

Beacon Cymru Group Ltd.

**Report and financial statements
For the year ended 31 March 2025**



Information

Co-operative and Community Benefit Society number:	30438R
Welsh Government registration number:	L146
Registered office:	3 rd Floor, 220 High Street, Swansea, SA1 1NW
Non-executive Board members:	<p>Peter Hughes (Chair, appointed 2nd January 2025) Patrick Hoare (Vice Chair, Joint Chair of Integration, Transformation and Resources Committee, appointed 2nd January 2025) Scott Allin (Chair of Audit, Assurance & Risk Committee, appointed 2nd January 2025) Aaron Hill (Joint Chair of Integration, Transformation and Resources Committee, appointed 2nd January 2025) Jane Howells (Chair of Homes, Investment and Sustainability Committee, appointed 2nd January 2025) Gurmel Bachu (appointed 2nd January 2025) Scott Caldwell (appointed 2nd January 2025) Bethan Evans (appointed 2nd January 2025) Dawn Mitchell (appointed 2nd January 2025) Jonathan Roberts (appointed 2nd January 2025) Edward White (appointed 2nd January 2025)</p>
Executive Board members & Company Secretary	<p>Debbie Green (Group Chief Executive) Luke Takeuchi (Deputy Chief Executive), (Company Secretary appointed January 2025)</p>
Other Executive Directors:	<p>Caroline Belasco (Executive Director of People) Jennifer Ellis (Executive Director of Transformation & Business Insight) Sian Evans (Interim Executive Director of Finance) Rhianydd Jenkins (Executive Director of Development & Growth) Serena Jones (Executive Director of Operations) Simon Jones (Executive Director of Finance, resigned January 2025)</p>
Bankers:	Barclays Bank PLC 262 Oxford Street, Swansea
Solicitors:	Blake Morgan One Central Square, Cardiff Devonshires 30 Finsbury Circus, London Hugh James Two Central Square, Central Square, Cardiff
Auditors:	Bevan Buckland LLP Cardigan House, Castle Court, Swansea Enterprise Park, Swansea

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Chair's Statement

Introduction

This is the first beginning to an Annual Report under the *Beacon Cymru Group Ltd* banner and it is a privilege to be able to write this as its first Chair. Both bodies which led to its formation - Coastal Housing and RHA Wales - outlined the merger dialogue in their previous annual reports. After having undertaken wide-ranging consultations with residents, colleagues, and broader stakeholders - including obtaining all requisite approvals – Beacon Cymru Group Ltd was born on the 2nd of January. This is a really exciting time - more on which later.

Meantime, the challenging external backcloth trailed last time showed little sign of relenting. Mercifully we have seen inflation reduce dramatically - although far from completely tamed – with the Bank of England beginning to ease lending rates. Continued political turmoil, both internationally and domestically continues however, where ongoing and entrenched conflicts across several regions, alongside the potential imposition of trade tariffs present stern tests for policy makers.

Balancing the UK and Welsh books against the multiple challenges faced will undoubtedly require some tough choices and almost inevitably we foresee household incomes becoming ever more squeezed. Housing supply remains constrained and whilst we welcome the Welsh Affordable Housing Task Force, alongside the new UK government's emphasis on unleashing new development, there will be no immediate panacea. Consequently, we anticipate continued high demand for our services and a need to respond more flexibly and creatively to the challenges communities face.



Team Beacon hit the ground running in January, following a series of marketplace events in area offices providing support with HR, Tech, Facilities and Communications.

Few of these challenges are entirely new but they have become more acute and were central to the reasoning why both boards believed we could be "better together". There was a combined belief that additional scale, a broader regional footprint, greater colleague resilience, and harnessing the very best ideas / practices adopted within each of Coastal and RHA would in time enhance our offering. More new homes are part of this equation but of uppermost importance is improving resident services and demonstrably investing more within our existing estate. Understandably the sector has been under the spotlight lately for many of the wrong reasons - be those around quality or safety - and there is a determination within Beacon Cymru not to be found wanting. This report shines a torch into main areas of activity during the year.

Homes and housing services

A busy year for our teams directly supporting residents across our regions. Here are just a few highlights of their work.

Since the reduction in Physical Adaptations Grant (PAG) funding, it's been increasingly difficult for Beacon Cymru to adapt as many residents' homes as we would like to. With this in mind, we redesigned our process for adaptations to better assess the urgency for work, giving priority to:

- Diagnosed life-limiting disease
- Palliative care
- Delayed discharge from hospital
- Sudden 'life-changing' injury
- Urgent replacement of existing adaptation used daily e.g. hoist, stairlift, specialist bath.

An area where we receive a high number of complaints from our residents is around antisocial behaviour, which has been a real area of focus for board members. In the year since it formed, our Community Safety Team has had a

significant impact on how antisocial behaviour, safeguarding, and domestic abuse are managed. The team dealt with **516** cases in its first year, often in partnership with other agencies, including South Wales Police as part of Operation Viscaria: a dedicated response to crime and antisocial behaviour in Swansea city centre that led to falls in 9 out of 11 categories of crime including burglary, robbery and drugs offences.

The cost-of-living crisis has hit communities where we work particularly hard, so we were pleased to support the creation of the first Multibank in Wales, Cwtch Mawr, in 2023/24 and to increase that support in 2024/25. Cwtch Mawr means 'Big Hug' in English and is a community donations hub offering support for families experiencing poverty across Swansea and Neath Port Talbot. It provides surplus essentials, such as warm clothes, hygiene products, school uniforms, and bedding donated by businesses, like Amazon, directly to those in need. The products are redistributed via the lead charity partner, Faith in Families, to charity groups and care professionals who give them directly to people in need, when they need them.



From left: Cherrie Bija, CEO of Faith in Families, which runs the Cwtch Mawr multibank with Beacon Cymru's Executive Director of Operations Serena Jones.

Meantime, work at the award-winning Little Shed in Tonypany has continued apace – whilst the award recognition is nice to have, ultimately it's the impact made in communities that is the real reward.

Ahead of the merger we engaged with residents through various channels including several "in-person" events. The feedback was invaluable with messages including:

- Ensuring the size and scale of changes didn't impact on services – specifically residents wanted to see services stay "local" and housing officers remaining accessible.
- That Beacon Cymru must maintain – and indeed improve- standards of service delivery especially repairs, estates, cleaning etc. Broadly residents were happy with repairs but identified areas where estates could be improved. This chimes with positive resident satisfaction rates across the Beacon Cymru region but we can always strive to do better.
- A need to communicate effectively around any changes.

Such feedback will be kept front of mind as we develop our updated plans. Similarly, there will remain a real focus on complaints. It is never nice to think that residents feel bound to complain about their services but when they do it is invariably with good reason. The new complaints standard has already been introduced across part of Beacon Cymru and will be adopted throughout by the end of 2025. Rest assured we will listen and seek to both learn and improve from what data we gain from embracing the process reforms.

Development and regeneration

In June 2024 we were pleased to welcome Julie James MS to our redevelopment at Eversley Road, Sketty for a visit ahead of its completion in December. This project brought 13 much-needed apartments to this popular Swansea suburb, whilst refurbishing a public car park crucial to servicing nearby businesses and providing the area's first public EV charging infrastructure.



High profile awareness-raising alongside an easy transition for customers have been two key objectives of the merger branding launch.



Our Pemberton development with Edenstone and Tata Steel is located next to the Parc y Scarlets ground and will bring 70 new homes to this part of Carmarthenshire.

Latterly there has been much excitement around the impending redevelopment of one of Swansea's iconic buildings – the Grade II listed Castle Cinema to provide 30 new homes alongside commercial space.

Beacon Cymru is mindful that this grade 2 listed building – within a conservation area – has real architectural and historic importance and will develop sensitively with that in mind.

Across in Rhondda Cynon Taf, development of The Big Shed in Tonypany has now gathered pace, which will deliver 51 homes alongside commercial space complementing the wider regeneration within the town.

Our development partner Willis Construction has exemplified how to bring alive their work within local schools and communities - adding to the real sense of excitement this project will bring. Similarly, we are partnering with Jones Brothers Henllan to bring about 70 new homes at Hafod Wen, Tonyrefail – an area of particularly high demand for our homes.



The Big Shed development in Tonypany continues apace under the new Beacon Cymru banner.

Other key developments commencing in the reporting period were new homes and commercial units at King's Road in Swansea's SA1 Waterfront and at 61 Kingsway in Swansea city centre and a significant build of 70 new homes in partnership with Tata Steel at Pemberton in Llwynhendy.

