remaining period of the lease. Freehold land is not depreciated.

Impairment

Housing properties are reviewed for impairment on a regular basis. Where there is evidence of impairment, properties are written down to their recoverable value.

Other Tangible Fixed Assets and Depreciation

Other fixed assets, except freehold office premises are stated at cost and depreciation is provided evenly on the other fixed assets to write them down to their estimated residual values over their expected useful lives.

The principal annual rates, except for freehold office premises, used for other assets are:

Office and Scheme Manager Equipment	10 years
Computer costs	3 - 5 years
Scheme Equipment	5 – 30 years
Motor vehicles - Leased	3 years
Motor vehicles - Purchased	4 years

Scheme equipment assets are held at sheltered accommodation sites and are depreciated on a straight line basis over the useful economic lives. The economic lives vary with the type of asset and range from 5 – 30 years.

The freehold premises comprise two or more components with substantially different useful economic lives. Each component is accounted for separately and depreciated over its useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred. Depreciation is charged on cost on a straight line basis over the component's expected useful life as follows:

Component Type	Useful Life
Freehold Office Premises - Structure	100 Years
Windows and Doors	25 Years
Kitchens	15 Years
Bathrooms	25 Years
Central Heating	30 Years
Boilers	15 Years
Solar Panels	25 Years
Outside Works	30 Years

Pensions

The Association participates in four pension schemes:-

- (i) **Social Housing Pension Scheme**
A centralised final salary Social Housing Pension Scheme funded by contributions from all participating employers and employees in the scheme. Payments are made to a fund operated by the Pensions Trust, an independent Trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries.
- (ii) **Social Housing Pension Scheme – Defined Contribution**
The association set up the Social Housing Pension Scheme defined contribution scheme in April 2014. The scheme is used as the association's auto enrolment scheme.
- (iii) **Greater Gwent (Torfaen) Pension Fund**
A defined scheme, based on final pensionable salary, where contributions to the scheme are determined on the advice of independent actuaries to Torfaen CBC following triennial valuations, using the projected unit method. Retirement benefits are funded from contributions made by the Association and its employees to a multi-employer pension scheme, which provides defined benefits to employees on retirement.
- (iv) **Royal London**
A defined contribution scheme which offers flexibility over payment levels, investment choice and control and benefit flexibility at retirement.

The provisions of FRS102, have been adopted. The expected cost to the Association of pensions is charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees.

The Association is able to identify its share of the underlying assets and liabilities of the pension scheme with regards to the Greater Gwent (Torfaen) Pension Fund and Social Housing Pension Scheme, and in accordance with the requirements of FRS102, discloses certain information concerning assets, liabilities, income and expenditure related to the pension scheme for its employees.

Both the Social Housing Pension Scheme and the Greater Gwent (Torfaen) Pension Fund were closed to any new members with effect from 1 October 2009.

Disclosures relating to the pension scheme are set out in a note to the financial statements.

Value Added Tax (VAT)

The Association is partially exempt for VAT purposes and claims are made for repayment of VAT on items that are specifically allowable. Expenditure is shown inclusive of irrecoverable VAT.

Corporation tax

Melin Homes Limited is registered with Charitable status as a housing association and with the Friendly Societies and Charity Commission. It benefits from corporation tax exemptions available to charitable bodies. Those primary purpose activities that fall within its charitable purposes and where its funds are applied only for these purposes are exempt from corporation tax. Those activities that are not primary purpose are subject to corporation tax for which full provision is made.

The remaining member of the Group is liable to Corporation Tax at the prevailing rate of taxation.

Basis of Preparation

The financial statements have been prepared on a going concern basis. The Board have reviewed and considered relevant information, including the rolling forecasts and future cash flows in making their assessment.

Post Balance Sheet Events

On the 1st April 2023 the Care and Repair operations of the association were restructured into a separate legal entity. Assets and reserves related to this operation were transferred at a cost of £541,064 on this date. There is no impact arising from this change on the reported surplus for the year.

