

Hafod Housing Association Limited (No. 18766R)

Annual report and financial statements

2024-2025



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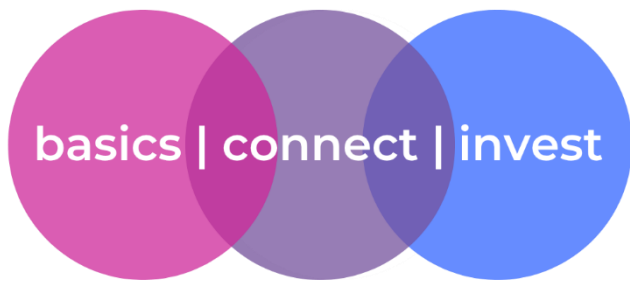
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Introduction

Welcome to the 2024/25 Annual Report. As the world continuously evolves, so must we as an organisation, navigating a challenging operating environment, whilst ensuring we deliver for our customers.

Our missions, **get the basics right**, **connect with you**, and **invest for a better future**, all focus on our role in helping communities thrive by hearing people's voices, giving support when it matters, on the terms people want.



By expanding and enhancing our neighbourhood coaching offer, we want to improve life outcomes for our residents, as well as work together with them, partners and stakeholders to develop the civic and social

infrastructure to enable the places where we operate to flourish, socially, economically and environmentally, both now and into the future.

Looking ahead, we want to ensure our care and support services are financially resilient, person-centred, and responsive to the changing needs of the people and communities we support.

In 2024, we brought our colleagues together at our colleague conference and care awards events to celebrate their contributions to the organisation and the positive impact they make on a daily basis. The voices of our colleagues and customers helped to shape our missions.

The conference was the ideal platform to launch our new missions, igniting colleagues' passion and enthusiasm to drive our vision and belief through every part of their work.

We continue to build on this momentum to create a future around strong communities, services and homes designed in harmony with people's lives.

Neil Davies, Hendre Board Chair



Our achievements throughout 2024/25



498 homes made greener

Through solar panels, loft insulation, and cavity wall installations.

866 home upgrades delivered

Including 82 bathrooms, 307 kitchens and 329 new doors.



126,631 contacts

via email, phone calls and social media messages dealt with by our Customer Experience team.

£284,691

income gained for customers through financial support and advice.

445

colleagues connected

at our annual conference and care awards.

28%

of customer interactions

now take place through digital channels.



117 households supported at Christmas

With food, gifts and essentials during our kindness campaign.

First CIW Excellent rating for Picton Court



£2.3 million saved

through smarter procurement over full contract terms.

Fifteen international colleagues sponsored

filling hard-to-recruit care roles and boosting diversity.



86,000+

messages sent to customers

with double the expected engagement rate.



£4.56 million in grant funding received to help deliver 100 new affordable homes in the year.

Get the basics right

This year, we focused on strengthening our foundations, delivering services that people can rely on, making sure our homes are safe and efficient and improving the systems behind the scenes.

In Customer Operations, we brought together our Customer Experience and admin teams to create a more responsive and efficient first point of contact. With more colleagues available to answer calls, we've reduced waiting times and improved the experience for customers getting in touch.

In Assets, we carried out 1,181 stock condition surveys to better understand the work needed to maintain and enhance our homes. We delivered essential upgrades that make a real difference: 307 kitchens, 82 bathrooms, 329 doors, 148 windows and 48 roofs were replaced, all contributing to improved daily living.

In Repairs and Maintenance, our data shows a year of steady, thoughtful progress. Our approach was guided by customer needs and long-term sustainability, upgrading homes to reduce energy usage, improve comfort and support independent living.



Governance and Complaints also saw significant improvements. We completed four internal audits, reviewed our insurance portfolio and refined our complaints process in readiness for our new housing management system.

Thanks to good collaboration across teams, we reviewed property data to better understand our homes and we defended five public liability claims, saving money and protecting our reputation.



Our Procurement team supported this work by reviewing processes to meet new legislation and improve transparency. We procured 42 contracts, more than half awarded to small or medium businesses, while also securing £2.3 million in contract savings and over £40,000 in social value.

When it comes to data, we made it a priority to keep things safe. Data breaches were down by 22% and our e-learning and team-specific training is helping colleagues protect people's information every day.

In our People team, we've streamlined processes to support a more inclusive and efficient workplace. New digital forms for DBS and Right to Work checks have improved speed, accuracy and data

security. We also created a clear Right to Work guide to support managers and ensure compliance. These changes helped us successfully sponsor 15 colleagues this year, supporting hard-to-recruit roles and bringing greater diversity into our care workforce.

We reorganised our onboarding and resourcing teams to create a smoother experience for new starters, reviewed all colleague contracts to ensure fairness and transparency and branded our HR system, My Hafod, creating a consistent and user-friendly digital experience.

We also consulted with colleagues to introduce a salary sacrifice arrangement for pensions, offering financial benefits for both individuals and the organisation.

In our Care services, we focused on improving quality, systems and outcomes. The EMAR system was successfully implemented at Plas y Garn, improving medication accuracy and overall governance. We also rolled out Care Beans, a new digital system that supports care planning, making it easier for colleagues to provide person-centred care.



We were proud to see Picton Court become the first Hafod service to achieve a CIW rating of Excellent, with top marks in both wellbeing and leadership and management.

We also secured contract extensions for our three extra care schemes, Llys Ton, Dol yr Hafren and Cwrt Hir, ensuring continued support and stability for the people who live there.

Connect with you

We know we work best when we're connected with colleagues, with customers and with the communities we serve.

In Customer Operations, we've looked for better ways to stay connected with our customers. Our Customer Experience team handled over 1,000 private messages through Facebook, responding to a wide range of queries. We also supported customers over the phone, answering over 35,000 calls throughout the year and over 91,000 emails.

Over the last year, Communications and Strategy played a big role in bringing us all closer together. We brought together 445 colleagues through our colleague conference and our Care awards celebrating the amazing work happening across Hafod. We also embraced digital channels, with over 28% of customer interactions now online and an incredible 86,000 messages sent. Engagement rates were double our expectations, showing that when we talk to people in the right way, they respond.

Our internal comms took a leap forward too. SharePoint now provides one clear space for all colleagues to access targeted, useful updates, cutting down

duplication and helping everyone feel more connected.

In Homes and Communities, our Neighbourhood Coaches supported over 30 communities, helped 215 families with school uniforms and spread Christmas kindness to 177 households. Through the Customer Assistance Fund, we allocated nearly £140,000 across 353 applications, helping people through crisis and boosting household resilience. We also supported customers to claim an extra £284,691 in income and helped many get connected through the National Databank.



In our Support services, the voice of the customer came first. People with lived experience helped shape recruitment and service delivery and our commissioner reviews ensured feedback led to real change. Our team delivered more than 2,500 hours of support every week across four local authority areas and over 100 people moved from homelessness into a home of their own.

Our People team have helped to create new ways for colleagues to connect and feel heard. We launched In Our Words, Hafod's first podcast, to open up honest conversations, starting with colleagues sharing their experiences of menopause.

We celebrated our volunteers at the High Sheriff Awards, recognising the

incredible work five colleagues do beyond their day jobs. Inclusion also remained a strong focus this year, with new training for senior leaders and care managers, a refreshed EQIA process and the start of our work on 'belonging' with expert partners.

We also joined forces with Henpicked to begin our journey to a Menopause Friendly accreditation. With 15 new menopause champions and dedicated training for leaders, we're building a culture that supports everyone, especially at life stages where people may otherwise feel invisible or unsupported.

We continued to support the Get Into Housing programme, offering placements across the organisation. Two colleagues have joined us permanently through this scheme, bringing fresh energy and insight while creating opportunities for people from different backgrounds to develop their careers.

In Care, we worked hard to create meaningful connections for the people we support. We acquired three regional minibuses for Torfaen, Bridgend and Cardiff/Caerphilly, helping residents connect with their communities. These minibuses also made it possible to fulfil special wishes for residents, enabling powerful, heartfelt moments.

At Llys Ton, we launched a new community engagement initiative, bringing in local organisations including the library, church and Dementia Friends to reduce isolation and bring new energy into the home.

And of course, we recognised the incredible dedication of our frontline colleagues at this year's Care awards, a special moment to say thank you.

Invest for a better future

From new homes to greener living, we've made meaningful investments this year to build stronger, more sustainable futures for the people and places we serve.