These latter homes have been designed with support from Swansea University's Specific innovation and knowledge centre to ensure high levels of energy performance for residents and minimise the environmental impact of the construction process.



Our sensitive redevelopment of the iconic Castle Cinema in Swansea has generated huge media and industry interest.

The overall development programme within Beacon Cymru is formidable with over 500 homes under construction. Delivering it will not be without its challenges – contractor capacity and skills shortages remain acute, requiring short term vigilance and longer term thinking to develop the workforce a vibrant construction industry needs. We believe the additional scale and regional diversification within Beacon Cymru will give the space for us to hatch more longer term and sustainable partnerships.

Corporate operations, sustainability and our colleagues

We have commissioned drone services for a number of years for different areas of the business but typically this is a high-cost service. In August we invested in equipment and training for staff in several different departments and now have a pool of operators able to carry our drone flights. Drones enable us to document developments at different stages of construction but also to carry out maintenance inspections at height without the time or costs incurred by erecting scaffolding. This leads to quicker identification and rectification of roofing and gutter issues, minimising disruption to residents.

In January 2025, we announced our first two candidates for the GEM programme: an intensive, year-long personal development and leadership programme linked to the Chartered Institute of Housing (CiH). Whilst the programme has been successfully running for a number of years, Beacon Cymru is the first Welsh housing association to participate.

One of our objectives following merger for the newly-formed organisation was to create a dedicated area of our business focused on insight, digital technology and transformation. We are delighted that this new team has now been established and work is already underway to better manage and understand our data. We intend to ensure that we have the best possible approach to our technology and insight to prepare us for the future and provide residents with a great service experience.

Financial Out-turn

Inevitably the figures for 24/25 present very differently to the previous individual financial statements making comparisons difficult. It will take a little time for all of the merger impact to work its way through the accounts whilst inevitably some significant one-off costs specifically relating to the merger are absorbed. Advisory fees have been quite significant - but necessary - to ensure the merger was based on solid legal and financial principles. Similarly, ensuring that our funding strategy provides a solid platform for the future growth and security of Beacon Cymru has been an absolute priority which resulted in some significant breakage costs being incurred within the last year. All these measures were factored into the merger plans and are key planks to underpinning our long-term viability – evidenced by the strong support from our multiple funders.

Summary

The year has wrought real change for two long-standing Welsh housing associations – reborn as Beacon Cymru. The tests we face remain significant – from a policy perspective the latest Welsh Housing Quality Standard, the need to accelerate decarbonising our estates, understanding emergent legislation post-Grenfell, and the likely introduction of new consumer regulation are only some of these. Moreover, merger itself will bring its own challenges around aligning systems and ways of working.

Our belief is that we can better overcome these challenges as Beacon Cymru but success will ultimately be defined by whether the lives of residents are demonstrably improved through enhanced services and additional investment. The Beacon Cymru board are united that all the ingredients for success exist and will leave no stone unturned to secure it.

Finally, a big “thank you” to all our colleagues across Beacon Cymru. We recognise merger dialogue can be enormously unsettling but it is to the credit of our teams that they have remained fully focused on delivering the services residents understandably expect. Their commitment augurs well for a positive future.



Peter Hughes
Chair

Operating and financial review

Group and Association highlights, two-year summary

The Group comprises Beacon Cymru Group Ltd ('the Association'), and its subsidiary Pennant Housing Association Limited. It was created via merger in Dec-24. In line with accounting requirements, the financial statements have been prepared on the basis that the Group has always existed. However, it has not been deemed practical to revisit years prior to this set of financial statements, therefore the five-year summary statement will be built up from 2024 figures on an annual basis.

Comprehensive income – Group	2025 £'000	2024 £'000
Total turnover	72,560	64,449
Operating surplus before exceptional items	16,355	16,364
Fire safety remediation writeback/(provision)	2,090	-
Surplus/(deficit) for the year	3,626	4,249
Actuarial gain / (loss) in respect of pension schemes	687	(2,166)
Total comprehensive income for the year	4,313	2,083

Cash flow – Group	2025 £'000	2024 £'000
Net cash inflow from operating activities	13,624	14,045

Financial position – Group	2025 £'000	2024 £'000
Housing property at cost	780,180	728,230
Net current assets/(liabilities)	(22,797)	(21,929)
Total loans	(241,632)	(231,315)
Defined benefit pension liability	(3,966)	(6,201)
Net assets	73,222	68,909

Statistics – Association

The following information relates solely to the results of Beacon Cymru Group Ltd

Units in management	8,674	8,576
Operating surplus	22.54%	25.39%
Operating surplus (<i>before joint venture lease costs and exceptional items</i>)	20.21%	22.53%
Social housing lettings surplus (<i>before joint venture lease costs and exceptional items</i>)	15.11%	19.32%
Rent lost from voids and bad debts	2.12%	2.61%
Rent arrears (<i>current residents</i>)	5.8%	6.5%
Interest cover (<i>earnings before interest, tax, depreciation, amortisation and fire remediation costs to net interest payable</i>)	1.7	1.9
Gearing (<i>net loans to housing property at cost</i>)	33.1%	31.3%

Operating and financial review

Principal activities

The Group comprises Beacon Cymru Group Ltd ('the Association'), and its subsidiary Pennant Housing Association Limited ('Pennant', together 'the Group').

The principal activities of the Group are the management of social rented housing, the construction of new housing for social rent and for sale, and associated regeneration activities.

The Association is charitable and Pennant is non-charitable. Both Group members are not-for-profit Community Benefit Societies registered as social landlords with the Welsh Government.

The Group manages over 8,600 properties in the Swansea, Neath Port Talbot, Carmarthenshire, Bridgend and Rhondda Cynon Taff local authority areas and has a significant development programme. The Group also continues to specialise in urban housing-led regeneration projects. In addition, the Group provides properties leased from the Welsh Housing Partnership joint ventures at intermediate rents to people who cannot rent a suitable home on the open market.

Business and financial review

Summary

On 2nd January 2025 RHA Wales transferred its engagements to Coastal Housing Group Ltd as permitted by the Co-Operative and Community Benefit Societies Act 2014. On the same date the entity became Beacon Cymru Group Ltd. In accordance with FRS102, the transaction has been accounted for as a merger under public benefit entity combinations, and so these financial statements are presented as if Beacon Cymru Group Ltd had existed in its current form since the start of the previous reporting period.

The Group has a surplus for the year of £3.6m (2024: £4.25m) before pension adjustments. The specific reasons for this result are included in this report.

Social housing lettings income increased from £55.5m to £62m, caused by a rise in other revenue grants from £3.8m to £6.9m, £4.4m of which related to Cladding remediation grants. Rent and service charge income rose from £44.2m to £47m. Turnover and operating costs include the results of first tranche housing sales which increased from £2.5m to £3.7m.

The operating surplus and social housing lettings surplus percentages in the two-year summary have been adjusted to exclude the impact of the provision (and release of provision) for fire safety remediation costs and changes in fair value of the commercial portfolio. The figures also exclude the impact of joint venture lease costs as there would be no such operating cost had these properties been developed by the Association. These adjustments make this data more consistent with other similar Associations.

Some of the void costs are attributed to a single housing scheme where we are holding units vacant pending structural repairs to manage water ingress.

The trend of increasing resident arrears has continued with a slight increase on the previous year and our bad debt policy makes prudent provision for bad debts. We continued to work throughout the year to support residents as far as possible with financial pressures and make sure that our properties remain safe and secure for the people who live in them.

Service charge costs have continued to grow as a result of inflation and other external factors out of our control. We continue to work to keep our service charge costs down and have absorbed some of the cost increases in the interest of providing affordable rents and service costs.

Our commercial portfolio, supporting the regeneration of the areas where we work, has continued to perform well despite the pressures the wider economy creates for many of our commercial tenants. We are committed to working flexibly with commercial tenants while protecting our own financial position.

Operating and financial review

Business and financial review (continued)

Our finances are robust and the Group remains able to manage adverse financial conditions. The Board ensured that financial plans were stress tested to cover a wide range of economic impacts to our activities and is satisfied that the Group is able to manage these risks effectively.

In addition, the Association has significant cash and liquidity. At the balance sheet date we had cash of £10.4m and also had access to £114m of immediately available funding, a combination of revolving credit facilities as well as undrawn debt. At the financial year end advance receipts of social housing grant allowed us to pay down some of our revolving credit facilities to reduce our interest costs.

