

SOLAS CYMRU LIMITED



**BOARD & GOVERNANCE REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009**

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YEAR ENDED 31 MARCH 2009**

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**SOLAS CYMRU LIMITED
BOARD & GOVERNANCE REPORT
YEAR ENDED 31 MARCH 2009**

The Board is pleased to present its report and the audited financial statements of Solas Cymru Limited ("the Company") for the year ended 31 March 2009.

The Company is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Social Landlord with the Welsh Assembly Government ("WAG").

The Seren Group

The Group comprises Seren (the parent company), Charter, Fairlake, Gwent Homes (a subsidiary of Fairlake), Pen yr Enfys, REACH and Solas. All Group Members are 'not for profit' organisations governed by voluntary Boards. With the exception of Pen yr Enfys which is a Registered Charity, Group Members are registered as Industrial and Provident Societies and as Registered Social Landlords ("RSL's") with the Welsh Assembly Government ("WAG"). Gwent Homes is the only Group Member with non-charitable rules, allowing a range of activities to be undertaken by the Group. Gwent Homes makes Gift Aid payments to Group Members. The majority of staff are employed on joint contracts of employment, enabling them to work for any member of the Group as required.

Charter, Fairlake, Pen yr Enfys, REACH and Solas are subsidiaries of Seren by virtue of Seren's control of the Boards, achieved through its ability to appoint and remove a majority of the members to each Board. Members of the Board of Fairlake also make up the Board of Gwent Homes so that those companies are under common control.

All subsidiaries have the right to nominate two members to the Board of Seren, other than Pen yr Enfys (which has the right to nominate one member) and Gwent Homes. The Board of Seren also includes independent members, and the rules stipulate that the Board should seek to maintain a ratio of two nominated members to every one independent member.

Each Group Member has its own Board and Corporate Director. The Group Chief Executive and Corporate Directors form the Executive Team, which manages the day to day affairs of the Group.

Principal Activities

Seren Group's purpose is to provide housing and support which makes a positive difference to people's lives. The Group operates predominately in South East Wales.

The principal activities of the Company are the provision of accommodation and a range of services to homeless people.

Statement of Board's Responsibilities

The Board is responsible for preparing the Board and Governance Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the surplus or deficit for the period.

In preparing these financial statements, the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP 2008) 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 Company will continue in business.

SOLAS CYMRU LIMITED
BOARD & GOVERNANCE REPORT - continued
YEAR ENDED 31 MARCH 2009

Responsibilities of the Board of Management - continued

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales General Determination 2000. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Board Members who held office at the date of approval of this Board and Governance report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Board Member has taken all the steps that they ought to have taken as a Board Member to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Board and Governance Structure

The activities of the Company are overseen by the Board. Other Group Member Boards oversee the activities of those companies. An Intercompany Agreement is in place which identifies the respective rights and responsibilities of each member of the Seren Group. The Group Corporate Governance Committee considers continuous improvement and the findings of internal and external audit reports. It addresses issues of governance, value for money, treasury management and special audits, and monitors the appointment, and performance, of external auditors. It also recommends the appointment of external auditors to each Group Member.

The Nominations & Remuneration Committee meets as required to identify and interview new Board Members, making its recommendations to the appropriate Board. It also meets to consider remuneration packages for the Executive Team, having taken into account performance, responsibilities, market levels, and ability to pay. Executive Team members do not receive incremental uplifts or share options, nor do they hold any interest in the share capital of the Group. Executive Team members receive a salary enhancement to cover the cost of personal provision of a car.

Executive Team members are entitled to the same pension arrangements as the majority of other staff.

Employment

The Seren Group is a major employer in South East Wales and now employs approximately 800 people. Details of the staff employed by the Company are set out in note 4.

The Group has a consultation forum, Viewpoint, which represents the entire Group's staff. The Group recognises UNISON as the union representing the interests of the majority of Group staff in discussions on Conditions of Service.

The Group actively invests in training and staff learning and development for all staff; reflected in its Investor in People status which was successfully reassessed in November 2008. Charter's estate management team is accredited with ISO 9002, and an NVQ training program is active in REACH. The Group's senior and middle management staff have completed leadership and management development programmes aimed at developing their management skills.