On the 31st May 2023, the association ceased to be a participator of the LGPS Greater Gwent (Torfaen) Pension Fund.

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. Turnover, Operating costs and Operating surplus

	2023			ASSOCIATION 2022		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 4)	23,642	(18,872)	4,770	21,941	(17,644)	4,297
Other social housing activities						
1st tranche property sales	2,740	(1,598)	1,142	2,242	(1,360)	882
Supporting people	-	-	-	-	-	-
Gift Aid	42	-	42	-	-	-
Non-social housing activities						
Lettings	125	(54)	71	122	(66)	56
Care & Repair	1,645	(1,589)	56	1,544	(1,425)	119
Rural Housing Enabler	-	(12)	(12)	-	(6)	(6)
Other	134	-	134	152	-	152
	28,328	(22,125)	6,203	26,001	(20,501)	5,500

The above analysis represents the results of the Association, which is the only Registered Social Landlord in the Group. Its subsidiary contributed as follows to the operating position. A turnover of £7,846k occurred in the year, profit amounted to £592,919 thus leading to the overall group profit of £10,360k.

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. Income and expenditure from social housing lettings

				ASSOCIATION	
				2023	2022
Income	General needs and sheltered housing £'000	Supported housing £'000	Other social housing letting income £'000	Total £'000	Total £'000
Rent receivable	19,989	75	70	20,134	19,069
Service charges income	1,387	5	127	1,519	1,349
Income for support services	3	-	-	3	3
Amortisation of grants	1,380	-	-	1,380	1,308
Physical Adaptation Grant	46	-	-	46	26
DWF Income	-	-	214	214	141
Management Charge	-	-	148	148	141
STBA	-	-	-	-	72
ORP retrofit	198	-	-	198	(168)
	<hr/>				
Turnover from social housing lettings	23,003	80	559	23,642	21,941
	<hr/>				
Cost					
Management costs	6,077	-	39	6,116	6,325
Service charge costs	1,618	2	63	1,683	1,832
Routine maintenance	5,079	2	37	5,118	4,550
Major repairs expenditure	1,134	-	4	1,138	962
Bad debts	160	-	-	160	86
Depreciation on housing properties	4,427	-	-	4,427	4,008
STBA	-	-	-	-	56
ORP retrofit	230	-	-	230	(175)
	<hr/>				
Operating costs on social housing activities	18,725	4	143	18,872	17,644
	<hr/>				
Operating surplus on social housing activities	4,278	76	416	4,770	4,297
	<hr/>				
Rent loss due to voids (memorandum note)	(215)	-	-	(215)	(182)

The above analysis represents the results of the Association, which is the only Registered Social Landlord in the Group.

This year we have reclassified our direct work force costs out of management costs and into the relevant repairs costs.

5. Accommodation in Management

At the end of the year the number of units of accommodation in management for each class of accommodation was as follows:

	GROUP & ASSOCIATION	
	2023	2022
	Number	Number
Melin Rented	3,858	3,761
Other Rented	41	41
Service Costs Only	240	238
Home Ownership	496	486
Commercial	31	32
	<hr/>	
	4,666	4,558
	<hr/>	

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. Tangible Fixed Assets - Housing Properties