Merger

In January 2025, the merger of RHA Wales and Coastal Housing Group took place to form Beacon Cymru Group limited. The area of operation therefore encompasses five local authorities from Rhondda Cynon Taf in the East to Carmarthenshire in the West.

This merger was formed from a position of strength. The merger will create an even more resilient organisation, better able to provide personalised, good quality services, invest in existing homes to ensure they are safe, warm and meet resident needs, build new homes and invest in the places where we work. Excellent resident engagement and involvement will also be a central principle for the organisation, giving everyone an opportunity to influence the organisation and shape the services we deliver. The merged organisation will also have more capacity to invest in leading technology and systems which will assist us to run the business more effectively, supported by strong governance and leadership.

We aim to deliver an ambitious and innovative development programme across a wider geography and we will continue to play a key part in delivering Welsh Government's ambitions to accelerate the program of building new affordable housing.

In the financial year ended 31st March 2025, Beacon Cymru Group Ltd has recognised Merger related costs of £375.5k. These are included in operating costs in the Statement of Comprehensive Income largely relating to professional fees.

Fire safety

Work at Harbour Quay in Swansea was completed during the financial year. This means that the balance of provision held in the accounts at year end amounting to £2.09m is now released. The programme of fire safety works continues, but as this is fully grant funded, no further provision is required.

Investment in new homes

We have continued to invest in existing housing and to develop new housing despite the difficult economic environment.

During the financial year, 86 newly developed social rented properties were brought into management.

Our subsidiary, Pennant, is the Group's home ownership vehicle. Pennant has undertaken the development of a site at Llannon, Carmarthenshire, which will deliver 47 new homes. The development is well under way with completion expected in February 2026.

Commercial portfolio

The commercial property portfolio has performed well, with low levels of arrears and new rents broadly achieving market levels; we had very few vacant units. Our commercial property is accounted for as investment property under accounting standards, despite our long-term interest in the properties as part of our regeneration activity and has been valued as at 31 March 2025. We remain mindful of the difficult economic conditions that may affect future valuations, however our financial covenants do not include the impact (or benefit) of any fair value adjustments.

Operating and financial review

Business and financial review (continued)

Joint ventures

Via Pennant, we are an investor in Welsh Housing Partnership and there are two joint venture companies – The Welsh Housing Partnership Limited (“WHP”) and WHP2 Limited. There were no new properties acquired by the joint ventures and leased to the Association during the year. During the year WHP2 completed a refinance which resulted in a modest increase in the lease cost to the Association. This has been allowed for in future budgets. More information is given in note 16.

Pension scheme

Note 26 describes the accounting for the Group’s participation in the multi-employer Social Housing Pension Scheme. The financial statements reflect the Group’s share of liabilities. The Board has not changed the assumptions put forward by the scheme administrators, currently considering them to be prudent but reasonable. This is reviewed each financial year.

The actuarial valuation as at 30 September 2023 resulted in an increase in the deficit payments required to be paid by the Association and the deficit is scheduled to be repaid by 31 March 2028. The next valuation due is as at 30 September 2026.

Objectives and strategy

Our values drive our decision making from the Board and executive directors through the organisation to the services we provide. Our values are also at the heart of our corporate vision which is summarised below:

Our Vision

"Better places for people and the planet."

Our Purpose:

“To create lasting change you can see, through affordable homes, sustainable neighbourhoods and vibrant town and city centres.”

Our Beacons:

Our Beacons are a mix of values and principles that guide everything we do and how we do it.

Values: Trust, respect, integrity

Principles: Relationships, learning, community

Our Plan is built on 4 key pillars:

- People
- Place
- Planet
- Platform

The executive directors are responsible for ensuring our objectives and goals are best placed to meet our corporate vision in the future. Our wider senior management team are responsible for prioritising the activities within the year (the annual corporate plan) which will deliver tangible gains against the goals as defined. The executive directors and wider senior management team meet regularly to assess achievement of the goals.

Operating and financial review

Value for money

Our value for money strategy directly supports our corporate objectives. We use value for money savings to:

- reinvest in service improvements,
- reinvest in our housing assets
- reinvest in our communities,
- reinvest in our local economy,
- reduce financing costs of delivering new homes,
- make capital repayments on loans, and
- retain surpluses

Value for money methodology

The drive to pursue and achieve value for money is both explicit and implicit in the way we work at Beacon. Achieving value for money is not something that is considered separately from the day job, it is an integral part of it. In practice a number of interlinked practices support the delivery of value for money:

- clarity of, and focus on, purpose
- lean systems thinking,
- knowing and doing the things that matter to residents
- engaged empowered staff and an entrepreneurial culture,
- a collaborative governance model,
- pro-active relationships with stakeholders,
- procurement,
- treasury management, and
- asset management

In a lean systems model, rather than manage people and budgets, we act on the system and system conditions as an integrated whole to achieve results (delivering what matters to residents) by managing the flow of work and eliminating waste. Therefore, we do not look to measure budget savings in silos as this can simply drive costs elsewhere. We measure ourselves at an organisational level against the Community Housing Cymru indicators published in global accounts, and additional measures agreed by the Board. This was last reported to the Board in May 2024.

Sustainability

The Group participates in the Optimised Retrofit Programme, which also receives Welsh Government funding and should support good future investment in property. This is enabling us to ensure that an even higher proportion of our homes achieve an EPC C energy rating or above. We have developed a number of innovative low carbon, energy efficient new homes with Welsh Government support through Innovative Housing Programme funding.

The new sustainability strategy for Beacon Cymru Group Ltd is currently in consultation and is planned to be approved within the first half of financial year 2025/26, this will lead to SHIFT completing the sustainability audit.

Risks and uncertainties

Risks that may prevent the Group achieving its objectives are reviewed annually by the senior management team and Board as part of corporate planning.

As part of the identification of strategic risks we have considered the likelihood of the risk occurring and the likely severity should it do so. Risks have agreed action plans and consideration has been given to the compound impact of risks occurring in combinations. The board reviews the register at set intervals during the year.

Operating and financial review

Risks and uncertainties (continued)

Top strategic risks

Following the merger completion, Beacon has been working through creating a new revised strategic risk framework. Our current key strategic risks are:

- Rental income – Rent arrears or unaffordability leads to significant shortfall in rental income compared with the business plan.
- Cyber Security - Failure to protect Beacon's systems and data against a cyber-attack leading to system downtime, loss or corruption of data, inability to provide services, financial loss and reputational damage.
- Data integrity – Data is not captured consistently or adequately resulting in inadequate information/reports about key business areas that impacts performance and/or health & safety.
- Policy expectations of WHQS 2023 (EPCA Requirements).

Capital structure and treasury policy

At the year end the Group's borrowings amounted to £242 million:

Maturity	2025	2024
	£m	£m
Within one year	7.5	5.2
Between one year and two years	2.1	7.0
Between two and five years	18.3	5.9
After more than five years	213.7	161.6
	<u>241.6</u>	<u>179.7</u>

At the balance sheet date the Group's borrowings are from banks, building societies and the capital markets, at both fixed and floating rates of interest. The fixed rates of interest range from 0% to 11.6% as compared with variable rates which had a range of 5.55% to 6.08%.

Liquidity requirements are met by £91million of revolving credit facilities as well as undrawn term facilities of £23m with a number of lenders.

The summary shows our performance against interest cover and gearing measures. The additional costs relating to fire safety remediation recognised in 2020 were discussed ahead of the balance sheet date with our funders and with their agreement this provision is excluded from interest cover covenant calculations.

Loan agreements require compliance with a number of other financial and non-financial covenants. The position is monitored and reported to the Board. The Group was in compliance with its loan covenants at the balance sheet date.

The Group's Treasury Management Policy was updated in June 2025 and was reviewed by our treasury advisors, Centrus Advisory, to ensure it reflects good practice.

The Group has cash balances of £12.4 million at 31 March 2025 (2024: £19.7 million). Cash flow forecasts are closely monitored to ensure that sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs.

Investment in new and existing properties

A key influence on the timing of borrowings is the rate at which development activity takes place and the levels of grant funding available. The Board has approved plans to spend £73 million during the next financial year to develop housing for rent and for sale.

We continue to invest in our housing and in the year we spent £19.7 million maintaining our homes to Welsh Housing Quality Standard.

Operating and financial review

Statement of compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2018.