In Customer Operations, we continued to invest in our people and systems to deliver a better experience for customers. This includes trialling new digital tools, improving how we track customer queries and building closer relationships between our Customer Operations, Property Support and Tenancy Support teams. These changes mean we're solving problems earlier, reducing repeat contact and delivering a more joined-up service.

Our Development team received £4.56 million from Welsh Government to help us deliver 100 new affordable homes. We also secured £45 million in new loan facilities, supporting our ambition to build 150 new homes each year. Major schemes progressed in Cardiff, including Lansdowne and Track 2000 and we began work on exciting new developments in the Vale of Glamorgan, including Cowbridge Grammar School and Ffordd y Mileniwm.



We're building more than homes, we're building stronger communities. Through

our contractors and partners, we delivered over £57,000 in social value, including school visits, local engagement and community support. We're investing in our people too, with team members taking on qualifications like the HNC in Built Environment to support their growth.

In Assets, we took major steps to futureproof our homes through energy efficiency improvements. 498 properties benefited from solar panels, loft insulation or cavity wall work, making homes warmer, greener and more affordable for our customers.



Our Support services also contributed to a more sustainable future. Solar panels were installed at Parc Hafod, our supported housing scheme for people with mental health needs, helping to reduce energy bills and cut our carbon footprint. We expanded our floating support in RCT, reaching even more people with the help they need to live independently.

In Procurement, we embedded social value into every contract and created a new entry-level role to grow the next generation of procurement professionals. Meanwhile, the procurement of a new housing and finance system will lay the groundwork for better services in years to come.

Our People team played a key role in investing in our workforce this year. We launched Hafod Learn, our new learning management system, in January 2025. It's already transformed the learning experience for colleagues, offering more interactive, accessible and engaging training opportunities. Feedback has been overwhelmingly positive, with colleagues describing it as modern, intuitive and a big step up from the previous system.

We supported career development at every level. From 12 colleagues completing our Nursing Care Assistant programme to two graduate nurses entering their final year of study, ready to take up roles in our homes after qualifying. We also celebrated a big milestone this year, our first cohort of newly qualified nurses began working in our care homes.



We also aligned our Executive and Senior Leadership teams to create a clearer structure with defined responsibilities. A new Director of Finance and a new Director of Development joined our team, and we began designing a leadership development programme to support the entire senior team, making sure we're ready to meet the challenges ahead.

We also supported a sensitive and complex transition at Arthur Jenkins Care Home, working closely with families, the local authority and colleagues to ensure the best outcomes during the transfer of the service to a new provider.

And in the final quarter of the year, we implemented a company-wide restructure. This work was about right-sizing Hafod, creating a future-fit organisation that's aligned with our missions, is financially sustainable for the long term and ready to meet the needs of our customers and communities for years to come.



Colleagues across Housing, Support and Assets accessed specialist training in topics like hate crime, substance misuse and domestic abuse, often delivered by in-house experts with deep real-world experience.

Financial performance

Turnover has grown to £73.4m (2024: £70.0m). This growth in income is due to new developments, the Welsh Government rent settlement in Housing and Support, coupled with fee increases in Care. Additionally, during the year we won some new contracts in Support.

	12 months ended Mar-25 £'000	12 months ended Mar-24 £'000	15 months ended Mar-23 £'000
	Restated		
Turnover	73.4	70.0	80.7
Operating expenditure	(65.4)	(63.2)	(71.0)
Surplus on disposal of assets	0.4	0.5	0.4
Operating surplus	8.4	7.3	10.1
Net interest payable	(5.4)	(4.2)	(6.3)
Surplus for the year	3.0	3.1	3.8
Net actuarial adjustment/gain in respect of pension scheme	1.4	1.8	(0.5)
Total comprehensive income for the year	4.4	4.9	3.3

Operating surplus of £8.4m was 11.4% of turnover (2024: £7.3m and 10.5%). Net surplus before pension adjustments reduced to £3.0m, 4.1% (2024: £3.1m 4.5%).

	12 months ended Mar-25 £'000	12 months ended Mar-24 £'000	15 months ended Mar-23 £'000
	Restated		
Operating surplus as % of turnover	11.4%	10.5%	12.5%
Net surplus as % of turnover	4.1%	4.5%	4.7%
Annualised net surplus as percentage of net assets	3.3%	3.6%	3.8%
Average annualised net interest cost	4.4%	4.2%	4.1%
Change in annualised turnover	4.9%	8.4%	1.5%
Change in net assets	5.1%	6.1%	4.3%

During the year we maintained adequate headroom above covenants, benefitting from the significant refinancing exercise that was completed in 2024. Fixed assets increased to £454.4m as a result of the development of new homes and increased capital investment in our existing homes. Revenue reserves increased to £90.3m at 31 March 2025, this net increase comprises of the surplus for the year of £3.0m and the additional actuarial cessation adjustment on the pension scheme of £1.4m.

	Mar-25 £'000	Mar-24 £'000	Mar-23 £'000
		Restated	
Fixed assets	454.4	417.6	390.7
Current assets	24.0	33.0	58.2
Total assets	478.4	450.6	448.9
Current liabilities	(20.7)	(17.8)	(18.8)
Housing loans	(136.5)	(124.6)	(134.2)
Government grants	(230.9)	(224.3)	(215.2)
Defined benefit pension asset	-	1.9	0.2
Total liabilities	(388.1)	(364.8)	(368.0)
Net assets represented by reserves	90.3	85.8	80.9

	Mar-25 £'000	Mar-24 £'000	Mar-23 £'000
		Restated	
Opening cash and cash equivalents	15.7	41.8	29.5
Net cash from operating activities	18.2	12.2	18.7
Purchase of fixed assets	(40.6)	(33.3)	(28.4)
Proceeds from sale of fixed assets	1.0	1.3	1.2
Government grants received	6.1	7.0	27.9
Net interest paid	(4.7)	(4.2)	(6.8)
New loans	14.0	-	-
Loan repaid	(2.1)	(9.7)	(0.5)
Inter-company debtors and creditors	-	0.6	0.2
Net cash (outflow) / inflow	(8.1)	(26.1)	12.3
Closing cash and cash equivalents	7.6	15.7	41.8

There was a net cash inflow from operating activities during the year of £18.2m (2024: £12.2m). The Association's net debt position increased due to a reduction in cash balances from £15.7m to £7.6m and the drawdown of a revolving credit facility of £14.0m to support the delivery of the development programme. The Association's cash and liquidity position remains strong, and is managed through daily, weekly and monthly cash management and forecasting. The financial statements and supporting notes detail the financial performance of the various operating activities of the Association.

Modern Slavery and Human Trafficking Statement

The Association is committed to preventing modern slavery and human trafficking in all areas of its business and supply chains. In accordance with the Modern Slavery Act 2015, we take steps to identify and mitigate the risks of modern slavery, and we promote ethical practices throughout our procurement and employment processes.

A full Modern Slavery and Human Trafficking Statement has been published on our website here: [modern-slavery-and-human-trafficking-statement-2025](#)

We continue to monitor our policies, procedures and supplier relationships to ensure compliance with relevant legislation and to uphold our missions of get the basics right, connect with you, and invest for a better future.

Governance statement for the Annual Report and Financial Statements 2024/25

At Hafod, we are committed to maintaining the highest standards of corporate governance, which serves as a golden thread woven throughout our organisation. Our governance framework ensures robust oversight, accountability, and strategic alignment, enabling us to deliver on our mission to provide high-quality social housing, care and support.

Landlord health and safety compliance

We are proud to report continued top performance in relation to landlord health and safety compliance. Our commitment to maintaining safe and secure living environments for our customers remains paramount. Rigorous inspections, regular maintenance, and adherence to the highest safety standards ensure that our properties are safe and well-managed. This ongoing dedication is reflected in our excellent compliance record and the trust our customers place in us.

Governance structure and enhancements

Under the delegated authority of the Board, the Chairs' Group has undertaken a focused review of the organisation's governance arrangements. This review assessed key aspects including purpose, culture, legacy, reporting, cost, and structure, with the objective of ensuring that governance is effective, efficient, and fully aligned with Hafod's missions.