	GROUP				
	<i>Housing Properties Held for Letting £'000</i>	<i>Housing Properties Under Construction £'000</i>	<i>Completed Shared Ownership Housing Properties £'000</i>	<i>Shared Ownership Properties Under Construction £'000</i>	<i>Total £'000</i>
Cost					
At 1 April 2022	307,783	40,511	599	0	348,893
Additions	144	25,902	0	0	26,046
Disposals	(39)	(9,600)	0	0	(9,639)
Disposals - LCHO	0	0	0	0	0
Schemes completed in year	16,418	(16,418)	0	0	0
Components - Additions	3,572	0	0	0	3,572
Components - Disposals	(718)	0	0	0	(718)
	-----	-----	-----	-----	-----
At 31 March 2023	327,160	40,395	599	0	368,154
	-----	-----	-----	-----	-----
Accumulated depreciation					
At 1 April 2022	(46,830)	0	(205)	0	(47,035)
Charge for year	(4,255)	0	(6)	0	(4,261)
Depreciation on component disposals	555	0	0	0	555
	-----	-----	-----	-----	-----
At 31 March 2023	(50,530)	0	(211)	0	(50,741)
	-----	-----	-----	-----	-----
Subtotal at 1 April 2022	260,953	40,511	394	0	301,858
Subtotal at 31 March 2023	276,630	40,395	388	0	317,413
	-----	-----	-----	-----	-----

Housing properties comprise:		2023 £'000	2022 £'000
Housing properties	:- Freehold	366,604	347,343
	:- Long leasehold	1,550	1,550
		-----	-----
		368,154	348,893
		-----	-----

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. Tangible Fixed Assets - Housing Properties

	ASSOCIATION				
	<i>Housing Properties Held for Letting £'000</i>	<i>Housing Properties Under Construction £'000</i>	<i>Completed Shared Ownership Housing Properties £'000</i>	<i>Shared Ownership Properties Under Construction £'000</i>	<i>Total £'000</i>
Cost					
At 1 April 2022	307,783	31,298	599	0	339,680
Additions	144	20,497	0	0	20,641
Disposals - Homebuy	(39)	(1,955)	0	0	(1,994)
Disposals	0	0	0	0	0
Schemes completed in year	16,418	(16,418)	0	0	0
Components - Additions*	3,572	0	0	0	3,572
Components - Disposals	(718)	0	0	0	(718)
	-----	-----	-----	-----	-----
At 31 March 2023	327,160	33,422	599	0	361,181
	-----	-----	-----	-----	-----
Accumulated depreciation					
At 1 April 2022	(46,830)	0	(205)	0	(47,035)
Charge for year	(4,255)	0	(6)	0	(4,261)
Depreciation on component disposals	555	0	0	0	555
	-----	-----	-----	-----	-----
At 31 March 2023	(50,530)	0	(211)	0	(50,741)
	-----	-----	-----	-----	-----
Subtotal at 1 April 2022	260,953	31,298	394	0	292,645
Subtotal at 31 March 2023	276,630	33,422	388	0	310,440
	-----	-----	-----	-----	-----
Housing properties comprise:			2023		2022
			£'000		£'000
Housing properties			359,631		338,130
:- Freehold			1,550		1,550
:- Long leasehold			-----		-----
			361,181		339,680
			-----		-----

* Included in Component - Additions is £718k of Optimised Retrofit Programme costs during the year

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. Long Term investments

These comprise of housing units acquired under the Homebuy initiative where by the Association retains an equity share following the initial 70% sale to first time buyers.

	Group and Association	
	2023	2022
	£'000	£'000
Long term investments	24,184	23,097
Rent to Own	450	430
Shared Ownership	28	27
	<u>24,662</u>	<u>23,554</u>

The LT investment relates to an interest free loan representing 30% of the purchase price of the Homebuy property (£39k), and 50% of the purchase price of the Rural Homebuy property, (£18,059k) by individuals under the Do It Yourself Homeownership scheme includes(£6,086k) self funded by Melin. The loan is fully funded by revenue and Social Housing Grant and the respective 30% and 50% of the sale proceeds are repayable when the property is sold.