Equal Opportunities

The Group is committed to equal opportunities in employment and the provision of services, and aims to achieve a staff profile which reflects the wider communities in which it works. It is also the Group's policy to employ, to the best of its abilities within the opportunities available, people with disabilities. As part of a 'Positive About Disabled People' commitment the Group undertakes to interview all applicants with disabilities who meet the minimum criteria for the post they are applying for. Employment initiatives have been established to train housing students from ethnic minority backgrounds, to provide work placements for Solas clients, and also to assist people with learning difficulties to integrate into the wider community.

The Group was instrumental in the formation of 'Space for People', a service set up to assist disabled people with their housing needs, which has been 'hosted' by Charter for the last 3 years. Funding has reduced significantly for this initiative, but Charter continues to support the reduced service.

Health and Safety

The Group has an overall Health & Safety Policy in place, supplemented by specific procedures and guidance, and staff are given training on matters of health and safety. The Health & Safety Working Party meets quarterly to consider operational and development issues and to disseminate good practice and learning through the Group. Union appointed Safety Representatives also assist the Group in monitoring working practices. The Group is currently reviewing its approach to health and safety to ensure it continues to reflect best practice.

During the year the Group did not incur any enforcement notices from the Health & Safety Executive or any other Regulatory Authority.

Customer Involvement

Clients provide feedback about the policies and procedures that the Company uses that affect them and participate in the interviews of new support staff. Clients have also been encouraged to assist in gardening and decoration of the schemes in which they live, preparing them for when they move on to independent accommodation.

Performance in the year

The Company is a major recipient of funding for care and support services, including community care funding as well as Supporting People and other grants. Funding pressures on local authorities are noticeable, but have largely been contained in the periods covered in these financial statements. Imaginative work is underway with Local Authority partners to sustain funding levels as well as support people to live in ways that work for them.

During the year the Company has been working with Newport City Council and Charter to transfer an existing homeless persons scheme to the Group. The transfer should be completed during the next financial year.

Prospects for Future Performance

The Group has a well developed 30 year financial projection, covering each Group Member individually and the Group as a whole. The projection confirms that the Group is well placed financially to deliver on its targets – particularly its growth plans and the target of achieving the Welsh Housing Quality Standard by 2012.

The Group's financial strength allows it to fully partake in current Welsh Assembly Government led initiatives to stimulate the economy and deliver new homes in a difficult economic environment. The Group's low cost home ownership activity has been sustained despite the downturn and the reduction in house prices and the expertise developed in this area makes the Group well placed to take advantage of opportunities for growth when the economy begins to recover.

Rent increases and care and support funding may be affected by the current deflationary environment. The Group is well placed to withstand these pressures.

Prospects for Future Performance - continued

The Group wide Business Approval Team has delegated authority for new business opportunities for the Group. It ensures that the appropriate skills and knowledge are brought to bear when assessing an opportunity, and also ensures a consistent approach to risk assessment. The Business Approval Team works within a clear framework of delegated authority, set by each Group Member Board, and which is reviewed annually.

The Group Asset Management Strategy incorporates all strategic property issues, including delivering the Welsh Housing Quality Standard commitment. The Group has electronic stock condition survey tools and asset management software in order to improve the collection and analysis of this data. Improving the long term environmental sustainability of new and existing properties is a strategic priority for the Group.

The Group continues to strive for continuous improvement. A revised Risk Management Strategy has been approved and each Group Member incorporates strategic and operational risks in its business planning.

Financial Review

The Company's surplus for the year is £132,000 (2008: £119,000). The revenue results in the financial statements demonstrate the delivery of growth while sustaining operational efficiency.

The Group has revised its approach to treasury management, which balances an ability to respond to market conditions with a risk averse approach to arranging new funding. In view of the difficulties in the lending market this area is now subject to routine monitoring by the Group Corporate Governance Committee. The Group's loan portfolio consists of a mix of fixed rate and variable rate funding, and the Board requires Officers to maintain a proportion of fixed funds between certain limits. The Group also has bond finance which matures in 2019. Interest rate hedging is currently achieved through the portfolio mix. There are no further hedging instruments, including derivatives, in place.

Funds are in place with a number of providers, and currently all loans are placed through Charter. Charter acts as the financing agent for the Group and on-lends to other Group Members, particularly Fairlake, as required. Credit balances are collated centrally to ensure that the Group minimises overall borrowing costs.

The Company made no donations to any registered political parties during the year (2008: £nil).