The review set out to deliver a governance model that is fit for the future, supports long-term sustainability, ensures continued regulatory compliance, and enables high organisational performance. In their deliberations, the Chairs' Group has considered the merits of a common versus individual board structure, the advantages and disadvantages of a unitary versus supervisory board membership, board composition and required skills, as well as the schedule, subject matter, and frequency of Board meetings for the 2025/26 cycle. The process was concluded shortly after the year end, and a common supervisory model will be in place from the next AGM on 21 August 2025.

Regulatory compliance and financial viability

We are pleased to announce that Hafod Housing Association has achieved the highest level of regulatory judgement from the Welsh Government's Housing Regulator. Being rated as 'compliant' in relation to meeting all regulatory standards of governance and financial viability is a testament to our robust governance practices, financial stewardship, and strategic oversight. This judgment underscores our ability to effectively manage our resources, deliver high-quality services, and remain resilient in the face of challenges.

In conclusion, Hafod's governance framework is designed to ensure transparency, accountability, and continuous improvement. By embedding a governance golden thread throughout the organisation, we have created a resilient and responsive governance structure that supports our strategic objectives and operational excellence.

Our ongoing commitment to diversity, community understanding, and regulatory compliance positions us well for future growth and success.

Together, we will continue to uphold the highest standards and work towards creating thriving, sustainable communities.

Value for money

For us, value for money is about ensuring that every pound spent makes the best use of resources to deliver the maximum impact possible for our customers and colleagues. We use the Welsh Government's Regulatory Framework as an opportunity, as well as regulatory obligation. With effective governance, management and accountability, we embed value for money into every aspect of our operations to enable us to deliver more than traditional landlord functions.

Value for money objective	How we have delivered value for money
To obtain VFM through effective procurement	<ul style="list-style-type: none">• We have a dedicated procurement team who have enhanced and streamlined our procurement processes to ensure that they are effective across the business• We have made £2,379,299.47 in savings across whole contract terms for 10 new contracts• 21 contracts were tested on a mix of quality and price to ensure we look beyond financials and enhance the service delivery for our customers
To understand value to enable us to optimise efficiencies and use resources effectively	<ul style="list-style-type: none">• Work is advancing on delivering our new financial and housing management systems in October 2025 which will overhaul our processes making us more efficient and customer centric• We are continuing to ensure that colleagues have the right tools to do the right job at the right time and enhancing our mobile working offer
To deliver community benefits to our communities	<ul style="list-style-type: none">• 17 new contracts included social value commitments from the supply chain• Through social value we provided £40,794 towards projects that benefitted our customers or communities directly

Board, Committee and Executive

The Hafod Housing Board

Michael Jones (Chair)	
Peter Allbrook	David Michael
Stacey Anastasi	Helen Northmore
Farida Aslam	Hugh Russell
Moawia Bin-Sufyan	Caroline Sprake
Tina Donnelly	

Group-wide committees of Hendre Limited

- Finance, Risk and Audit Committee
 - Independent member, Martin Veale
- Remuneration, Appointments and Governance Committee
- Schedule 1 Committee

Under the Regulation and Inspection of Social Care (Wales) Act 2016, Hafod Housing Association Limited must appoint a Responsible Individual (RI) in relation to its regulated services. This person is independent of operational matters and sits on the Hafod Board providing assurance on safeguarding and compliance for care operations.

Responsible Individual	Marc Pullen-James
Company Secretary	Tracey Healey
Deputy Company Secretary	Sara Foster

Board and committee resignations 2024/25

Mutalle Merrill resigned from the Hafod Housing Board in April 2024.

In accordance with our rules, members retire when they have served nine years.

Under this rule, Katherine Howells retired from the Hafod Housing Board in June 2024, and Ronnie Alexander retired from the Finance, Risk and Audit Committee in June 2025.

The Executive team

Group Chief Executive	Jas Bains
Chief Finance Officer	Sara Foster
Chief Operating Officer	Tracey Healey
Chief People Officer	Karen Rosser

Executive team resignations

Executive Director of Housing & Support	Elke Winton (June 2025)
Director of Care Operations	Sherri Sargent (Feb 2025)
Director of Innovation & Partnerships	Jamie Smith (June 2025)
Interim Director of Finance & Investments	Chris Judson (Sept 2024)

Hafod Housing Association is a subsidiary of Hendre Limited (the 'parent'). The Association is a 'not for profit' organisation administered by the Board.

The Association is registered as a charitable housing association (No. 18766R) under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Welsh Government as a registered social landlord (No. L034).

The Registered Office of the Association is St Hilary Court, Copthorne Way, Culverhouse Cross, Cardiff, CF5 6ES.

The Association has adopted the charitable version of Community Housing Cymru's Model Rules (2013).

Yellow Wales, a company limited by guarantee, is a subsidiary of the Association. Yellow Wales is also a registered charity.

The Association, as part of the Hendre Group, is a member of Community Housing Cymru (CHC).

Shareholders

Share capital is raised by the issue of shares, with each share having a nominal value of £1 which carries no right to interest, dividend or bonus, in line with the Housing Act 1996. Shareholders have a 'stewardship' role and act at all times in the interests of the association and for the benefit of the community. They have an active role at annual general meetings.

No individuals or organisations will be admitted into membership under circumstances in which an individual might derive personal gain, financially or otherwise.

All applicants to become a shareholder of Hendre's subsidiaries are subject to approval of the Hendre Limited Board.

Statement of responsibilities of the Board in respect of the Board's strategic report and the financial statements

The Board is responsible for preparing the Board's strategic report and the financial statements in accordance with applicable laws and regulations.

The law requires the Board to prepare Group and parent Association financial statements for each financial year. Under those regulations, the Board has elected to prepare the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including

Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is 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 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the parent Association and enable them to ensure that their financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

The Hendre Board is responsible for the sign-off of the Group statements, and each subsidiary responsible for sign-off of their own financial statements. The Boards have general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Each Board is also responsible for ensuring the integrity of the corporate and financial information included on our website.

Housing Association governance – reporting on internal controls

The Welsh Government requires Registered Social Landlords (RSLs) to report on internal controls (Welsh Government Circular RSL 02/10). We produce an annual statement of compliance and a self-evaluation to fulfil these requirements.

We believe that good governance is essential to the success and sustainability of our business.

The following mechanisms have been put in place, which are designed to provide effective internal financial control:

- Clearly defined management and reporting structures detailed in the Scheme of Delegated Authority and Financial Regulations
- Careful recruitment and effective financial training programmes
- Board Assurance Framework
- Regulations and procedures manuals for colleagues
- Management information and accounting systems with quarterly reporting of financial results and other performance indicators

- Rolling five and thirty-year strategic business plan forecasts Monitoring of the control systems by the Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee has a wide remit to monitor all aspects of risk and assurance management, audit, internal control, whistleblowing, financial oversight, fraud, money laundering and bribery prevention, and development appraisals.

RSM is the Group's internal auditor, and their reports are presented for scrutiny at the Finance, Risk and Audit Committee. The annual internal audit programme is determined in workshops held with the Hendre Board, Finance, Risk and Audit Committee, Executive team and RSM.

There have been no events subsequent to the date of the Group's financial position that have had a material effect on the results of the Group as reported in these financial statements.

Disclosure of information to the Auditor - The Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish the Group's auditor is aware of such information.

Date of next annual general meeting: 21 August 2025.

The directors' report was approved by the Board on 23 July 2025 and is signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tracey Healey', written in a cursive style.

Tracey Healey | Company Secretary

Independent Auditor's report to the Members of Hafod Housing Association Limited

Opinion

We have audited the financial statements of Hafod Housing Association Limited (the 'association') for the year ended 31 March 2025 which comprise the statement of comprehensive income, the statement of changes to reserves, statement of financial position, the statement of cash flows and notes to the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice), the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2025 and of its 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 Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board members' 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 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 members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

With respect to the Board's statement on internal controls, in our opinion the Board has provided the disclosures required by the Welsh Government Circular RSL 02/10 and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Responsibilities of the Board

As explained more fully in the Statement of the Board members' responsibilities set out on page 16, the Board members are 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 members determine 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 members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board members either intend to liquidate the 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the association through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to the members 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.