12. Tangible Fixed Assets - Other

	Freehold Offices £'000	Office Equipment £'000	Group and Association Computer Equipment £'000		Scheme Equipment £'000	Motor Vehicles £'000	Total £'000
Cost							
At 1 April 2022	2,438	774	2,353	1,638	608	7,811	
Additions	-	98	221	96	12	427	
Disposals	-	(160)	-	-	(53)	(213)	
At 31 March 2023	<u>2,438</u>	<u>712</u>	<u>2,574</u>	<u>1,734</u>	<u>567</u>	<u>8,025</u>	
Depreciation							
At 1 April 2022	466	502	1,796	1,324	447	4,535	
Charge for year	30	63	283	43	111	530	
Disposals	-	(103)	-	-	(53)	(156)	
At 31 March 2023	<u>496</u>	<u>462</u>	<u>2,079</u>	<u>1,367</u>	<u>505</u>	<u>4,909</u>	
Net book value							
At 31 March 2023	<u>1,942</u>	<u>250</u>	<u>495</u>	<u>367</u>	<u>62</u>	<u>3,116</u>	
At 31 March 2022	<u>1,972</u>	<u>272</u>	<u>557</u>	<u>314</u>	<u>161</u>	<u>3,276</u>	

Included in the above are motor vehicles and office equipment on hire purchase agreements with a net book value of £256,406 (2022: £335,420).

13. a) Debtors: Amounts falling due within one year

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Arrears of rent and service charges	532	442	532	442
Less: Provision for bad and doubtful debts	(192)	(158)	(192)	(158)
	<u>340</u>	<u>284</u>	<u>340</u>	<u>284</u>
Other debtors	1,144	5,050	7,798	10,436
Cash In Transit	256	87	256	87
Rechargeable Repairs	7	24	7	24
Prepayments and accrued income	4,157	5,657	4,157	5,657
Service charge debtors	445	421	445	421
Housing Finance Grant debtor	271	260	271	260
	<u>6,620</u>	<u>11,783</u>	<u>13,274</u>	<u>17,169</u>

b) Debtors: Amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Housing Finance Grant debtor	9,699	9,970	9,699	9,970
THFC deposit	598	598	598	598
Mor Homes Deposit	259	259	259	259
Loan Debtor	114	133	114	133
	<u>10,670</u>	<u>10,960</u>	<u>10,670</u>	<u>10,960</u>

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

14. Creditors: Amounts Falling Due Within One Year	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Debt due within a year	5,677	5,987	5,053	1,669
Rent and service charges received in advance	788	547	788	547
Purchase ledger	2,156	1,915	1,675	1,886
Accrued loan interest	295	348	295	348
Recycled Social Housing Grant	1,199	1,480	1,199	1,480
SHG received in advance	3,728	1,947	3,728	1,947
Accruals and deferred income	3,608	2,139	3,597	1,905
Corporation Tax	11	9	11	9
Service Charge Creditor	277	235	277	235
ICF Loan	3,678	7,864	3,678	7,864
Promissory Note	0	0	0	0
Land for Housing Loan	2,700	0	2,700	0
ORP	950	1,592	950	1,592
Other creditors	280	271	280	271
	25,347	24,334	24,231	19,753

15. Creditors: Amounts Falling Due After More Than One Year	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Debt (note 16)	125,773	118,846	125,773	118,846
Land for Housing Loan	460	2,700	460	2,700
IHP	1,200	1,200	1,200	1,200
WG Loan	1,000	1,000	1,000	1,000
Mor Homes Bond Premium	456	486	456	486
SHG received in advance	7,027	3,289	7,027	3,289
Recycled Social housing Grant	3,019	2,626	3,019	2,626
Rent to Own Grant	116	116	116	116
Shared Ownership Grant	953	953	953	953
Leaseholder Major Repairs Creditor	428	393	428	393
Leaseholder Cyclical Creditor	49	44	49	44
Investment Grants	17,935	17,458	17,935	17,458
Service Charges	51	45	51	45
	158,467	149,156	158,467	149,156

Recycled Social housing Grant	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening balance 1st April 2022	4,106	4,526	4,106	4,526
Movement during the year	112	(420)	112	(420)
Balance at 31st March 2023	4,218	4,106	4,218	4,106

The net movement of £112k in the RCG balance between 1 April 2022 and 31 March 2023 represents the transfer of SHG resulting from the sale of low cost home ownership properties developed by the Association during the year of £466k and the use of £354k of RCG in DIY Low Cost Home Ownership properties.