Reserves

The Group has a Reserves Policy, addressing uninsurable risks and the long term maintenance of housing and other property. Details of reserve transfers for the year ended 31 March 2009 are set out in notes 12 and 13 on page 16.

Internal Financial Control

The Board acknowledges its responsibility for the system of internal financial control, and has taken measures which will provide reasonable, but not absolute assurance against material misstatement or loss. The Board employs experienced and suitably qualified staff to administer the systems and controls and take responsibility for important business functions.

The Board operates to clearly defined Financial Regulations and Standing Orders. It ensures that formal policies, procedures and levels of delegated authority are in place, and requires financial plans and management accounts to be laid before it for regular review. An explanation for any departure from these plans is required together with a proposal for appropriate corrective action.

The Board considers risk in the development of policies; it has also assessed risk in relation to its reserves policy and formulation of internal audit plans. The risk management framework extends into non-financial areas.

Internal Financial Control - continued

Internal audit reports are received directly by the Group Corporate Governance Committee, and contain recommendations from internal auditors on the operation of internal control. Both internal and external audit reports are considered by the Group Corporate Governance Committee with progress reports supplied to the Committee until all corrective action has been completed. Through the above mechanisms, the Board has reviewed the effectiveness of the internal financial control within the accounting period to the date of the signing of the financial statements.

Annual General Meeting

Details of the Annual General Meeting will be confirmed once the arrangements have been finalised.

Auditors

External audit services were last tendered in 2005 and KPMG LLP were appointed by the Board. A resolution to reappoint KPMG LLP as auditors to the Company will be proposed at the Annual General Meeting.

Approval of the Report

The report of the Board was approved on 30 July 2009 and is signed on its behalf by the Chair.

A handwritten signature in blue ink, appearing to be 'B. Adul', is located in the lower-left quadrant of the page.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLAS CYMRU LIMITED FOR THE YEAR ENDED 31 MARCH 2009

We have audited the financial statements of Solas Cymru Limited for the year ended 31 March 2009 which comprise Income and Expenditure account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The responsibility of the Association's Board for the preparation of the Board's report and the preparation of financial statements in accordance with applicable United Kingdom law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on pages 1 and 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales: General Determination 2000. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

In addition to our audit of the financial statements, we have reviewed whether the Board's statement on pages 4 and 5 reflects the Association's compliance with the Housing for Wales Circular 8/97 ("the Circular") 'Internal financial control and financial 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 our audit of the financial statements.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLAS CYMRU LIMITED FOR THE YEAR ENDED 31 MARCH 2009 cont.

Opinion

In our opinion the financial statements:

- Give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2009 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial & Provident Societies Acts 1965-2002, the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales: General Determination 2000.

With respect to the Board's statement on internal financial controls on pages 4 and 5 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.



KPMG LLP
Chartered Accountants
Marlborough House
Fitzalan Court
Cardiff
CF24 0TE

Registered Auditor



**SOLAS CYMRU LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2009**

	Notes	2009 £000	2008 £000
Turnover	2	3,323	3,016
Operating costs	2	(3,233)	(2,915)
Operating surplus	5	90	101
Interest receivable and similar income	6	42	18
Surplus for the year	12	132	119

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




There were no recognised surpluses or deficits other than those included in the income and expenditure account.

There is no difference between the surplus disclosed above and the surplus calculated on a historic cost basis in either period. Accordingly a note of historical cost surpluses and deficits has not been presented.

SOLAS CYMRU LIMITED
BALANCE SHEET
AS AT 31 MARCH 2009

	Notes	2009 £000	2008 £000
Tangible fixed assets			
Fixed assets	7	1,080	1,109
Grants	8	(900)	(906)
		<u>180</u>	<u>203</u>
Current assets			
Debtors: amounts falling due within one year	9	678	589
Cash at bank		155	75
		<u>833</u>	<u>664</u>
Creditors: amounts falling due within one year	10	(197)	(183)
Net current assets		<u>636</u>	<u>481</u>
Net assets		<u>816</u>	<u>684</u>
Capital and reserves			
Non equity share capital	11	-	-
Revenue reserves	12	646	547
Designated reserves	12	167	134
Restricted reserves	13	3	3
		<u>816</u>	<u>684</u>

These Financial Statements were approved by the Board on 30 July 2009 and were signed on its behalf by:-

Secretary 
Chair 
Board Member 

The notes on pages 10 to 19 form part of these Financial Statements.