Azets Audit Services

**Susanna Cassey (Senior Statutory Auditor)
For and on behalf of Azets Audit Services**

..... 5 August 2025

**Chartered Accountants
Statutory Auditor**

Fleet House
New Road
Lancaster
United Kingdom
LA1 1EZ

Statement of comprehensive income

Year ended 31 March 2025

	Note	2025 £'000	2024 £'000
			Restated
Turnover	3	73,377	69,988
Operating expenditure	3	(65,433)	(63,149)
Surplus on disposal of property, plant and equipment	5	421	479
Operating surplus	3	8,365	7,318
Fair value movement on investment properties	17	(5)	-
Interest receivable	6	399	1,254
Interest and financing costs	7	(5,769)	(5,472)
Other finance income	36	-	9
Surplus before tax	3	2,990	3,109
Taxation	12	-	-
Surplus for the year		2,990	3,109
Net actuarial adjustment in respect of pension scheme	36	1,421	1,820
Total comprehensive income for the year		4,411	4,929

Statement of changes to reserves

As at 31 March 2025

	2025 £'000	2024 £'000
		Restated
At beginning of year	85,888	80,959
Surplus for the year	2,990	3,109
Net actuarial adjustment in respect of pension scheme	1,421	1,820
At end of year	90,299	85,888

Statement of financial position

As at 31 March 2025

Register number 18766R

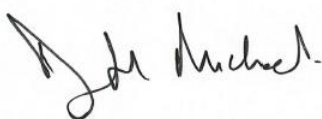
	Note	2025 £'000	2024 £'000
			Restated
Fixed assets			
Housing properties	13	442,423	405,660
Intangible assets	15	640	442
Other property, plant and equipment	16	1,163	1,060
Investment property	17	47	52
Homebuy loans	18	10,144	10,420
		454,417	417,634
Current assets			
Inventories	19	-	-
Debtors due after one year	20	12,250	12,477
Debtors due within one year	21	4,127	4,840
Treasury deposits	22	7,326	14,746
Cash at bank and in hand	22	307	957
		24,010	33,020
Creditors: amounts falling due within one year	23	(26,002)	(22,648)
Net current (liabilities) / assets		(1,992)	10,372
Total assets less current liabilities		452,425	428,006
Creditors: amounts falling due after more than one year	24	(362,126)	(344,078)
Defined benefit pension asset	36	-	1,960
Net assets		90,299	85,888
Capital and reserves			
Called up share capital	29	-	-
Revenue reserves		90,299	85,888
Association's funds		90,299	85,888

The financial statements were approved by the Board on 23 July 2025 and signed on its behalf by:



Mike Jones

Chair



David Michael

Board Member



Tracey Healey

Secretary

Statement of cash flows

Year ended 31 March 2025

	Note	2025 £'000	2024 £'000
			Restated
Net cash generated from operating activities	a	18,151	12,220
Cash flows from investing activities			
Purchase of property, plant and equipment		(40,579)	(33,145)
Homebuy loans		-	(139)
Proceeds from sale of property, plant and equipment		1,040	1,265
Grants received		6,124	6,963
Interest received		399	1,254
Net cash flows from investing activities		(33,016)	(23,802)
Cash flows from financing activities			
Interest paid		(5,161)	(5,441)
New loans		14,000	-
Repayments of borrowings		(2,061)	(9,666)
Inter-company debtors and creditors		17	621
Net cash flows from financing activities		6,795	(14,486)
Net decrease in cash and cash equivalents		(8,070)	(26,068)
Cash and cash equivalents at beginning of year		15,703	41,771
Cash and cash equivalents at end of year	b	7,633	15,703
		2025 £'000	2024 £'000
Treasury deposits			
Overnight deposit		7,034	14,462
32 days deposit		292	284
		7,326	14,746
Cash at bank and in hand		307	957
Cash and cash equivalents at end of year		7,633	15,703

Notes to the statement of cash flows

Year ended 31 March 2025

a) Net cash generated from operating activities	2025 £'000	2024 £'000
		Restated
Surplus for the year	2,990	3,109
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	8,262	7,780
Impairment of properties	-	(426)
Fair value movement on investment properties	5	-
Decrease in inventories	-	228
Decrease / (Increase) in debtors	713	(1,306)
Increase in creditors	317	1,377
Pension costs less contributions payable	3,381	55
Carrying amount of property, plant & equipment disposals	619	786
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(1,040)	(1,265)
Government grants utilised in the year	(2,466)	(2,336)
Interest payable	5,769	5,472
Interest receivable	(399)	(1,254)
Net cash generated from operating activities	18,151	12,220
b) Cash and cash equivalents	2025 £'000	2024 £'000
Treasury deposits	7,326	14,746
Cash at bank and in hand	307	957
Cash and cash equivalents at end of year	7,633	15,703

Notes to the statement of cash flows continued

Year ended 31 March 2025

c) Free cash flow	2025 £'000	2024 £'000
Net cash generated from operating activities	18,151	12,220
Interest paid	(5,161)	(5,441)
Interest received	399	1,254
Component replacements	(10,091)	(6,486)
Purchase of other replacement fixed assets	(1,026)	(649)
Free cash generated before loan repayments	2,272	898
Loans repaid (excluding revolving credit and overdrafts)	(2,061)	(9,666)
Free cash generated after loan repayments	211	(8,768)

d) Reconciliation of net cash flow to movement in net debt	2025 £'000	2024 £'000
Decrease in cash in the year	(8,070)	(26,068)
Cash inflow from inter-company debtors and creditors	(17)	(621)
Cash (inflow) / outflow from changes in debt	(11,939)	9,666
Movement in net debt in the year	(20,026)	(17,023)
Net debt at beginning of year	(105,068)	(88,045)
Net debt at end of year	(125,094)	(105,068)

e) Analysis of changes in net debt	1 April 2024 £'000	Cash flows £'000	31 March 2025 £'000
Cash and cash equivalents	15,703	(8,070)	7,633
Inter-company debtors and creditors	3,791	(17)	3,774
Housing loans	(124,562)	(11,939)	(136,501)
Net debt	(105,068)	(20,026)	(125,094)

Notes to the financial statements

Year ended 31 March 2025

1. Principal accounting policies

General information

The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. The financial statements are presented in pound sterling and rounded to the nearest thousand unless otherwise stated.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (January 2022) (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Going concern

The financial statements have been prepared on a going concern basis which the Board consider to be appropriate for the following reasons:

- I. The Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2025 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants, with potential mitigating actions identified to reduce expenditure.
- II. The Board, after reviewing the Association forecasts for 2025/26 and the Association's medium-term financial position as detailed in the 30-year business plan, is of the opinion that the Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, the Board are confident that the Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover comprises:

- I. Rent, fees and service charge income receivable in the year from tenants, residents, and leaseholders (net of rent and service charge losses from voids)

- II. Income from other goods and services supplied in the period (excluding VAT)
- III. Income from homeless leasing schemes (Cartrefi Hafod)
- IV. Revenue grants, including amortisation of government grants
- V. Income from sale of housing property stock and
- VI. Income from COVID-19 grants.

Rental income is accounted for in full weeks, prorated for opening and closing positions in the financial year. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Income in respect of services provided is recognised when the Association has fulfilled its contractual obligations.

Income from revenue grants is matched to associated costs and is recognised only when all conditions for receipt are met.

Traditional property sales which include home buy, shared ownership and general needs are included within surplus or deficit on the sale of fixed assets. The proceeds from the first tranche sale of low-cost home ownership properties are included within turnover. Subsequent tranche sales are included within the surplus or deficit on the sale of fixed assets.

Loans and borrowings

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets.

Borrowing costs are capitalised when the following occur:

1. Start on site commences
2. The cost of the asset exceeds the grant received
3. Capitalisation ceases on practical completion of the site.

All other borrowing costs are recognised in the Statement of Comprehensive Income in the period to which they relate.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received. Senior executives do not have any entitlement to enhanced benefits.

The Association's Senior Executives are ordinary members of the Association's defined contribution pension scheme. No enhanced or special terms apply to their membership and the Association makes no contribution to any individual pension arrangement in respect of their employment.

Value Added Tax (VAT)

The Association is VAT registered but a large proportion of the income is exempt for VAT purposes, and this therefore gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT, and the input VAT recovered is included in income.

Corporation tax

The surpluses of the Association are exempt from taxation as they are accepted as charities for tax purposes.

Property, plant, and equipment - housing properties

Properties for letting are stated at historic cost less depreciation. Cost includes the cost of acquiring land and buildings, capitalised interest during the development period and development costs directly attributable to the construction of new housing properties during the development. Where land or buildings are acquired at below market value e.g. as part of a Section 106 agreement (under the Town and Country Planning Act 1990), the carrying value reflects the fair value of the asset received, with the subsidy implicit in the arrangement deemed as grant. Surpluses or deficits resulting from the sale of properties are shown in the statement of comprehensive income under surpluses/deficits from the sale of property, plant, and equipment.