16. Debt Analysis	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Housing loans	5,677	5,987	5,053	1,669
Due after more than one year				
Housing loans	125,773	118,846	125,773	118,846
Debt is repayable on loans as follows:				
Due within one year	5,677	5,987	5,053	1,669
Between one and two years	19,714	5,049	19,714	5,049
Between two and five years	2,870	29,582	2,870	29,582
In five years or more	103,189	84,215	103,189	84,215
	131,450	124,833	130,826	120,515

All housing loans are secured by fixed charges on individual properties, and are repayable by instalments. Interest payable on the loans at the year end was at either variable rates linked to either base rates or LIBOR, at 5.07% at year end or fixed rates ranging from 0.79% to 12.1428%. The repayment terms of the loans vary from 5 to 37 years.

The Bank and Building Society loans are secured by fixed charges on individual properties.

The loans from Fresh PLC, a member of Royal Bank of Scotland Group, are repaid in half-yearly instalments at an interest rate of 9.98582% and 12.1428% with the final instalment due to be repaid in 2041. The loan was consolidated from a number of Fresh PLC loans during the 1999/2000 financial year.

The loans from Bank and Building Societies are repaid in monthly or quarterly instalments over terms of 5 to 37 years at fixed and variable interest rates. The fixed interest rates at 31 March 2023 range from 0.79% to 8.38% and the variable rate is 5.07%.

MELIN HOMES LIMITED

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For the year ended 31 March 2023

17. Social housing and other government grants

	GROUP & ASSOCIATION				
	<i>Housing Properties Held for Letting</i>	<i>Housing Properties Under Construction</i>	<i>Completed Shared Ownership Housing Properties</i>	<i>Shared Ownership Properties Under Construction</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Gross grant creditor					
At 1 April 2022	165,030	10,277	384	0	175,691
Additions*	539	3,693	0	0	4,232
Disposals/transfers	(43)	0	0	0	(43)
Disposals - LCHO	0	0	0	0	0
Schemes completed in year	8,068	(8,068)	0	0	0
At 31 March 2023	173,594	5,902	384	0	179,880
Amortisation					
At 1 April 2022	21,750	0	132	0	21,882
Credit for the year	1,376	0	4	0	1,380
Schemes disposed in year	(4)	0	0	0	(4)
At 31 March 2023	23,122	0	136	0	23,258
Net grant creditor					
At 31 March 2023	150,472	5,902	248	0	156,622
At 1 April 2022	143,280	10,277	252	0	153,809

the grants are amortised as follows:

	GROUP & ASSOCIATION	
	2023 £'000	2022 £'000
Amounts falling due:		
Within one year or less	1,417	1,373
Between one and two years	1,417	1,373
Between two and five years	4,251	4,119
In five years or more	149,537	146,944
In more than one year	155,205	152,436
Total grant creditor	156,622	153,809

* The amount of £539k in housing properties held for letting relates to Optimised Retrofit Programme Grant received in the year

MELIN HOMES LIMITED

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For the year ended 31 March 2023

18. Share Capital	GROUP & ASSOCIATION	
	2023	2022
	£	£
<i>Shares of £1 each issued and fully paid</i>		
At 1 April	32	34
New members during the year	-	3
Members written back during year	(2)	(5)
At 31 March	<u>30</u>	<u>32</u>

The shares were issued for cash at par.

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

19. Capital Commitments	GROUP & ASSOCIATION	
	2023	2022
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	<u>37,566</u>	<u>31,498</u>
Capital expenditure that has been authorised by the Board but has not yet been contracted for.	<u>1,048</u>	<u>10,608</u>

The Board of Management expect that the expenditure will be fully financed by the Welsh Government, Banks and internally through Melin's own resources.