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

1 Accounting Policies

a) Introduction and Accounting Basis

The principal accounting policies of the Company are set out in paragraphs b) to l) below. These Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, "Accounting by Registered Social Landlords" 2008 ("2008 SORP") and comply with the Accounting Requirements for Social Landlords Registered in Wales General Determination 2000.

b) Turnover

Turnover represents rental and service charge income, net of voids, revenue based grants and management charges. Revenue grants are credited to the Income and Expenditure account in the period in which they are receivable. All turnover is derived from United Kingdom operations.

c) Apportionment of Management Expenses

Costs are attributed to activities where they can be identified, and are apportioned according to the nature of the expense e.g. office premises costs on a square footage basis, salary related costs on a time basis. Where attribution in this manner is not possible, such costs are apportioned on the basis of usage made by the relevant departments.

d) Bad Debts Provision

Provision is made for rent loss based on 95% of former tenant arrears and 3% of current tenant arrears.

e) Pension Costs

The Company participates in the Social Housing Final Salary Pension Scheme. Retirement benefits to employees of the Company are 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 to employees of voluntary organisations.

These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating member organisations taken as a whole.

The scheme is a defined benefit scheme and as members of the scheme are unable to specifically identify their share of the underlying assets and liabilities these are not incorporated directly into the assets and liabilities reflected in the Financial Statements in accordance with Financial Reporting Standard 17, Retirement Benefits.

Particulars of the scheme are provided in note 15.

f) Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated on a straight line basis over the expected useful lives less estimated residual values, as follows:

- Leasehold offices – 2% per annum
- Other leasehold property - over the term of the lease
- Service chargeable assets - 3 to 20 years (corresponding to income)
- Other non-property assets - 3 to 10 years

A full year's depreciation is charged on the Company's assets in the year of acquisition, and no charge is made in the year of disposal. All relevant items over £150 are treated as capital expenditure.

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

1 Accounting Policies - continued

g) Grants

Grants received towards the cost of fixed assets are disclosed in note 8. The value of grants is deducted from the cost of the related asset before calculating depreciation.

h) Operating Leases

Operating leases are accounted for by making charges to the Income and Expenditure Account as expenditure is incurred.

i) Creditor Payment Policy

The Company aims to settle all supplier accounts in accordance with the relevant terms of business once it is satisfied that the supplier has fulfilled its obligations.

j) Impairment

Where it is recognised that there is a diminution of value of any asset, the full reduction in value is written off to the Income & Expenditure Account in the period.

k) Reserves

The Company establishes reserves for specific purposes where they are earmarked for a particular purpose.

l) Cashflow Statement

As permitted by the Statement of Recommended Practice, the Company has not produced a cashflow statement, as the consolidated Financial Statements of Seren Group Limited include a consolidated cashflow statement.

**SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009**

2a Turnover, operating costs and operating surplus/(deficit)

	Year ended 31 March 2009		Year ended 31 March 2008	
	Turnover	Operating costs	Turnover	Operating costs
	£000	£000	£000	£000
INCOME AND EXPENDITURE FROM LETTINGS				
Supported Housing	2,933	2,805	2,573	2,417
				156
OTHER ACTIVITIES INCOME AND EXPENDITURE				
Compass scheme	148	161	186	174
Bond scheme / other	242	267	257	324
	390	428	443	498
	3,323	3,233	3,016	2,915
				101
				(55)
				12
				(67)

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

2b Number of units in management

	2009 Number	2008 Number
Supported housing	146	132

2c Turnover from lettings

	2009 £000	2008 £000
Rents	1,639	1,217
Less: rent losses from voids	(107)	(44)
Net rent receivable	1,532	1,173
Grant for supported housing	1,396	1,396
Miscellaneous income	5	4
	2,933	2,573

2d Operating costs from lettings

	2009 £000	2008 £000
Supported housing:		
Services	821	596
Management	1,977	1,778
Major repairs	-	-
Operating costs from fully rented housing accommodation	2,798	2,374
Rent loss from bad debts	7	43
	2,805	2,417

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

3 Directors' emoluments

For the purpose of this note Directors means the Members of the Board and the Corporate Director of the Company. The members of the Board receive no remuneration. The remuneration of the Group Chief Executive is reflected in the Financial Statements of Seren Group Limited.

