

Amanda Davies – Chief Executive
Pobl Group,
Exchange House,
The Old Post Office,
High Street,
Newport,
NP20 1AA

18 December 2017

Dear Amanda,

Earlier this year you appeared before the Public Accounts Committee to provide evidence as part of the Committee's inquiry into the Regulation of Housing Associations. During the evidence session the Committee questioned you on the disclosure of loss of Office payments in the Grŵp Gwalia financial statements for 2015 –16. The Committee sought clarification from you as to why it appeared that some loss of office payments had not been disclosed following the creation of the Pobl Group.

You informed the Committee that a loss of Office payment would have been made by the Gwalia board to an individual that had been with the organisation for a long time and the payment was made in accordance with the individual's contractual commitments.¹ However, we highlighted that the payment had not been disclosed in the financial statements and you stated that you thought it was

¹ Record of Proceedings, Public Accounts Committee, 13 February 2017, paragraph 185



disclosed and that you would check, adding that there would be no reason for it not to be disclosed.²

Unfortunately this matter was not clarified following the meeting and we have since noted that the 2014–15 and 2015–16 accounts prepared by Grwp Gwalia include information about the emoluments (remuneration) of ‘senior executives’.

Note 10 of the 2014–15 accounts (on page 37) reports that “compensation for loss of office paid to Senior Executives during the year ended 31 March 2015 amounted to £35k”.

As I am sure you are aware, the accounts for 2015–16 were the first prepared to comply with new accounting standards (set out in Financial Reporting Standard (FRS) 102). Narrative on page 15 of those 2015–16 accounts notes that “the financial information for the year ended 31 March 2015 has been restated for material adjustments on adoption of FRS 102 in the current year”.

We interpret this as meaning that the figures for 2014–15, included in the accounts for 2015–16, may not be the same as those in the accounts for 2014–15 since they may have been restated (revised) as appropriate to reflect the different accounting requirements for 2015–16.

We have reviewed the adjustments but have not identified any relating specifically to information relating to payments for the compensation of loss of office.

Note 11 of the 2015–16 accounts (page 43) reports that the compensation for loss of office in the year to 31 March 2016 for “Directors who are executive staff members” was zero. The accounts report compensation of loss of office for the previous year (to 31 March 2015) of £406k.

We note that Directors are defined, in the footnote to Note 11, as “members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team”.

However, we are not clear as to whether this definition differs from that adopted, in 2014–15, for ‘senior executives’ and hence, whether the information in 2014–15 and 2015–16 is directly comparable. Aside from noting the different

² *ibid*, paragraph 191



descriptions adopted, we have not been able to identify any information to explain the relationship (or difference between the figures) for the amounts payable for compensation of loss of office for 2014–15 as set out in the 2014–15 and 2015–16 accounts (£35k and £406k respectively).

We have also reviewed the financial statements for Pobl Group Limited for 2016–17 and this has not identified any other information about amounts payable to senior officers in respect of compensation of loss of office.

Finally we have reviewed the accounts prepared by the former subsidiaries of Gwalia (Tai Cymdogaeth Cyf, Tai Cartrefi Cyf, Gofal A Chymorth Gwalia Cyf, Tai Gwyr Cyf and Gawlia Housing Trust). These all cross refer to the consolidated or Group accounts for 2016–17 i.e. those prepared by Pobl Group Limited. Therefore, this does not set out any relevant information either. We have not located the 2015–16 accounts for these subsidiaries on the website for Grŵp Gwalia.

Given the information above, I would be grateful if you could confirm the value of amounts payable for the compensation of loss of office in respect of directors and senior executive as a result of the merger of Gwalia and Seren to form the Pobl Group from 1 April 2016, along with a note to set out the date of payment, how these were treated and reported in the financial statements of the group(s) and its subsidiaries.

I would be also grateful if you could clarify the position regarding the amounts payable for the compensation of loss of office for accounting periods 2014–15 and 2015–16 accounts, including an explanation for differences in the amounts payable for 2014–15 as set out in the 2014–15 and 2015–16 accounts (£35k and £406k respectively).

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nick Ramsay AM

Chair