20. Investment Grants

The investment grant is funding received from the Welsh Government to fund the Homebuy scheme, the assets of which are shown as a long term investment (Note 11).

	GROUP & ASSOCIATION	
	2023	2022
	£'000	£'000
Investment Grants	17,935	17,458

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For the year ended 31 March 2023

21. Pensions

Employees of the Association participate in one of the three pension schemes currently operated by the Association and Group, these being the Social Housing Pensions Schemes, Torfaen County Borough Council pension scheme, and the Royal London scheme.

The overall pension asset provision is £2,563k for 31st March 2023. This is made up of £3,349k asset for the LGPS and £786k liability for SHPS DB, as referred to below.

Following an extensive staff consultation exercise in October 2009, the Board closed both final salary pension schemes to new members, however opened a window in December 2014 for staff to transfer from SHPS to LGPS. Both schemes are now closed to any new members. The defined contribution schemes were introduced with Royal London from 1 July 2010 and SHPS from April 2014.

This is the fourth year where the SHPS DB accounting changes have been reflected in the accounts. This has resulted in an actuarial loss for the current year of £368k, so along with the £8,120k actuarial gain in the LGPS scheme, the total actuarial gain for the current year is £7,752k.

Pensions Obligations

a. Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefits scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure plus CARE 1/120th, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association had elected to operate the final salary with a 1/60th accrual rate benefits structure for active members as at 1 April 2007 and the final salary with a 1/70th accrual rate benefit structure for new entrants from 1 April 2007.

The Trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at an individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefits payments using a discount rate calculated by reference to the expected future investment returns.

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. Pensions Obligations - continued b. Social Housing Pension Scheme

As at the balance sheet date there were no active members of the scheme employed by the Association.

The Association made an annual contribution towards the past service deficit of £208,000 up to March 2023 and £168,000 up to March 2022.

In accordance with FRS102 reporting requirements, Melin Homes Limited is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

The most recent valuation was carried out as at 30 September 2020, and has been updated by independent actuaries to the SHPS fund to take account of the requirements of FRS102 in order to assess the liabilities of the fund as at 31 March 2023. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value.

The main assumptions used for the purpose of FRS102 are as follows:

	31 March 2023 % per annum	31 March 2022 % per annum
Salary Growth	3.77%	4.17%
Inflation (RPI)	3.19%	3.54%
Inflation (CPI)	2.75%	2.95%
Discount rate	4.85%	2.85%

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

The following amounts were measured in accordance with the requirements of FRS102 for period ended 31 March 2023:

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	3,856	6,347
Present value of defined benefit obligation	4,642	6,959
Surplus (deficit) in plan	(786)	(612)
Defined benefit asset (liability) to be recognised	(786)	(612)

MELIN HOMES LIMITED

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For the year ended 31 March 2023

21. Pensions Obligations - continued

The following amounts were measured in accordance with the requirements of FRS102 for the period ended 31 March 2023:

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2023 (£000s)
Defined benefit obligation at start of period	6,959
Expenses	-
Interest expense	196
Actuarial losses (gains) due to scheme experience	(429)
Actuarial losses (gains) due to changes in demographic assumptions	(12)
Actuarial losses (gains) due to changes in financial assumptions	(1,918)
Benefits paid and expenses	(154)
Defined benefit obligation at end of period	4,642

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2023 (£000s)
Fair value of plan assets at start of period	6,347
Interest income	182
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(2,727)
Contributions by the employer	208
Benefits paid and expenses	(154)
Fair value of plan assets at end of period	3,856

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(2,727)
Experience gains and losses arising on the plan liabilities - gain (loss)	429
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	12
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,918
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(368)
Total amount recognised in other comprehensive income - gain (loss)	(368)

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. Pensions Obligations - continued

b. Greater Gwent (Torfaen) pension scheme

In accordance with FRS102 reporting requirements, Melin Homes Limited is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Melin Homes Limited participates in the Greater Gwent pension scheme, which is administered by Torfaen County Borough Council and is a defined benefit scheme, based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2022, and has been updated by independent actuaries to the Greater Gwent pension fund to take account of the requirements of FRS102 in order to assess the liabilities of the fund as at 31 March 2023. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value.