	2009	2008
	£000	£000
The remuneration paid to the Directors was:-		
Emoluments (Including pension contributions and benefits in kind)	42	64
Emoluments (Excluding pension contributions)	39	57
Corporate Director's employers pension contribution as an ordinary member of the company scheme.	3	7

No enhanced or special terms apply. No contributions have been made to any individual scheme.

The number of Directors who received emoluments (excluding pension contributions) in the following range was:-

	2009	2008
	Number	Number
£55,001 - £60,000	-	1
£50,001 - £55,000	-	-
£45,001 - £50,000	-	-
£40,001 - £45,000	-	-
£35,001 - £40,000	-	-
£30,001 - £35,000	1	-
£25,001 - £30,000	-	-
£20,001 - £25,000	-	-
£15,001 - £20,000	-	-
£10,001 - £15,000	1	-
£nil	11	10
	13	11
	2009	2008
	£000	£000
Non-executive directors' expenses	1	1

4 Employee information

The average weekly number of persons (including executives) employed during the year was:-

	2009	2008
	Number	Number
	76	75
	2009	2008
	£000	£000
Staff costs (for the above persons):-		
Wages and salaries	1,798	1,698
Social security costs	141	133
Pension costs	89	90
	2,028	1,921

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

5 Operating surplus	2009	2008
	£000	£000

The operating surplus is stated after charging :-

Depreciation of tangible fixed assets - owned (net of grant)	(38)	(39)
Auditors' remuneration	(4)	(5)

6 Interest receivable and similar income

Interest receivable relates to balances repayable on demand. Group Member interest is calculated at variable rates linked to the cost of external funding to the Group.

7 Fixed assets

	Leasehold Properties £000	Office Furniture & Equipment £000	Project Furniture & Equipment £000	Total £000
COST				
At 1 April 2008	1,032	53	380	1,465
Additions	-	-	9	9
At 31 March 2009	1,032	53	389	1,474
DEPRECIATION				
At 1 April 2008	6	42	308	356
Charge for the year	-	2	36	38
At 31 March 2009	6	44	344	394
NET BOOK VALUE				
At 31 March 2009	1,026	9	45	1,080
At 1 April 2008	1,026	11	72	1,109

8 GRANTS

	Leasehold property £000	Project furniture & equipment £000	Total £000
At 1 April 2008	878	28	906
Grant released	-	(6)	(6)
At 31 March 2009	878	22	900

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

9 Debtors	2009	2008
	£000	£000
Amounts falling due within one year:		
Rent arrears (gross)	104	96
Provision for bad debts	(22)	(45)
Rent arrears (net)	82	51
Grant outstanding	-	131
Group Member - Charter Housing Association Limited	557	378
Other debtors & prepayments	39	29
	678	589

10 Creditors: amounts falling due within one year	2009	2008
	£000	£000
Accruals and other creditors	52	29
Deferred income	23	22
Rent received in advance	70	46
Grants received in advance	52	86
	197	183

11 Non equity share capital	2009	2008
	£	£
Shares at £1 each fully paid and issued		
1 April 2008	17	16
Issued during year	2	1
Surrendered during year	(4)	-
31 March 2009	15	17

The shares carry voting rights, but no rights to dividends or any distribution on winding up. There is no provision for any redemption.

12 Revenue & designated reserves

	2008 £000	Transfers		2009 £000
		To income / exp £000	From income / exp £000	
Revenue reserves	547	(33)	132	646
Major repairs	49	-	8	57
Cyclical maintenance	47	-	26	73
Project development	38	(1)	-	37
Total designated reserves	134	(1)	34	167

13 Restricted reserves

The restricted funds amounting to £2,887 (2008: £2,887) relate to monies raised to fund specific projects.

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

14 Capital commitments and contingent liabilities

At 31 March 2008 and 31 March 2009:

There was no capital expenditure contracted for but not provided for in the Financial Statements.

There was no capital expenditure authorised by the Board of Management but not yet contracted for.

There were no contingent liabilities.

15 Pensions

The Company participates in the Social Housing pension Scheme ("SHPS"), a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. It is not possible to analyse the on-going funding deficit by individual employer due to the nature of the SHPS Scheme. SHPS is a multi-employer scheme where:

- The assets of the entire SHPS are pooled for investment purposes.
- Benefits are paid from the total scheme assets and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

As a result of this it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer.

Accordingly due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable. The employer contributions over the period were £89,000 (2008:£90,000).