Report of the Board and strategic report

The board of Beacon Cymru Group Limited is pleased to present its strategic report together with audited financial statements of Beacon Cymru Group Limited ('the Association') and the Group for the year ended 31 March 2025.

Principal activities, business review and future developments

Details of the Group's principal activities, its performance during the year and factors likely to affect its future development are contained within the Operating and Financial Review, which precedes this report.

Board members and executive directors

The Group operates a unitary Board (i.e. a Board made up of executive and non-executive directors) and non-executive directors are remunerated. The Group considers that remuneration helps to recruit skilled Board members and to maintain strong corporate governance. Executive Board members receive no additional remuneration.

Executive director terms and conditions

The executive directors are employed on the same terms as other staff, their notice periods ranging from three to six months. The executive directors are eligible for membership of the Social Housing Pension Scheme, Beacon has both defined contribution and defined benefit pension schemes. They participate in the scheme on the same terms as all other eligible staff.

Employees

We recognise that the success of our business depends on the quality, engagement and wellbeing of our employees. We continued to invest in our employees through a program of tailored learning and development, along with a number of coaching and mentoring programmes to further build skills and capability.

We have undertaken employee surveys to help us understand and further improve engagement, knowledge and working practices. We have been recognised for our outstanding achievements in both health and well-being and our approach to health and safety. The Board is aware of its responsibilities on all matters relating to health and safety and the Group has clear health and safety policies, on which employees are fully trained and educated accordingly.

Financial risk management objectives and policies

The Group uses financial instruments, including loans and cash to finance the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from the Group's financial instruments are considered by the Board to be interest rate risk, liquidity risk and credit risk. The Board review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained surpluses and borrowings from financial institutions. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities, together with standalone financial instruments. A significant proportion of the loan facility is at fixed rates. The Group considers its average cost of funds to be well managed.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invests cash assets prudently, also limiting the amount of cash held with any one institution. At any one time the Group aims to maintain sufficient undrawn facilities to fund the committed development programme for 24 months into the future.

Report of the Board and strategic report

Financial risk management objectives and policies (continued)

Credit risk

The Group's principal credit risk relates to resident arrears. This risk is managed primarily by an area based generic housing service, supported by a rent management team, and the close relationship our staff have with their residents. We have adapted our services to meet the challenge of welfare reform and the cost of living crisis.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has long-term debt in place which provides adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Internal controls assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2024 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- board approved terms of reference and delegated authorities for committees
- clearly defined management responsibilities for the identification, evaluation and control of significant risks
- robust strategic and business planning processes, with detailed financial budgets and forecasts
- appropriate recruitment, retention, training and development policies for all staff
- established authorisation and appraisal procedures for development and other significant commitments
- a documented approach to strategic treasury management
- regular reporting to the appropriate committee on key business objectives and outcomes
- board approved whistleblowing and anti-fraud policies covering prevention, detection and reporting, together with recoverability of assets
- regular monitoring of loan covenants and requirements for new loan facilities

The Board cannot delegate ultimate responsibility for the system of internal control but has given delegated authority to the Audit, Assurance & Risk committee to regularly review the effectiveness of the system of internal control. The Board receives Audit, Assurance & Risk Committee meeting minutes. The annual report of the internal auditor has been reported to the Board.

Report of the Board and strategic report

Code of Governance

The Group is committed to achieving the highest standards of Governance in everything it does. The pre merger Regulatory Judgements, published by the Welsh Government for Coastal Housing Group and RHA Wales, confirmed that we are compliant with the regulatory standards, including governance and tenant services. Our governance arrangements have been reviewed against the Community Housing Cymru Code of Governance. Whilst the merger process was on-going, no regulatory judgements were issued, however, a judgement for Beacon Cymru Group Limited is expected in late summer or autumn 2025.

Beacon Cymru Group Ltd has three sub Committees: Audit & Risk Committee, Homes, Investment & Sustainability Committee and Integration, Transformation & Resources Committee. Finance matters are reported to Board, together with pay awards and matters of governance.

The Rules of the Association and Pennant were previously updated in line with the current Model Rules issued by Community Housing Cymru.

Statement of the responsibilities of the Board for the report and financial statements

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

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102) Under the Housing Association legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers SORP 2018, 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 Association will continue in business.

The Board is responsible for maintaining an adequate system of internal control and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the 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. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Board and strategic report

Annual general meeting

The annual general meeting will be held on 30th July 2025 at 220 High Street, Swansea, SA1 1NW.

External auditors

A resolution to re-appoint Bevan Buckland LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved by the Board on 23rd July 2025 and signed on its behalf by:



Peter Hughes
Chair

Independent auditor's report to the members of Beacon Cymru Group Ltd on corporate governance

In addition to our audit on the financial statements for the year ended 31 March 2025, we have reviewed the Board's statement of Beacon Cymru Group Ltd's ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal controls assurance on page 13, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.



Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 23rd July 2025

Bevan Buckland LLP
Chartered accountants, tax and financial planners

Independent auditor's report to the members of Beacon Cymru Group Ltd

Opinion

We have audited the financial statements of Beacon Cymru Group Ltd and its subsidiaries for the year ended 31 March 2025 which comprise the Consolidated Group and Association statements of comprehensive income, the Consolidated Group and Association statements of changes in reserves, the Consolidated Group and Association statements of financial position, the Consolidated Group cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Association's affairs as at 31st March 2025 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Board are responsible for the other information. The other information comprises the information included in the Group annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Beacon Cymru Group Ltd

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the parent Association has not kept proper accounting records; or
- the parent financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the parent 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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

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

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;

Independent auditor's report to the members of Beacon Cymru Group Ltd

- The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 23rd July 2025

Bevan Buckland LLP
Chartered accountants, tax and financial planners

Consolidated Statement of Comprehensive Income

	Note	2025 £'000	2024 (Restated) £'000
Turnover	2	72,560	64,449
Less: share of turnover of joint ventures	16	<u>(2,373)</u>	<u>(2,619)</u>
Group turnover: continuing activities	2	70,187	61,830
Operating costs	2	(56,410)	(48,275)
Surplus on sale of fixed assets	2	275	431
Change in fair value of Commercial Properties	2	135	(54)
Group operating surplus: continuing activities		<u>14,187</u>	<u>13,932</u>
Share of operating profit of joint ventures	16	<u>2,168</u>	<u>2,432</u>
Operating surplus		16,355	16,364
Interest receivable and other income			
Group	6	1,273	333
Interest payable and similar charges			
Group	7	(11,708)	(9,982)
Joint ventures	16	<u>(2,266)</u>	<u>(2,516)</u>
Surplus on ordinary activities before taxation		3,654	4,199
Tax on surplus on ordinary activities	11	-	83
Tax on surplus of joint ventures	16	(28)	(33)
Surplus for the year		<u>3,626</u>	<u>4,249</u>
Actuarial gain / (loss) in respect of pension schemes	27	687	(2,166)
Total comprehensive income for the year		<u>4,313</u>	<u>2,083</u>

The accompanying notes form part of these financial statements.

The Group's results relate wholly to continuing activities.

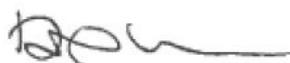
The financial statements were approved by the Board on 23rd July 2025 and were signed on its behalf by:

Chair



Peter Hughes

Board member



Debbie Green

Board member/Secretary



Luke Takeuchi

Association Statement of Comprehensive Income

	Note	2025 £'000	2024 (Restated) £'000
Turnover	2a	70,262	62,194
Operating costs	2a	(56,214)	(48,176)
Surplus on sale of fixed assets	2a	275	396
Change in fair value of Commercial Properties	2a	135	(54)
Operating surplus		<u>14,458</u>	<u>14,360</u>
Interest receivable and other income	6	1,220	435
Interest payable and similar charges	7	(11,707)	(10,098)
Surplus on ordinary activities before taxation		<u>3,971</u>	<u>4,697</u>
Tax on surplus on ordinary activities	11	-	-
Surplus for the year		<u>3,971</u>	<u>4,697</u>
Actuarial gain / (loss) in respect of pension schemes	27	687	(2,166)
Total comprehensive income for the year		<u>4,658</u>	<u>2,531</u>

The accompanying notes form part of these financial statements.

The association's results relate wholly to continuing activities.