Melin Homes Limited's contribution rate from 1 April 2022 to 31 March 2023 was 26.3% of pensionable salary costs.

The main assumptions used for the purpose of FRS102 are as follows:

	31 March 2023	31 March 2022
	% per annum	% per annum
Rate of increase in salaries	2.90%	2.55%
Rate of increase in pensions	2.75%	2.95%
Discount rate	4.85%	2.85%

Assets are valued at fair value, principally market value for investments, and comprise:

	31 March 2023	31 March 2022
	%	%
Equities	79	81
Bonds	17	16
Property	3	3
Cash/Liquidity	1	0

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the fund as a whole at 31 March 2023.

As at the balance sheet date there were 40 active members of the scheme employed by the Association.

The pension charge includes contributions payable by the Association to the fund and amounted to £813,997 in 2023 (£818,321 in 2022).

MELIN HOMES LIMITED

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21. Pensions Obligations - continued

The following amounts were measured in accordance with the requirements of FRS102 for period ended 31 March 2023:

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair Value of plan assets	17,455	-	17,455
Present Value of funded liabilities	-	22,243	(22,243)
Opening position as at 31 March 2022	17,455	22,243	(4,788)
Service Cost			
Current service cost	-	536	(536)
Total Service Cost	-	536	(536)
Net Interest			
Interest income on plan assets	506	-	506
Interest cost on defined benefit obligation	-	640	(640)
	506	640	(134)
Total defined benefit cost recognised in Profit or (Loss)	506	1,176	(670)
Cashflows			
Plan participants' contributions	90	90	-
Employer contributions	687	-	687
Benefits Paid	(139)	(139)	-
Expected closing position	18,599	23,370	(4,771)
Remeasurements			
Changes in demographic assumptions		(1,100)	1,100
Changes in financial assumptions		(8,681)	8,681
Other experience	(165)	922	(1,087)
Return on assets exc amounts included in net interest	(574)		(574)
Total remeasurements recognised in Other Comprehensive Income (OCI)	(739)	(8,859)	8,120
Fair Value of plan assets	17,860	-	17,860
Present Value of funded liabilities	-	14,511	(14,511)
Closing position as at 31 March 2023	17,860	14,511	3,349

The following amounts were measured in accordance with the requirements of FRS102 for period ended 31 March 2022:

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair Value of plan assets	17,455	-	17,455
Present Value of funded liabilities	-	22,243	(22,243)
Opening position as at 31 March 2022	17,455	22,243	(4,788)

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. Pensions Obligations - continued

	Assets	Obligations	Net (liability)/
	£'000	£'000	asset
Service Cost			£'000
Current service cost	-	652	(652)
Total Service Cost	-	652	(652)
Net Interest			
Interest income on plan assets	348	-	348
Interest cost on defined benefit obligation	-	509	(509)
	348	509	(161)
Total defined benefit cost recognised in Profit or (Loss)	348	1,161	(813)
Cashflows			
Plan participants' contributions	99	99	-
Employer contributions	719	-	719
Benefits Paid	(216)	(215)	(1)
Expected closing position	18,405	23,288	(4,883)
Remeasurements			
Changes in demographic assumptions		(122)	122
Changes in financial assumptions		(2,198)	2,198
Other experience		81	(81)
Return on assets exc amounts included in net interest	620		620
Total remeasurements recognised in Other Comprehensive Income (OCI)	620	(2,239)	2,859
Fair Value of plan assets	19,026	-	19,026
Present Value of funded liabilities	-	21,049	(21,049)
Closing position as at 31 March 2022	19,026	21,049	(2,023)

c. Royal London Defined Contribution Scheme

The Association set up the Royal London Defined Contribution Scheme from 1 July 2010. Only new staff are eligible to join the Group Person Pension which offers flexibility over payment levels, Investment Choice and control and benefit flexibility at retirement. The scheme is closed to existing employees.