The last formal valuation of the scheme was performed as at 30 September 2008 by a professionally qualified actuary using the projected unit method. The market value of the scheme's assets at the latest valuation date was £1,527 million. The valuation revealed a shortfall of assets compared to liabilities of £663 million, equivalent to a past service funding level of 70%. The next full actuarial valuation is expected to be carried out as at 30 September 2011.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

		% per annum
Valuation discount rates:	Pre retirement	7.8
	Non Pensioner Post retirement	6.2
	Pensioner Post retirement	5.6
Pensionable earnings growth:		4.7
Price inflation:		3.2
Rate of pension increases:	Pre 88 GMP	0.0
	Post 88 GMP	2.8
	Excess over GMP	3.0
Mortality pre retirement	PA92 Year of Birth, long cohort projection, minimum improvement 1%pa	
Mortality post retirement	90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa	

During the accounting period the Company paid contributions at the rate of 13.8%. Member contributions varied between 6.7% and 8.7%.

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

15 Pensions - continued

Background on employer debt legislation

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

16 Group information

Solas Cymru Limited is a member of the Seren Group. The group comprises:

Seren Group Limited (Parent)
 Reach supported Living Limited
 Charter Housing Association Limited
 Pen yr Enfys Limited
 Solas Cymru Limited
 Gwent Homes Limited
 Fairlake Properties Limited

With the exception of Gwent Homes Limited, all group members have charitable rules.

Seren Group Limited has a right to exercise a dominant influence over the activities of Solas Cymru Limited and the other group members. Seren Group Limited prepares consolidated financial statements which incorporate the results of all group members.

17 Related parties

Transactions between Group Members are summarised below. The Chair and one other Board Member of the Company and other Group Members are also Board Members of Seren Group Limited. Charter Housing Association is the landlord of the majority of schemes operated by the Company. Seren Group Limited provides finance and corporate services to the Company. Where Board members are councillors or employees of Local Authorities, any transactions with those Local Authorities are at an arms length basis on normal commercial terms and such Board members are unable to use their position to their advantage.

		2009	2008
		£000	£000
Interest receivable	Group members	39	14
Management fees payable	Seren Group Limited	(196)	(180)
Rents payable	Charter Housing Association	(556)	(354)

Group Member balances at 31 March 2009 and 2008 are set out in note 9.

SOLAS CYMRU LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

18 Grant receipts

The Company acknowledges support received from grant making organisations in relation to the activities of specific operational areas.

Support has been received for Compass from the following organisations during the year:

	2009	2008
	£000	£000
WAG - Section 180	46	72
Welsh European Funding Office	-	14
Newport Local Health Board	74	72
Big Lottery	-	35
	<hr/>	<hr/>

Support has been received for Linkworkers from the following organisation during the year:

	2009	2008
	£000	£000
Big Lottery	22	37
	<hr/>	<hr/>

**SOLAS CYMRU LIMITED
MANAGEMENT, OFFICERS, ADVISERS & BANKERS
YEAR ENDED 31 MARCH 2009**

Board

Chair

Brian Adcock
(Appointed September 2008)

Vice Chair

Reverend Mark Lawson-Jones

Viv Davies

(Observer from March 2009)

Clare Jones

Councillor Gail Giles

Haydn Jones

Martin Blakebrough

Patricia Turley

Inspector Chris Watts

(Appointed February 2009)

Ken Edwards

(Resigned September 2008)

Margaret Provis

(Resigned September 2008)

Executive Team

Group Chief Executive

Amanda Davies

Corporate Director

Rhian Stone (from December 2008)
Richard Frame, MBE (until September 2008)

Other Group Corporate Directors

Kathryn Edwards - Charter
Darrell Bolton - Fairlake, Gwent Homes
Steve James - Pen yr Enfys
Judith North - Reach
Simon Jones - Seren

Offices, Advisers & Bankers

Registered Office

Exchange House
The Old Post Office
High Street
Newport NP20 1AA

Auditors

KPMG LLP
Marlborough House
Fitzalan Court,
Cardiff CF24 0TE

Principal Solicitors

Hugh James
Hodge House
114-116 St Mary Street
Cardiff CF10 1DY

Bankers

Lloyds TSB
42 Commercial Street
Cardiff CF10 1DY

The Company is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Social Landlord with WAG.

WAG registration
Industrial and Provident Society

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