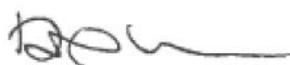
The financial statements were approved by the Board on 23rd July 2025 and were signed on its behalf by:

Chair



Peter Hughes

Board member



Debbie Green

Board member/Secretary



Luke Takeuchi

Consolidated Statement of Changes in Reserves

	Designated Reserve	Income and Expenditure reserve	Total
	£'000	£'000	£'000
Aggregated (Coastal & RHA) Reserves as at 1 April 2023	2,976	61,818	64,794
Restatement of Reserves on merger	-	2,032	2,032
Restated Reserves as at 1 April 2023	2,976	63,850	66,826
Restated Surplus for the year	-	4,249	4,249
Restated Other Comprehensive Income for the year	-	(2,166)	(2,166)
Restated Reserves as at 1 April 2024	2,976	65,933	68,909
Surplus for the year	-	3,626	3,626
Other Comprehensive Income for the year	-	687	687
Reserves as at 31 March 2025	<u>2,976</u>	<u>70,246</u>	<u>73,222</u>

Association Statement of Changes in Reserves

	Designated Reserve	Income and Expenditure reserve	Total
	£'000	£'000	£'000
Aggregated (Coastal & RHA) Reserves as at 1 April 2023	2,976	58,887	61,863
Restatement of Reserves on merger	-	2,032	2,032
Restated Reserves as at 1 April 2023	2,976	60,919	63,895
Restated Surplus for the year	-	4,697	4,697
Restated Other Comprehensive Income for the year	-	(2,166)	(2,166)
Restated Reserves as at 1 April 2024	2,976	63,450	66,426
Surplus for the year	-	3,971	3,971
Other Comprehensive Income for the year	-	687	687
Reserves as at 31 March 2025	<u>2,976</u>	<u>68,108</u>	<u>71,084</u>

Consolidated Statement of Financial Position

	Note	2025 £'000	2024 (Restated) £'000
Fixed assets			
Intangible Fixed Assets	12	-	147
Housing properties	13	780,180	728,230
Depreciation	13	(108,361)	(101,279)
		<u>671,819</u>	<u>627,098</u>
Other tangible fixed assets	17	7,763	7,251
Investments	14	34,181	30,068
Investments in joint ventures	16	13,172	13,299
Homebuy loans	15	2,388	2,388
Total fixed assets		<u>729,323</u>	<u>680,104</u>
Current assets			
Trade and other debtors	19	16,648	22,070
Properties for sale and work in progress	18	846	4,197
Cash and cash equivalents	30	12,648	19,675
		<u>30,142</u>	<u>45,942</u>
Creditors: due within one year	21	(50,414)	(64,760)
Social housing grant due in one year	24	(2,525)	(3,111)
		<u>(22,797)</u>	<u>(21,929)</u>
Net current (liabilities)/assets		<u>(22,797)</u>	<u>(21,929)</u>
Total assets less current liabilities		<u>706,526</u>	<u>658,175</u>
Creditors: due after more than one year	22	(237,776)	(229,054)
Social housing grant due after more than one year	24	(374,014)	(333,492)
Grants – Other Fixed Assets	20	(625)	(641)
Other grants due after more than one year	20	(1,570)	(1,625)
Housing grant relating to joint ventures	15	(12,673)	(12,673)
Homebuy grants due after more than one year	15	(2,176)	(2,176)
		<u>(628,834)</u>	<u>(609,661)</u>
Provisions for liabilities			
Provisions for liabilities and charges	28	(504)	(3,404)
Defined benefit pension liability	27	(3,966)	(6,201)
		<u>(4,470)</u>	<u>(9,605)</u>
Total net assets		<u>73,222</u>	<u>68,909</u>
Capital and reserves			
Income and expenditure reserve		70,246	65,933
Designated reserves		2,976	2,976
		<u>73,222</u>	<u>68,909</u>
Total capital and reserves		<u>73,222</u>	<u>68,909</u>

Consolidated Statement of Financial Position

The accompanying notes form part of these financial statements.

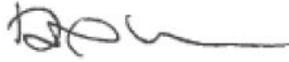
The financial statements were approved by the Board on 23rd July 2025 and were signed on its behalf by:

Chair



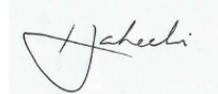
Peter Hughes

Board member



Debbie Green

Board member/Secretary



Luke Takeuchi

Association Statement of Financial Position

	Note	2025	2024 (Restated)
		£'000	£'000
Fixed assets			
Intangible Fixed Assets	12	-	147
Housing properties	13	780,180	728,230
Depreciation	13	(108,361)	(101,279)
		<u>671,819</u>	<u>627,098</u>
Other tangible fixed assets	17	7,763	7,251
Investments	14	33,969	29,856
Homebuy loans	15	1,391	1,391
Total fixed assets		<u>714,942</u>	<u>665,596</u>
Current assets			
Trade and other debtors	19	16,429	21,846
Properties for sale and work in progress	18	846	4,094
Cash and cash equivalents	30	10,428	18,103
		<u>27,703</u>	<u>44,043</u>
Creditors: due within one year	21	(49,400)	(64,504)
Social housing grant due in one year	24	(2,525)	(3,111)
Net current (liabilities)/assets		<u>(24,222)</u>	<u>(23,572)</u>
Total assets less current liabilities		<u>690,720</u>	<u>642,024</u>
Creditors: due after more than one year	22	(237,776)	(229,054)
Social housing grant due after more than one year	24	(374,014)	(333,492)
Grants – Other Fixed Assets	20	(625)	(641)
Other grants due after more than one year	20	(1,570)	(1,625)
Homebuy grants due after more than one year	15	(1,181)	(1,181)
Provisions for liabilities			
Provisions for liabilities and charges	28	(504)	(3,404)
Defined benefit pension liability	27	(3,966)	(6,201)
Total net assets		<u>71,084</u>	<u>66,426</u>
Capital and reserves			
Income and expenditure reserve		68,108	63,450
Designated reserves		2,976	2,976
Total capital and reserves		<u>71,084</u>	<u>66,426</u>

Association Statement of Financial Position

The accompanying notes form part of these financial statements.

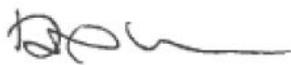
The financial statements were approved by the Board on 23rd July 2025 and were signed on its behalf by:

Chair



Peter Hughes

Board member



Debbie Green

Board member/Secretary



Luke Takeuchi

Consolidated Statement of Cash Flow

	Note	2025	2024 (Restated)
		£'000	£'000
Net cash inflow from operating activities	31	13,624	14,045
Cash flow from financing activities			
Loan drawdown		50,262	8,942
Interest payable	7	(12,103)	(10,121)
Loan repayments		(39,945)	(21,704)
Net cash from financing activities		<u>(1,786)</u>	<u>(22,883)</u>
Cash flow from investing activities			
Decrease in WHP investment		-	-
Interest received	6	1,273	333
Purchase and construction of housing properties, including component replacements		(50,605)	(35,075)
Proceeds from sale of housing property assets	13	756	942
Purchase of other fixed assets		(1,417)	(889)
Purchase and construction of housing properties held for sale		(410)	(1,270)
Proceeds from sale of properties held for sale		4,074	3,309
Purchase and construction of fixed asset investments		(4,329)	(1,307)
Proceeds from sale of fixed asset investments		283	533
Social housing & other grants received		31,510	53,379
Net cash from investing activities		<u>(18,865)</u>	<u>19,955</u>
Net change in cash and cash equivalents		<u>(7,027)</u>	<u>11,117</u>
Cash and cash equivalents at beginning of year		<u>19,675</u>	<u>8,558</u>
Cash and cash equivalents at end of the year		<u><u>12,648</u></u>	<u><u>19,675</u></u>

Association Statement of Cash Flow

	Note	2025 £'000	2024 (Restated) £'000
Net cash inflow from operating activities	31	13,131	16,777
Cash flow from financing activities			
Loan drawdown		50,262	8,929
Interest payable	7	(12,102)	(10,237)
Loan repayments		(39,945)	(21,704)
Net cash from financing activities		(1,785)	(23,012)
Cash flow from investing activities			
Interest received	6	1,220	435
Purchase and construction of housing properties, including component replacements		(50,605)	(35,075)
Proceeds from sale of housing property assets	13	756	764
Purchase of other fixed assets		(1,417)	(889)
Purchase and construction of housing properties held for sale		(410)	(1,270)
Proceeds from sale of properties held for sale		3,971	234
Purchase and construction of fixed asset investments		(4,329)	(1,307)
Proceeds from sale of fixed asset investments		283	638
Social housing & other grants received		31,510	53,379
Net cash from investing activities		(19,021)	16,909
Net change in cash and cash equivalents		(7,675)	10,674
Cash and cash equivalents at beginning of year		18,103	7,429
Cash and cash equivalents at end of the year		10,428	18,103

Notes to the Financial Statements

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord with charitable status, registered with the Welsh Government.