Where a property for letting comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and is depreciated over its individual useful economic life. Expenditure relating to replacement or renewal of components is capitalised as incurred.

The Association charges depreciation on properties for letting and capitalised components on a straight-line basis to write off the asset's cost less residual value over its useful economic life.

Depreciation on properties for letting is charged from the beginning of the year following the property entering into management. Depreciation on capitalised components is charged from the beginning of the year following the replacement of a capitalised component.

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

Shared ownership properties

All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against the sale proceeds within the operating surplus in the statement of comprehensive income.

Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value - Social Housing (EUV-SH) of the remaining fixed asset element. The remaining element of the asset is classified as a fixed asset and included in the housing properties as cost less social housing grant, less any provision for depreciation or impairment.

Depreciation

Shared ownership

Shared ownership properties are not depreciated as the residual value, which is the estimated amount that would currently be obtained from sale, is not less than the carrying value.

Housing property, plant, and equipment

Depreciation is charged on a straight-line basis over the assets expected useful economic life as follows:

Component	General needs and supported housing	Residential and nursing homes
Structure	150 years or the period of the lease	50 years or the period of the lease
Kitchens	15 years	30 years
Bathrooms	25 years	25 years
Heating systems	15 years	20 years
Electrics	35 years	35 years
Windows & doors	30 years	30 years
Roof	65 years	50 years
Roofline	30 years	30 years
Photovoltaic panels	25 years	25 years
External wall insulation	30 years	30 years
Lifts	20 years	20 years
Physical adaptations	20 years	n/a
Fire compartmentation	150 years or the remaining life of the asset	50 years or the remaining life of the asset
Conversions	20 years	20 years

Other property, plant and equipment

Other property, plant and equipment is stated at historic cost less accumulated depreciation. The Association charges depreciation on a straight-line basis to write off the asset's cost less residual value over its useful economic life. Depreciation is charged for the full year in the year of acquisition. The principal asset lives on which depreciation is based are:

Office buildings	50 years
Computer equipment	5 years
Service equipment	5 - 10 years
Equipment, furniture and fittings	4 - 10 years
Air conditioning	15 years
Telephone switchboard	15 years

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn market rentals or for capital appreciation or both are classed as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment.

Investment properties are measured at fair value bi-annually with any change recognised in surplus or deficit in the statement of comprehensive income.

Investment properties were valued as at 31 March 2025. The Association's investment properties have been valued by Savills (UK) Limited, Chartered Surveyors, professional external valuers. The valuation report was prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2025 together with the UK National Supplement effective 01 May 2024, together with the "Red Book".

Intangible assets

Intangible assets relate to computer software and direct digital development costs and is stated as historic cost less accumulated amortisation. Software is amortised on a straight-line basis to write off the asset's cost less residual value over its useful economic life which ranges from 4 to 10 years depending on the software requirement.

Amortisation is charged to the statement of comprehensive income.

Homebuy loans

Homebuy loans relate to properties which the Association has funded under the Homebuy option scheme. The investment is secured by a second charge over each property. The occupier of each property has the right to acquire the Association's investment at market value. Homebuy loans are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value through surplus in the statement of comprehensive income. The investment grants (note 30) represent the funding received from the Welsh Government for the above loans.

Inventories

Housing properties under the course of construction that are being developed for sale or first tranche shared ownership are treated as housing stock and presented within current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

The Association's treasury management risks are managed under the umbrella of the Group's Treasury Management policy. Under the Group's policy, surplus cash generated by members of the Group is pooled within the Association and placed on deposit with approved counterparties in line with the credit risk policy.

Social Housing Grant (SHG)

SHG received from the Welsh Government, relating to the acquisition and development of the Association's

housing properties are accounted for under the accrual model and recognised in turnover over the expected useful life of the housing property structure. Where land or buildings are acquired at below market value e.g. as part of a Section 106 agreement (under the Town and Country Planning Act 1990), the carrying value reflects the fair value of the asset received, with the subsidy implicit in the arrangement deemed as grant.

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the statement of financial position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the statement of financial position.

Housing Finance Grant (HFG)

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

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this and the amount of grant received is credited to surplus or deficit in the statement of comprehensive income as a contribution towards the financing cost of that scheme.

The discount rate used for the net present value calculations is the same rate that applies to the associated

borrowing to fund the housing assets. The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as recycled capital grant in the recycled capital grant fund and included in the statement of financial position as a creditor.

Other grants

These include grants from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of relevant fixed assets. 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, and the use of these grants are restricted to the purpose which the funder has specified.

Homebuy grants

A Homebuy grant was provided by the Welsh Government to fund all or part of a Homebuy loan (see note 19) provided by the Association to the purchaser of the housing property. When the Homebuy loan is redeemed the respective Homebuy grant is recognised in the recycled capital grant fund.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument. The Association applies sections 11 and 12 of FRS102 in respect of financial instruments.

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

Financial assets measured at undiscounted amount receivable

Short term debtors with no stated interest rate receivable within one year are recorded at transaction price; any changes are recognised in the statement of comprehensive income.

Where loans are made or received between a public benefit entity within the Association at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity, these loans are treated as concessionary loans and are recognised in the statement of financial position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Financial assets measured at amortised cost

Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred. If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments

discounted at a market rate of interest for a similar debt instrument.

Financial liabilities measured at undiscounted amount payable

Short term creditors with no stated interest rate receivable within one year are recorded at transaction price; any changes from impairment are recognised in the statement of comprehensive income.

Financial liabilities measured at amortised cost

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the statement of comprehensive income. Discounting is omitted where the effect of discounting is immaterial. A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled, or expires.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. This is considered depending on the substance of the transaction rather than the form of any contract. The Associations currently has no Finance Leases.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Rentals payable under operating leases are charged to expenditure on a straight-line basis over the lease term.

Defined benefit pension scheme

Torfaen LGPS Scheme

This scheme was closed on 31 March 2024 and employees transferred to other schemes.

Other schemes

During the year to 31 March 2025 there were two active schemes: National Employment Savings Trust (NEST) and a Self-Invested Personal Plan (SIPP) with AEGON. New members of staff employed by the Association were auto enrolled into either the National Employment Savings Trust (NEST); or a SIPP with AEGON, depending on which pension scheme was offered under their contract of employment. The costs of these two schemes are written off to the statement of comprehensive income on an accruals basis. The assets of these schemes are held separately from those of the Association in independently administered funds. The Association operates a salary exchange scheme that is available to all eligible employees in the AEGON pension plan.

Internal rents

Internal rent is charged to reflect the costs incurred by the property owner. The internal charge is equivalent to the net depreciation and amortisation charge.

Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements. All transactions with related parties are under standard terms.

2. Significant management judgements and key sources of estimation uncertainty

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

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

The following judgements and estimates have had the most significant effect on the amounts recognised in the financial statements.

Development expenditure

The Association capitalises development expenditure in accordance with the accounting policy in note 1. Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs, requires judgement.

Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed and, in determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the statement of comprehensive income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable

measurement model. An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Components of housing properties and useful lives

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

Property, plant and equipment and useful lives

At the date of capitalising tangible fixed assets, the Association estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to the Association, variances between actual and estimated economic lives could affect the Association's result positively or negatively.

Provisions

The Association provides where there is uncertainty as to the timing or amount that may be required to settle any potential liabilities. Any amounts provided are charged to the Statement of Comprehensive Income and credited to the Statement of Financial Position based upon the Association's best estimate of the potential liabilities.

Investment properties

Investment properties are reviewed annually and measured at fair value with any change recognised in surplus in the Statement of Comprehensive Income. Formal external valuations are carried out bi-annually. The most recent external valuation was at 31 March 2025 and was prepared in accordance with the RICS Valuation - Global Standards (see note 17).

Land acquired below market value

Where land is acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The land is recognised at fair value, taking account

of any restrictions on the use of the land. The difference between the fair value of the land acquired and the consideration paid is recognised as a government grant and included as a liability. A valuation technique is used which incorporates all factors that market participants would consider in setting a price. This is a judgemental exercise involving the selection of a method, formulae and assumptions.

Bad debt

The Association adopts a policy for making full provision for all arrears owed by former tenants plus full provision for all current tenant arrears in excess of eight weeks old at the balance sheet date.