Between 1 April 2022 and 31 March 2023, the Association paid contribution rates between 5.5% and 9%. Member contribution rates varied between 3% and 21%. As at the balance sheet date, there were 116 active members of the scheme employed by the Association.

The pension charge includes contributions payable by the Association to the fund and amounted to £476,641 in 2023 (£471,319 in 2022).

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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21. Pensions Obligations - continued

d. Social Housing Pension Scheme (SHPS) Defined Contribution Scheme

The Association set up the SHPS Defined Contribution Scheme in April 2014.

The scheme is used as the Association's Auto Enrolment Scheme.

Between 1 April 2022 and 31 March 2023, the Association paid contribution rates of 3%.

Member contribution rates were 5%. As at the balance sheet date, there were 61 active members of the scheme employed by the Association.

The pension charge includes contributions payable by the Association to the fund and amounted to £48,461 in 2023 (£45,492 in 2022).

22. Controlling Interests

On the 23 June 1998 Melin Homes Ltd became the sole Trustee of Henry Burton Almshouse Charity. As at 31 March 2023, the total net assets of the Charity amounted to £1,338,956. The total turnover was £143,910 and the net deficit for the year was £2,062.

As the Managing Agent, Melin Homes received a total of £36,464 in fees from the Charity during the current year (2022: £35,402). There was £29,887 balance owing as at 31 March 2023. (2022: £17,968).

The Registrar of Friendly Societies has agreed that the accounts of Henry Burton Almshouse Charity need not be consolidated with those of the Association.

On the 13 January 2023 Melin Homes Ltd became the sole Trustee of Roger Williams and Queen Victoria Almshouses

23. Related Parties

The terms and conditions of the tenancy are the standard terms and conditions for the type of tenancy held.

Melin Homes Ltd was owed £7,202k from its subsidiary Candleston Ltd as at 31st March 2023 (2022:£5,467k).

24. Taxation

Melin Homes Limited is registered with Charitable status as a housing association and with the Friendly Societies and Charity Commission. It benefits from corporation tax exemptions available to charitable bodies. Those primary purpose activities that fall within its charitable purposes and where its funds are applied only for these purposes are exempt from corporation tax. Those activities that are not primary purpose are subject to corporation tax for which full provision is made.

The remaining member of the Group is liable to Corporation Tax at the prevailing rate of taxation.

MELIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

25. Contingent Liabilities

As stated in the accounting policies, social housing grant is repayable in certain circumstances and therefore any amounts written off could be liable for repayment. The amount to date that the Association may need to repay should these circumstances arise is £23,258k.

26. Corporation Tax	2023 £'000	2022 £'000
Corporation tax charge	<u>11</u>	<u>9</u>

The basis of corporation tax charge is explained in note 24.

27. Housing Properties Held for Sale	2023 £'000	2022 £'000
Housing properties held for sale at the beginning of the year	-	-
Housing properties transferred during the year	<u>243</u>	<u>-</u>
Housing properties held for sale at the end of the year	<u>243</u>	<u>-</u>

28. Group Note

The Association has one directly owned subsidiary, Candleston Limited of which 100% of the share capital is owned. The results of the subsidiary are shown in note 3 with the year end outstanding balances disclosed in note 23.

Melin Homes Limited is legally owned by its shareholders, but they are restricted and have no personal beneficial interest in the assets of the Association. The ultimate controlling party is considered to be the Board of directors.

Melin Homes Limited is the parent of the largest and smallest group in which the results of the Group are consolidated. Copies of the consolidated financial statements are available on request from the registered address of the Association.