1. Accounting policies

The principal policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The Association is a public benefit entity with a trading subsidiary. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) in the United Kingdom issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for "Registered Social Housing Providers" as updated in 2018 (Housing SORP 2018), and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015. The financial statements are presented in Sterling (£).

Basis of consolidation

The consolidated financial statements include the results of Beacon Cymru Group Ltd and its subsidiary Pennant Housing Association Limited which is also a registered social landlord – 'the Group'.

The Association has the right to appoint members to the Board and thereby exercise control over the subsidiary.

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March under the requirements of FRS 102. The Association is required under the Co-operative and Community Benefit Societies Act 2014, the Housing SORP 2018 and The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015 to prepare Group accounts. The consolidation has been carried out in accordance with current accounting standards in order to show the financial information for the Group as a single economic entity. Where any conflict arises between the Housing SORP 2018 and applicable financial reporting standards, then the Housing SORP 2018 prevails.

Going Concern

The Group's business activities, its current financial position and the factors likely to affect its future development are set out within the strategic report. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with day to day operations. The Group has a long-term business plan which shows that it can service these debt facilities while continuing to comply with lenders' covenants. The Group regularly carries out a reassessment of the business plan as well as an assessment of the likelihood of any imminent or future breach of borrowing covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Public benefit entity combination

RHA Wales Ltd transferred its engagements (that is, its assets and liabilities) to Coastal Housing Group Ltd on 2nd January 2025 on this same date the combined entity name became Beacon Cymru Group Ltd. This has been accounted for as a merger under public benefit entity combinations and therefore the financial statements are presented as if Beacon Cymru Group Ltd had existed in its current form since the start of the previous reporting period.

The policies of RHA Wales Ltd and Coastal Housing Group Ltd have been aligned as part of the merger accounting, resulting in a 'restatement' of the surplus for 31/03/2024 and the statement of financial position as at 01/04/2023 and 31/03/2024. The result of this restatement is detailed in the Prior Year Adjustment note to these financial statements.

Notes to the Financial Statements

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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.

Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Categorisation of properties between investment properties and property, plant and equipment

The Association bases this assessment depending on the use of the asset and the level of rent charged.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components.

Turnover and revenue recognition

Turnover comprises:

- Rental and service charge income receivable in the year
- Income from shared ownership first tranche sales
- Amortisation of social housing and other government grants
- Other services included at the invoiced value (excluding VAT) of goods and services supplied in the year
- Revenue grants receivable in the year
- Supporting people initiative

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the statement of comprehensive income under surpluses/deficits from the sale of fixed assets. Revenue is recognised when sale completion of the property has been achieved.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Amortisation of Social Housing and other government grants is accounted for in line with the accounting policy.

Notes to the Financial Statements

Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment. Where deferral of payment terms have been agreed at below market rate and where material, the balance is shown at the present value, discounted at a market rate.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Interest payable

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

- a. interest on borrowings specifically financing the development programme after deduction of social housing grant (SHG) received in advance; or
- b. a fair amount of interest on borrowings of the Group as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

Housing properties

Housing properties are principally properties available for rent and are stated at cost. The cost of properties is their purchase price together with incidental costs of acquisition and direct costs of the development process. Where properties come into the ownership of the Association under Section 106 planning agreements by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as social housing grant within liabilities. Where the donation is not instructed by a non-public source, the value of the donation is included as income.

Housing properties – depreciation is charged on the historic cost of property components. The depreciable amounts are written off over the estimated useful economic lives from the date of purchase / build. Freehold land is not depreciated. Leasehold properties are depreciated over the remaining period of the lease.

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

Notes to the Financial Statements

Housing properties (continued)

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Where a housing property comprises two or more components with substantially different useful economic lives then each component is accounted for separately. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred. Depreciation is charged on cost on a straight line basis over the components expected economic lives.

Shared ownership properties are not depreciated on the basis that the residual value is likely to be greater than the net cost.

Profit or loss on disposal of property is recognised at the date a sale becomes certain. The profit or loss arising on disposal is the difference between the sale price, SHG income previously recognised within income, and the total of depreciated cost together with any associated costs of disposal such as legal and valuation fees.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties and their estimated useful lives are as follows:

Component	Useful Life (Years)
New Structure	150
Structure	100
Roofs	60
Windows	35
Doors	35
Bathrooms	25
Kitchens	20
Electrical Heating Systems	20
Solar PV	20
Boilers	15

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Depreciation is charged on housing properties and its components in the year following the year the property entered into management.

Notes to the Financial Statements

Social housing grant

Social housing grant (SHG) is receivable from the Welsh Government (WG) and is repayable in the event of disposal, demolition or change of use to an ineligible activity, save in circumstance where the Welsh Government considers it appropriate to reduce the amount repayable. These are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals method.

SHG due from the WG or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the WG. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in liabilities.

Where individual components are disposed of, this does not create a relevant event for recycling purposes. Upon disposal of the associated property, the Group is required to recycle the full amount of the original grant received. A contingent liability is disclosed in the accounts in relation to SHG amortised to date, due to the potential requirement to recycle upon sale of a property.

Housing finance grants

Housing Finance Grant (HFG) is receivable from Welsh Government over a 30-year term. The grant relates to a specific financing model introduced as an alternative to SHG. The grant is for a fixed amount and contributes to the interest and capital repayment incurred by the group over a 30-year period.

HFG is treated in the same way as SHG with regards to its allocation against components and its treatment as an asset or liability.

Investment property grants

Government grants received in respect of investment properties are recognised under the performance method. Where such grants are not subject to specified future performance related conditions they are recognised as income. Any grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are shown as a liability on the statement of financial position. 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. Where an asset is donated by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Amortisation of grants

Grants relating to assets are recognised in income on a straight line basis over the expected useful life of the asset. Government grants received for housing properties are recognised in income over the expected useful life of the housing property structure – over 10 – 150 years.

Where grants are received in advance they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. Grants receivable in respect of completed schemes or those under construction are included as debtors in the financial statements.

Notes to the Financial Statements

Development costs

Development costs are capitalised in as much as they comprise purchase price, directly attributable costs to bring the properties into working condition for their intended use and incremental costs that would have been avoided only if the properties had not been constructed as required. Any other development costs which are not directly attributable have been written off to the Statement of Comprehensive Income. Costs on schemes which do not proceed are written off to the Statement of Comprehensive Income in the year they become abortive.

Accommodation managed by agents

Revenue grant received in relation to these schemes is included in turnover. A substantial portion of the grant is paid over to the managing agent, this expenditure being incorporated in operating costs.

Managing agents collect rent on the schemes, which are applied by them towards the cost of housing the residents. This income and expenditure has been excluded for the accounts of the Association.

Impairment

Housing properties, including those with individual components and other assets are assessed whether an indication of impairment exists at each reporting date.

Where there is evidence of impairment, assets are written down to their recoverable amount, being the higher of the value in use and fair value less costs to sell. Any write down is charged to the Statement of Comprehensive income.

Other tangible fixed assets

Other Tangible Fixed Assets, other than investment properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line or reducing balance basis over the useful economic lives of the assets as follows:

Other Fixed Asset	Useful Life (Years)
Buildings	10 – 150
Fixed Plant & Machinery	4 – 35
Furniture, Fixtures & Fittings	5 – 20
Computers & Office Equipment	5 – 15
Scheme Assets	4 - 20
Motor Vehicles	25% Reducing Balance

The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset.

Depreciation is charged on Other Fixed Assets in the month following the month of purchase.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to expenditure over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the lease term.

Notes to the Financial Statements

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investment in Subsidiary

Investment in the subsidiary is accounted for at cost less any impairment.

Fixed asset investments

Investments held as fixed assets are stated at market value.

Home buy option

Where the Group received an allowance from Welsh Assembly Government to administer the sale of property under the "Home Buy Option" initiative and in turn has made an interest free loan to the purchaser secured by a charge on the property, the loan is accounted for under investments at cost with the associated grant included in long term liabilities on the statement of financial position.

Investment property

Investment properties consist of commercial properties held in connection with regeneration activity. Investment properties are measured at costs on initial recognition and subsequently at fair value, determined by an independent professional valuation at the year end. Any changes in fair value are recognised in the Statement of Comprehensive Income.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amount of replaced components are recognised in Statement of Comprehensive Income.