3. Turnover, operating surplus and surplus before taxation

	Turnover	Operating costs	2025 Operating surplus £'000	2024 Operating surplus £'000
				Restated
Social housing lettings				
General needs housing	34,663	28,261	6,402	5,516
Shared ownership	291	76	215	203
Supported housing	10,538	9,275	1,263	1,358
Other social housing activities				
Private sector leasing	(3)	1	(4)	(356)
First tranche sales	-	-	-	102
Residential care homes	9,070	8,850	220	(615)
Non-social housing activities				
Nursing care homes	16,462	16,745	(283)	157
Homecare	2,025	2,090	(65)	(59)
	73,046	65,298	7,748	6,306
Other income and expenditure	331	135	196	533
Surplus on disposal of property, plant and equipment	-	-	421	479
Operating surplus	73,377	65,433	8,365	7,318
Fair value movement on investment properties			(5)	-
Interest receivable			399	1,254
Interest and financing costs			(5,769)	(5,472)
Other finance income			-	9
Surplus before tax			2,990	3,109

4. Particulars of income and expenditure

	Social housing lettings			Other social housing activities		Non-social housing activities			
	General Needs £'000	Shared Ownership £'000	Supported Housing £'000	Private sector leasing £'000	Residential care homes £'000	Nursing care homes £'000	Home care £'000	2025 £'000	2024 £'000
Turnover									
Rents, fees and other charges	30,872	235	5,582	(3)	9,067	16,443	2,025	64,221	61,674
Service charges	1,670	45	1,954	-	-	-	-	3,669	2,777
Revenue grants	-	-	2,690	-	-	-	-	2,690	2,480
Amortised government grant	2,121	11	312	-	3	19	-	2,466	2,336
COVID-19 grants	-	-	-	-	-	-	-	-	23
Sales proceeds	-	-	-	-	-	-	-	-	463
	34,663	291	10,538	(3)	9,070	16,462	2,025	73,046	69,753
Operating costs									
Management & service costs	12,814	72	7,054	42	8,305	15,669	2,090	46,046	43,778
Maintenance	9,180	11	1,199	(38)	389	542	-	11,283	11,881
Bad debts	300	(7)	77	(3)	(6)	71	-	432	210
Deficit on replacement components	409	-	67	-	16	16	-	508	507
Depreciation of properties	5,558	-	878	-	146	447	-	7,029	6,710
Cost of sales	-	-	-	-	-	-	-	-	361
	28,261	76	9,275	1	8,850	16,745	2,090	65,298	63,447
Operating surplus / (deficit)	6,402	215	1,263	(4)	220	(283)	(65)	7,748	6,306
Rent loss from voids (memorandum note)	231	-	222	(3)	1,260	895	-	2,605	2,444

5. Surplus on disposal of property, plant and equipment

	2025 £'000	2024 £'000
Sales proceeds	1,040	1,265
Cost of sales	(619)	(786)
Surplus / (deficit)	421	479

Surplus on disposal of property, plant and equipment comprises of 13 (Mar-24: 12) traditional staircasing sales and disposals resulting in a surplus of £421k (Mar-24: £479k).

6. Interest receivable and similar income

	2025 £'000	2024 £'000
Interest receivable from bank and deposits	399	1,254
Total	399	1,254

7. Interest payable and similar charges

	2025 £'000	2024 £'000
		Restated
Loans	6,286	5,678
Capitalised interest	(517)	(206)
Total	5,769	5,472

Borrowing costs of £517k (2024: £206k) have been capitalised at a rate of 4.78% (2024: 4.54%) which is the average rate applicable to the Association. See note 38 which details the restatement workings.

8. Surplus on ordinary activities before taxation

	2025 £'000	2024 £'000
Surplus on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of property, plant and equipment	7,510	7,118
Amortisation of intangible assets	231	155
Amortised government grant	(2,466)	(2,336)
Surplus on disposal of property, plant and equipment	(421)	(479)
Statutory audit	59	54
Audit related assurance services	13	12
Operating lease rentals	2,338	2,080

9. Units in management

	2024 number	Adjustments / Transfers	Additions	Disposals	2025 number
General needs	4,716	-	100	(4)	4,812
Shared ownership	78	(8)	-	(3)	67
Supported housing	473	-	-	-	473
Private sector leasing and lettings	9	-	-	(9)	-
Residential care homes	194	-	-	(29)	165
Nursing care homes	239	-	-	-	239
Homebuy	330	(14)	-	(7)	309
Leaseholders	158	2	-	-	160
Total	6,197	20	100	(52)	6,225

In addition to bed spaces and units in management, the Association also provides floating support, tenant support and homecare services to 2,889 (Mar-24: 996) clients.

10. Employee information

	2025 number	2024 Number
Average number of staff employed during the year	1,144	1,202
Total number of staff employed at the end of the year	1,095	1,181
Full-time equivalent number of staff employed at the end of the year	825	842
Finance and Corporate Services	191	191
Development Services	8	10
Housing	39	41
Care	466	496
Support	121	104
Total	825	842

The total costs for the staff employed was as follows:

	2025 £'000	2024 £'000
Wages and salaries	27,556	25,159
Social security costs	2,309	2,047
Apprenticeship levy	125	115
Pension costs	1,359	1,575
Total	31,349	28,896

Included in the wages and salaries reported above is an accrual for all outstanding benefits to which employees (including senior executives) have become entitled to at the year-end as a result of their service, including holiday pay and redundancy. The total accrued as at 31 March 2025 was £1.947m (Mar-24: £760k).

The charge for pension represents contributions paid by the Association to the pension schemes. Outstanding amounts payable to the schemes at the year-end were £445k (Mar-24: £633k).

11. Members' and key management personnel emoluments

For the purpose of this note, members and key management personnel refer to the senior executives contracted and employed by the Hendre Group as outlined in the annual report.

Emoluments, including benefits in kind, payable to key management personnel of the Group were as follows:

	2025 £'000	2024 £'000
Emoluments	833	815
Pension contributions	94	87
Total	927	902

Emoluments payable to the Group Chief Executive:

	2025 £'000	2024 £'000
Emoluments	159	154
Pension contributions	20	19
Total	179	173

The full-time equivalent number of Senior Executives who received emoluments (excluding pension contributions) were in the following ranges

	2025 number	2024 number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	3
£120,001 - £130,000	2	1
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1

12. Taxation

The surpluses of the Association are exempt from taxation as it is accepted as a charity for tax purposes.

The Association is registered for VAT but a large proportion of its income is exempt for VAT purposes and this therefore gives rise to a partial exemption calculation.

13. Housing properties

	Completed properties	Under construction	Completed shared ownership	2025 £'000	2024 £'000
					Restated
Cost					
At beginning of year	443,594	37,784	2,333	483,711	451,239
Additions to properties	963	28,083	20	29,066	25,734
Section 106 agreements and donated land	3,121	-	-	3,121	2,384
Schemes completed	15,938	(15,938)	-	-	-
Components replaced	12,425	-	-	12,425	6,069
Disposal of properties	(351)	-	(37)	(388)	(683)
Disposal of components	(2,225)	-	-	(2,225)	(1,458)
Impairment of properties	-	-	-	-	426
At end of year	473,465	49,929	2,316	525,710	483,711

Depreciation

At beginning of year	78,051	-	-	78,051	72,405
Charge for year	7,029	-	-	7,029	6,710
Disposal of properties	(76)	-	-	(76)	(113)
Disposal of components	(1,717)	-	-	(1,717)	(951)
At end of year	83,287	-	-	83,287	(78,051)

Net book value

At end of year	390,178	49,929	2,316	442,423	405,660
At beginning of year	365,543	37,784	2,333	405,660	378,834

In addition to the components replaced in the year, a further £0.8m was spent on major repairs (excluding overheads) and has been written off to the statement of comprehensive income (Mar-24: £0.9m). Physical adaptation works (PAGs) and buy back of properties capitalised in the year amounted to £0.8m (Mar-24 £0.5m).

Direct development administration costs capitalised in the year amounted to £0.7m (Mar-24: £0.6m). Interest costs capitalised in the year were £0.5m (Mar-24 0.2m).

Direct maintenance administration costs capitalised in the year amounted to £0.4m (Mar-24: 0.3m) and are included in the components replaced in the year values above. Costs are capitalised as described under section 17 of FRS102.

14. Impairment review

The Association is satisfied, by consideration of a number of factors, that there is no indication of impairment to any category of assets other than stated above, and thus considers that a full, detailed impairment evaluation is not required. In arriving at this conclusion, the Association has considered the current level of demand for property across all areas and property types, the low level of void losses, current and projected cash flows, and the ongoing investment in property maintenance and improvement.

15. Intangible assets

	2025 £'000	2024 £'000
Cost		
At beginning of year	853	583
Additions	429	270
At end of year	1,282	853
Amortisation		
At beginning of year	411	256
Amortised in year	231	155
At end of year	642	411
Net book value		
At end of year	640	442
At beginning of year	442	327

16. Other property, plant and equipment

	Service equipment	Computers, furniture & equipment	2025 £'000	2024 £'000
Cost				
At beginning of year	1,142	4,889	6,031	6,201
Additions	22	575	597	379
Disposals	-	(164)	(164)	(549)
At end of year	1,164	5,300	6,464	6,031
Depreciation				
At beginning of year	883	4,088	4,971	5,112
Charge for year	54	427	481	408
Disposals	-	(151)	(151)	(549)
At end of year	937	4,364	5,301	4,971
Net book value				
At end of year	227	936	1,163	1,060
At beginning of year	259	801	1,060	1,089

17. Investment property

	2025 £'000	2024 £'000
At beginning of year	52	52
Fair value movement on investment properties	(5)	-
At end of year	47	52

18. Homebuy loans

	2025 £'000	2024 £'000
At beginning of year	10,420	10,454
Additions	-	139
Disposals	(276)	(173)
At end of year	10,144	10,420

19. Inventories

	2025 £'000	2024 £'000
Housing properties	-	-

20. Debtors due after more than one year

	2025 £'000	2024 £'000
Loan to Hendre Limited	5,000	5,000
Housing finance grant	7,135	7,362
CoCo debt	115	115
At end of year	12,250	12,477

As at 31 March 2025, Hendre Limited was in receipt of a public benefit entity concessionary loan of £5.0m from the Association (Mar-24: £5.0m).

The CoCo debt takes the form of a convertible loan note instrument which provides for the issue of notes (the CoCo Notes) which represent a debt owed by MORhomes plc. The CoCo Notes will convert from debt to shares in MORhomes upon certain prescribed events occurring.

21. Debtors due within one year

	2025 £'000	2024 £'000
Arrears of rent and service charges	3,380	3,308
Less: provision for bad and doubtful debts	(2,181)	(1,779)
	1,199	1,529
Housing finance grant	545	545
Trade debtors	301	417
Other debtors and prepayments	2,082	2,349
At end of year	4,127	4,840

22. Cash and cash equivalents

	2025 £'000	2024 £'000
Treasury deposits:		
Overnight deposit	7,034	14,462
32 days deposit	292	284
	7,326	14,746
Cash at bank and in hand	307	957
Total	7,633	15,703

23. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Revenue grants	71	30
Housing loans (see note 25)	2,594	2,315
Interest on housing loans	1,013	405
Government grants (see note 26)	2,686	2,491
Capital expenditure – properties	692	1,351
Capital expenditure – components	3,718	1,384
Capital retentions greater than 90 days	1,373	1,110
Trade creditors	3,808	2,442
Other taxation and social security	3,436	2,700
Other creditors and accruals	5,385	7,211
Inter-company creditors	1,226	1,209
Total	26,002	22,648

24. Creditors: amounts falling due after more than one year

	2025 £'000	2024 £'000
Housing loans (see note 25)	133,907	122,247
Government grants - housing properties (see note 26)	223,450	216,728
Recycled capital grant fund (see note 27)	1,902	2,144
Homebuy grants (see note 28)	2,867	2,959
Total	362,126	344,078

25. Housing loans

Housing loans are secured by specific charges on the Association's properties. The interest rates are fixed at between 0.0% and 10.2% or vary with market rates.

	2025 £'000	2024 £'000
Repayable by instalments due as follows:		
Between one and two years	1,626	1,594
Between two and five years	50,007	6,399
After five years	83,237	114,478
	134,870	122,471
Within one year	2,594	2,315
Total loans	137,464	124,786
Less unamortised transaction costs	(963)	(224)
Total	136,501	124,562

A £1m interest free loan was received from Welsh Government in March 2022 and is repayable in April 2025.

26. Government grants

Group

	Completed properties	Under construction	Completed shared ownership	2025 £'000	2024 £'000
Grant					
At beginning of year	213,229	36,795	1,114	251,138	242,222
Receipts	1,780	4,563	-	6,343	6,744
Section 106 agreements	3,121	-	-	3,121	2,384
Completed in year	10,304	(10,304)	-	-	-
Disposal of properties	(85)	-	(27)	(112)	(212)
At end of year	228,349	31,054	1,087	260,490	251,138
Amortisation					
At beginning of year	31,640	-	279	31,919	29,625
Amortised in year	2,455	-	11	2,466	2,336
Disposal of properties	(21)	-	(10)	(31)	(42)
At end of year	34,074	-	280	34,354	31,919
Net book value					
At end of year	194,275	31,054	807	226,136	219,219
At beginning of year	181,589	36,795	835	219,219	212,597
Due within one year (see note 23)				2,686	2,491
Due after more than one year (see note 24)				223,450	216,728
Total government grants				226,136	219,219

27. Recycled capital grant fund

	2025 £'000	2024 £'000
At beginning of year	2,144	1,889
Inputs to recycled capital grant fund	204	255
Recycling of grant	(446)	-
At end of year	1,902	2,144

There is no recycled capital grant fund repayable within 12 months.

28. Homebuy grants

	2025 £'000	2024 £'000
At beginning of year	2,959	3,001
Additions	-	-
Disposals	(92)	(42)
At end of year	2,867	2,959

29. Non equity share capital

Shares of £1 each fully paid and issued at par	2025 £'000	2024 £'000
At beginning of year	27	27
Shares issued during the year	3	4
Shares forfeited during the year	(6)	(4)
At end of year	24	27

30. Financial instruments

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

Financial assets measured at undiscounted amount receivable

	2025 £'000	2024 £'000
Inter-company loan to Hendre Limited (see note 20)	5,000	5,000
Rent arrears (see note 21)	1,199	1,529
Trade debtors (see note 21)	301	417
Cash and cash equivalents (see note 22)	7,633	15,703
Total	14,133	22,649

Financial assets measured at amortised cost

	2025 £'000	2024 £'000
Housing Finance Grant (see notes 20 and 21)	7,680	7,907
CoCo debt (see note 20)	115,	115
Total	7,795	8,022

Financial liabilities measured at undiscounted amount payable

	2025 £'000	2024 £'000
Interest on housing loans (see note 23)	1,013	405
Capital expenditure - properties for letting	692	1,351
Capital expenditure - replacement components	3,718	1,384
Capital retentions greater than 90 days	3,808	1,110
Trade creditors (see note 23)	3,436	2,442
Inter-company creditors (see note 23)	1,226	1,209
Total	13,893	7,901

Financial liabilities measured at amortised cost

	2025 £'000	2024 £'000
Housing loans (see note 25)	137,464	124,786

Interest income and expense

	2025 £'000	2024 £'000
		Restated
Interest receivable	399	1,254
Interest and financing costs	(5,769)	(5,472)
Total	(5,370)	(4,218)

31. Capital commitments

	2025 £'000	2024 £'000
Expenditure contracted less certified	33,132	34,736
Expenditure authorised by the Board but not contracted	14,356	17,669
Total	47,488	52,405

The Board expects that any expenditure it has authorised will be fully financed by grants, mortgage, loans and reserves.

32. Contingent liabilities

In March 2024, the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 ("the Act") and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) ("the Regulations") in the year ending 31 March 2025.

On identification of the issue, immediate steps were taken to ensure full compliance with legal obligations as the Association is currently able to understand them. There is an ongoing claim in the High Court brought by a number of other Registered Social Landlords to seek a series of declarations as to the correct meaning and interpretation of the potential obligations.

The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but, acknowledging the inherent uncertainty with such legal proceedings, is more than remote. A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above matter.

33. Operating leases

At 31 March 2025, the Association had total commitments under operating leases in respect of leased properties, office premises, equipment and vehicles as follows:

	2025 £'000	2024 £'000
Payments due:		
No later than one year	2,238	2,080
Later than one year and not later than 5 years	8,668	7,160
Over 5 years	11,114	6,131
Total	22,020	15,371

The majority of the above commitments are in respect of properties managed by Hafod Housing Association Limited under lease from The Welsh Housing Partnership and WHP2.