The cost of maintenance, repairs and minor improvements is recognised in the Statement of Comprehensive Income when incurred. On disposal of an investment property, the difference between the disposal proceed and the carrying amount is recognised in the Statement of Comprehensive Income.

Loans

Basic financial instruments are recognised at amortised historical cost. Loan arrangement fees are capitalised and recognised over the term of the loan through the effective interest rate applied to the loan and amendments there to when subsequent fees arise during the course of such loans. Interest on loans is recognised in like manner using the present value of estimated future interest payments.

Concessionary loans, being loans made or received below the prevailing market rate of interest that are not repayable on demand, are disclosed in the notes to the financial statements.

Financial instruments

Financial assets and financial liabilities are initially measured at the transaction price adjusted, where the financial asset or liability is not required to be held at fair value, for any directly attributable costs of acquisition.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Notes to the Financial Statements

Financial instruments (continued)

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- cash is held at cost
- financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method
- financial liabilities such as bonds and loans are held at amortised cost using the effective interest method
- loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method
- commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- a. the best evidence of fair value is a quoted price in an active market
- b. when quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate
- c. where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations

Retirement Benefits – defined contribution scheme

The Association makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and the Group. The scheme assets are invested separately from the Group assets in independently administrated funds in the names of employees concerned and there is no residual liability for the Group beyond remittance of these contributions.

The associated expenditure is recognised immediately in the statement of comprehensive income in the year in which contributions are earned.

Retirement Benefits – defined benefit scheme

The Group makes payments to defined benefit pension schemes on behalf of its employees. The schemes are funded by contributions partly from the employees and partly by the Group at rates determined by independent actuaries. The scheme assets are invested separately from the Group assets in independently administrated multi-employer funds.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive Income.

Joint ventures

The Group accounts for joint ventures under the gross equity method in line with Housing SORP 2018. The investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in share of net assets.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

Hedging policy

The Group and Association occasionally enters into derivative financial instruments, such as interest rate swaps, to manage its exposure to interest rate risk. These instruments are used for risk management purposes and not for speculative trading.

In accordance with FRS 102, the company has elected not to apply hedge accounting. This decision has been made to avoid the potential volatility in the profit and loss account that may arise from the discontinuation or ineffectiveness of hedge relationships.

As a result, all derivative financial instruments are measured at fair value through profit or loss, with changes in fair value recognised immediately in the profit and loss account. Where a derivative was previously associated with a hedging relationship that has since been discontinued, any resulting gain or loss is amortised over the remaining term of the derivative and recognised within interest payable.

Designated Reserve

A designated reserve is in place for RCT major repairs and communal equipment, used to avoid undue fluctuations in total free revenue reserves.

Notes to the Financial Statements

2. Particulars of turnover, cost of sales, operating costs and operating surplus

Group – continuing activities

2025

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	<u>62,055</u>	<u>(52,676)</u>	<u>-</u>	<u>-</u>	<u>9,379</u>
Other social housing activities						
First tranche shared equity sales		3,738	(2,093)	-	-	1,645
Management services		1,944	(579)	-	-	1,365
Development costs not capitalised		-	(45)	-	-	(45)
Surplus on disposal of housing property		-	-	-	159	159
Surplus on disposal of investments		-	-	-	116	116
Non-social housing activities						
Commercial rents		2,018	(716)	-	-	1,302
Properties developed for outright sale		310	(198)	-	-	112
Change in fair value of Commercial Properties		-	-	135	-	135
Community development activities		122	(103)	-	-	19
		<u>70,187</u>	<u>(56,410)</u>	<u>135</u>	<u>275</u>	<u>14,187</u>

Notes to the Financial Statements

2. Particulars of turnover, cost of sales, operating costs and operating surplus

Group – continuing activities (continued)

2024
(Restated)

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	<u>55,488</u>	<u>(44,766)</u>	<u>-</u>	<u>-</u>	<u>10,722</u>
Other social housing activities						
First tranche shared equity sales		2,540	(1,841)	-	-	699
Management services		1,731	(119)	-	-	1,612
Development costs not capitalised		-	(25)	-	-	(25)
Surplus on disposal of housing property		-	-	-	217	217
Surplus on disposal of investments		-	-	-	214	214
Non-social housing activities						
Commercial rents		2,071	(778)	-	-	1,293
Commercial grant writeback		18	(130)	-	-	(112)
Change in fair value of Commercial Properties		-	-	(54)	-	(54)
Community development activities		84	(616)	-	-	(532)
Other		(102)	-	-	-	(102)
		<u>61,830</u>	<u>(48,275)</u>	<u>(54)</u>	<u>431</u>	<u>13,932</u>

Notes to the Financial Statements

2a. Particulars of turnover, cost of sales, operating costs and operating surplus

Association – continuing activities

2025

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	62,440	(52,677)	-	-	9,763
Other social housing activities						
First tranche shared equity sales		3,738	(2,093)	-	-	1,645
Management services		1,944	(579)	-	-	1,365
Development costs not capitalised		-	(46)	-	-	(46)
Surplus on disposal of housing property		-	-	-	159	159
Surplus on disposal of investments		-	-	-	116	116
Non-social housing activities						
Commercial rents		2,018	(716)	-	-	1,302
Change in fair value of Commercial Properties		-	-	135	-	135
Community development activities		122	(103)	-	-	19
		<u>70,262</u>	<u>(56,214)</u>	<u>135</u>	<u>275</u>	<u>14,457</u>

Notes to the Financial Statements

2a. Particulars of turnover, cost of sales, operating costs and operating surplus

Association – continuing activities (continued)

2024
(Restated)

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	55,853	(44,766)	-	-	11,087
Other social housing activities						
First tranche shared equity sales		2,540	(1,845)	-	-	695
Management services		1,731	(119)	-	-	1,612
Development costs not capitalised		-	(25)	-	-	(25)
Surplus on disposal of housing property		-	-	-	41	41
Surplus on disposal of investments		-	-	-	116	116
Non-social housing activities						
Commercial rents		2,071	(778)	-	-	1,293
Commercial grant writeback		-	-	-	-	-
Properties developed for outright sale		17	(27)	-	-	(10)
Change in fair value of Commercial Properties		-	-	(54)	-	(54)
Community development activities		84	(616)	-	-	(532)
Other		(102)	-	-	-	(102)
Gain on disposal of fixed assets		-	-	-	239	239
		<u>62,194</u>	<u>(48,176)</u>	<u>(54)</u>	<u>396</u>	<u>14,360</u>

Notes to the Financial Statement

3. Particulars of income and expenditure from social housing lettings

Group	2025		2024 (Restated)	
	General needs and sheltered housing £'000	Other social lettings £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	43,281	3,740	47,021	44,224
Rent loss due to voids	(957)	(39)	(996)	(1,154)
	<u>42,324</u>	<u>3,701</u>	<u>46,025</u>	<u>43,070</u>
Service charge income	5,921	-	5,921	5,772
Other revenue grants	6,923	-	6,923	3,821
Amortisation of grants	3,186	-	3,186	2,825
Turnover from social lettings	<u>58,354</u>	<u>3,701</u>	<u>62,055</u>	<u>55,488</u>
Overhead costs	(12,562)	(2,196)	(14,758)	(10,033)
Management	(5,219)	(317)	(5,536)	(6,183)
Services	(5,496)	(38)	(5,534)	(5,469)
Routine maintenance	(15,674)	(435)	(16,109)	(12,465)
Major repairs expenditure	(3,053)	-	(3,053)	(2,149)
Depreciation of housing properties	(7,505)	(458)	(7,963)	(6,988)
Bad debts	(719)	-	(719)	(731)
Write back of fire safety provision	2,090	-	2,090	-
Ty Twyn Teg Remedial Expenditure	(1,094)	-	(1,094)	-
Other Costs	-	-	-	(748)
Operating costs on social housing lettings	<u>(49,232)</u>	<u>(3,444)</u>	<u>(52,676)</u>	<u>(44,766)</u>
Operating surplus on social housing lettings	<u>9,122</u>	<u>257</u>	<u>9,379</u>	<u>10,722</u>

Notes to the Financial Statements

3a. Particulars of income and expenditure from social housing lettings (continued)