34. Related party transactions

Hendre Limited provides a landlord and facilities function to Hafod Housing Association Limited. These costs are recharged in full as at 31 March 2025.

Transactions between members of the Hendre Group for the year ended 31 March 2025 are set out in the tables below. Values are stated net of VAT.

Services provided by	Company	Hendre Limited £'000	Hafod Housing Association Limited £'000	Hafod Resources Limited £'000	Foundation Housing Tai Sylfaen £'000	Yellow Wales £'000
Registered Social Landlord	Hendre Limited	-	552	-	-	-
	Hafod Housing Association Limited	-	-	-	-	-
Non-registered	Hafod Resources Limited	-	-	-	-	-
	Foundation Housing	-	-	-	-	-
	Yellow Wales	-	-	-	-	-

Net debtor / (creditor) balances	Company	Hendre Limited £'000	Hafod Housing Association Limited £'000	Hafod Resources Limited £'000	Foundation Housing Tai Sylfaen £'000	Yellow Wales £'000
Registered Social Landlord	Hendre Limited	-	3,864	-	-	-
	Hafod Housing Association Limited	(3,864)	-	(83)	-	(6)
Non-registered	Hafod Resources Limited	-	83	-	-	-
	Foundation Housing	-	-	-	-	-
	Yellow Wales	-	6	-	-	-

Transactions between members of the Hendre Group for the period ended 31 March 2024 are set out in the tables below. Values are stated net of VAT.

Services provided by	Company	Hendre Limited £'000	Hafod Housing Association Limited £'000	Hafod Resources Limited £'000	Foundation Housing Tai Sylfaen £'000	Yellow Wales £'000
Registered Social Landlord	Hendre Limited	-	565	-	-	-
	Hafod Housing Association Limited	-	-	-	-	-
Non-registered	Hafod Resources Limited	-	-	-	-	-
	Foundation Housing	-	-	-	-	-
	Yellow Wales	-	-	-	-	-

Net debtor / (creditor) balances	Company	Hendre Limited £'000	Hafod Housing Association Limited £'000	Hafod Resources Limited £'000	Foundation Housing Tai Sylfaen £'000	Yellow Wales £'000
Registered Social Landlord	Hendre Limited	-	3,879	-	-	-
	Hafod Housing Association Limited	(3,879)	-	(83)	-	(5)
Non-registered	Hafod Resources Limited	-	83	-	-	-
	Foundation Housing	-	-	-	-	-
	Yellow Wales	-	5	-	-	-

As at 31 March 2025, Hendre Limited has a public entity concessionary loan with Hafod Housing Association Limited of £5.0m (Mar-24 £5.0m). In the table above this is netted off by short term inter-company creditor balances of £1.136m (2024: £1.121m).

None of the current senior executives or Board Members of Hendre Limited or its subsidiaries had any related party transactions with the Group during the period which require disclosure. Details are given in respect of previous senior executives or Board members.

Other related parties include Hafod Homes Limited and Hafod Corporate Services Limited which are not part of the Hendre Group. Jas Bains and Tracey Healey (Executive Directors of the Group) are Directors.

The Welsh Housing Partnership Limited & WHP2 Ltd

	2025 £'000	2024 £'000
Purchases from related parties	2,274	2,667

The purchases above represents values payable in respect of properties leased by Hafod Housing Association Limited from WHP and WHP2. The Boards of WHP and WHP2 set their rent levels to their shareholders to cover their property acquisition and funding costs, and these are reflective of the market to cover any risk around transfer pricing.

35. Subsidiary undertakings

On 8 January 2008 Yellow Wales, a company limited by guarantee (No. 05154189), was acquired for nil consideration and became a subsidiary of the Association. Yellow Wales is also a registered Charity (No. 1105272).

	2025 £'000	2024 £'000
Aggregate reserves	15	15

Yellow Wales' financial statements have not been consolidated into the Association's financial statements as they are consolidated into the ultimate parent, Hendre Limited. A copy of Yellow Wales' financial statements is available on request from the registered office:

St Hilary Court
Copthorne Way
Cardiff
CF5 6ES

36. Pension scheme

Greater Gwent (Torfaen) Pension Fund

On 31 March 2024 the remaining members of this scheme were transferred to a Self-Invested Personal Pension (SIPP) with AEGON. The AEGON plan is a Defined Contribution scheme.

As a consequence of the closure of the scheme, in accordance with Section 28 (Employee Benefits) of FRS102, part of the pension scheme surplus was recognised at the end of March 2024. Following further negotiations with the fund, a total payment of £3.4m was received resulting in additional £1.42m surplus to be recognised in 2024/25 financial year.

Scheme assets / (liabilities)

	2025 £'000	2024 £'000
Equities	-	7,777
Government bonds	-	1,787
Property	-	631
Cash (including others)	-	315
Cessation adjustment	-	146
Total market value of assets	-	10,656
Present value of scheme liabilities	-	(7,292)
Adjustment to recognise proportion of assets due to Hafod on cessation	-	(1,404)
Net pension asset	-	1,960

Movement in surplus for the year

	2025 £'000	2024 £'000
Surplus at the beginning of year	-	195
Current service cost	-	(34)
Cessation service cost	-	(30)
Contributions paid	-	-
Other finance income	-	9
Net actuarial adjustment	-	1,820
Surplus at the end of the year	-	1,960

Movement in plan assets for the year

	2025 £'000	2024 £'000
Assets at the beginning of year	-	9,736
Return on assets	-	453
Actuarial gain	-	722
Employer contributions	-	-
Employee contributions	-	8
Benefits paid	-	(409)
Cessation Adjustment	-	146
Assets at the end of year	-	10,656

Movement in plan liabilities for the year

	2025 £'000	2024 £'000
Liabilities at the beginning of year	-	6,858
Service cost	-	64
Interest cost	-	317
Employee contributions	-	8
Actuarial gain	-	(45)
Benefits paid	-	(409)
Cessation adjustment	-	499
Liabilities at the end of year	-	7,292

Analysis of other pension costs charged in arriving at operating surplus

	2025 £'000	2024 £'000
Current service cost	-	(34)
Cessation service cost	-	30
Total service cost	-	(64)

Analysis of amounts included in other finance income

	2025 £'000	2024 £'000
Return on pension scheme assets	-	453
Interest on pension scheme liabilities	-	(317)
Interest on the effect of the asset ceiling	-	(127)
	-	9

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2025 £'000	2024 £'000
Actuarial gain on scheme assets	-	722
Actuarial gain on scheme liabilities	-	45
Adjustment to recognise ceiling value of net asset	-	2,810
Cessation adjustment	1,421	(353)
Adjustment to recognise proportion of assets due to Hafod on cessation	-	(1,404)
Net actuarial adjustment recognised in the statement of comprehensive income	1,421	1,820

Other pension arrangements

During the year to 31 March 2025 there were two active schemes: National Employment Savings Trust (NEST) and a Self-Invested Personal Plan (SIPP) with AEGON. New members of staff employed by the Association were auto enrolled into either the National Employment Savings Trust (NEST); or a SIPP with AEGON, depending on which pension scheme was offered under their contract of employment. The costs of these two schemes are written off to the statement of comprehensive income on an accruals basis. The assets of these schemes are held separately from those of the Association in independently administered funds. The Association operates a salary exchange scheme that is available to all eligible employees in the AEGON pension plan.

37. Ultimate parent undertaking

The ultimate parent undertaking is Hendre Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 registered with the Welsh Government.

The consolidated financial statements of Hendre Limited are available to the public and may be obtained from:

St Hilary Court

Copthorne Way

Cardiff

CF5 6ES

38. Prior period restatement

During 2024-25 the Group changed their accounting policy to capitalise interest.

The tables below detail the changes.

	As previously restated £'000	Capitalised Interest £'000	As restated £'000
As at 31 Dec 2021	77,533	-	77,533
Surplus for the year ended 31 March 2023	3,351	75	3,426
As at 31 March 2023	80,884	75	80,959

	As previously restated £'000	Capitalised Interest £'000	As restated £'000
As at 31 March 2023	80,884	75	80,959
Surplus for the year ended 31 March 2024	4,723	206	4,929
As at 31 March 2024	85,607	281	85,888