Association

	2025		2024 (Restated)	
	General needs and sheltered housing £'000	Other social lettings £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	43,281	4,125	47,406	44,589
Rent loss due to voids	(957)	(39)	(996)	(1,154)
	<u>42,324</u>	<u>4,086</u>	<u>46,410</u>	<u>43,435</u>
Service charge income	5,921	-	5,921	5,772
Other revenue grants	6,923	-	6,923	3,821
Amortisation of grants	3,186	-	3,186	2,825
	<u>58,354</u>	<u>4,086</u>	<u>62,440</u>	<u>55,853</u>
Turnover from social lettings				
Overhead costs	(12,562)	(2,196)	(14,758)	(10,033)
Management	(5,219)	(317)	(5,536)	(6,183)
Services	(5,496)	(38)	(5,534)	(5,469)
Routine maintenance	(15,674)	(435)	(16,109)	(12,465)
Major repairs expenditure	(3,053)	-	(3,053)	(2,149)
Depreciation of housing properties	(7,505)	(459)	(7,964)	(6,988)
Bad debts	(719)	-	(719)	(731)
Write back of fire safety provision	2,090	-	2,090	-
Ty Twyn Teg Remedial Expenditure	(1,094)	-	(1,094)	-
Other Costs	-	-	-	(748)
	<u>(49,232)</u>	<u>(3,445)</u>	<u>(52,677)</u>	<u>(44,766)</u>
Operating costs on social housing lettings				
Operating surplus on social housing lettings	<u>9,122</u>	<u>641</u>	<u>9,763</u>	<u>11,087</u>

Notes to the Financial Statements

4. Accommodation in management (Group and Association)

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

Units in management at the end of the year	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	No	No	No	No
General needs	7,954	7,853	7,954	7,853
Property ownership in joint ventures	496	496	496	496
Shared ownership	40	40	40	40
Leaseholder	184	187	184	187
Total social housing accommodation	<u>8,674</u>	<u>8,576</u>	<u>8,674</u>	<u>8,576</u>

5. Operating surplus (Group and Association)

The operating surplus is arrived at after charging	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Surplus on disposal of fixed assets – properties	275	217	275	280
Surplus on disposal of fixed assets - investments	-	214	-	116
Auditor's remuneration (including VAT)	78	65	68	57
Other non-audit services (including VAT)	18	4	17	3
Depreciation of properties	7,963	6,988	7,963	6,988
Depreciation of other fixed assets	998	1,032	998	1,032
Operating lease rental costs	2,686	3,236	2,686	3,236
Rent losses from bad debts	-	75	-	75
Amortisation	(2,992)	(3,613)	(2,992)	(3,613)
	<u>9,026</u>	<u>8,218</u>	<u>9,015</u>	<u>8,174</u>

6. Interest receivable and other income (Group and Association)

Interest receivable and similar income	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
	<u>1,273</u>	<u>333</u>	<u>1,220</u>	<u>435</u>

Notes to the Financial Statements

7. Interest payable and similar charges (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	10,462	10,121	10,461	10,237
Debt Refinance Cost	1,641	-	1,641	-
Interest payable capitalised on housing properties under construction	(659)	(366)	(659)	(366)
Unwinding of discount factor on pension liability	264	227	264	227
	<u>11,708</u>	<u>9,982</u>	<u>11,707</u>	<u>10,098</u>

8. Employees (Group and Association)

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	No	No	No	No
Corporate support	71	69	71	69
Development and Pennant	25	26	25	26
Housing	243	252	243	252
	<u>339</u>	<u>347</u>	<u>339</u>	<u>347</u>

9. Employee costs (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Wages and salaries	12,607	11,608	12,607	11,608
Social security costs	1,251	1,134	1,251	1,134
Other pension costs	1,187	1,765	1,187	1,765
Apprentice levy	37	30	37	30
Agency	74	281	74	281
	<u>15,156</u>	<u>14,818</u>	<u>15,156</u>	<u>14,818</u>

Notes to the Financial Statements

10. Board members and executives

Key management and personnel remuneration

Directors who are executive staff members

	2025 £'000	2024 (Restated) £'000
Basic salary	935	886
Social security costs	115	76
Pension contributions	161	157
Aggregate emoluments	<u>1,211</u>	<u>1,119</u>

The number of senior executives accruing retirement benefits was 9 (2024:9). During the year 8 directors have opted to pay their pension contributions by salary sacrifice, which lowers the gross salary and increases the employer contributions respectively. This option is available to all employees.

Non-executive directors

	2025 £'000	2024 (Restated) £'000
Remuneration	109	66
Benefit in kind	-	-
Aggregate emoluments	<u>109</u>	<u>66</u>

Expenses paid to non-executive directors amounted to £nil (2024: £nil).

Remuneration of the highest paid director, excluding pension contributions:

	2025 Total £'000	2024 (Restated) Total £'000
Emoluments	<u>157</u>	<u>144</u>

The Group Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply and the Association makes no contribution to any individual pension arrangement.

Notes to the Financial Statements

10. Board members and executives (continued)

The full time equivalent number of key management personnel whose remuneration payable (including pension costs) in the period fell within the following bands was:

	2025	2024 (Restated)
	No	No
£80,000 - £89,000	-	1
£90,000 - £99,000	1	2
£100,000 - £109,000	1	-
£110,000 - £119,000	-	2
£120,000 - £129,000	2	2
£130,000 - £139,000	2	1
£140,000 - £149,000	-	-
£150,000 - £159,999	-	-
£160,000 - £169,999	1	1
£170,000 - £179,999	1	-
	<u>8</u>	<u>9</u>

This banding includes directors compensated for loss of office and directors who resigned mid-year. The number of officers within the bands above has fallen as a result of the merger and change in roles.

11. Tax on surplus on ordinary activities (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax on surplus for the year	<u>-</u>	<u>(83)</u>	<u>-</u>	<u>-</u>
Deferred tax				
Net origination and reversal of timing differences	-	-	-	-
Total tax on results on ordinary activities	<u>-</u>	<u>(83)</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

12. Intangible fixed assets (Group and Association)

Intangible fixed assets are internally generated and include an IT system under development. Amortisation will be charged when the system is operational.

	Computer Software £'000	Total £'000
Cost		
At 1 April 2024 (as restated)	177	177
Additions	71	71
Disposals	(248)	(248)
At 31 March 2025	<u>-</u>	<u>-</u>
Amortisation		
At 1 April 2024 (as restated)	(30)	(30)
Charge for the year	(44)	(44)
Disposals	(74)	(74)
At 31 March 2025	<u>-</u>	<u>-</u>
Net book value		
At 31 March 2025	<u>-</u>	<u>-</u>
At 31 March 2024 (as restated)	<u>147</u>	<u>147</u>

Notes to the Financial Statements

13. Tangible fixed assets – properties (Group and Association)

	Social Housing Properties held for letting £'000	Housing Properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total £'000
Cost				
At 1 April 2024 (as restated)	679,359	42,780	6,091	728,230
Additions	10,703	40,561	-	51,264
Schemes completed in year	10,032	(10,032)	-	-
Transfers from commercial properties	-	184	-	184
Disposals	(796)	-	(45)	(841)
Transfers to properties held for sale	-	1,343	-	1,343
At 31 March 2025	<u>699,298</u>	<u>74,836</u>	<u>6,046</u>	<u>780,180</u>
Depreciation				
At 1 April 2024 (as restated)	(100,653)	-	(626)	(101,279)
Charged in year	(7,288)	-	(38)	(7,326)
Eliminated on disposal	240	-	4	244
At 31 March 2025	<u>(107,701)</u>	<u>-</u>	<u>(660)</u>	<u>(108,361)</u>
Net book value				
At 31 March 2025	<u>591,597</u>	<u>74,836</u>	<u>5,386</u>	<u>671,819</u>
At 31 March 2024 (as restated)	<u>578,706</u>	<u>42,780</u>	<u>5,465</u>	<u>626,951</u>
Additions to completed properties held for letting				
			2025	2024 (Restated)
			£000	£000
Replacement of components			7,247	7,166
Purchase of existing properties			-	-
Additions to existing properties			2,773	1,998
Purchase of properties under Section 106 agreements			683	-
Total additions			<u>10,703</u>	<u>9,164</u>

Notes to the Financial Statements

14. Fixed asset investments (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Commercial properties				
At 1st April 2024 (as restated)	25,259	24,321	25,259	24,321
Additions	3,208	545	3,208	545
Fair value (loss)/gain on investment property	-	(54)	-	(54)
Transfer to housing property	(184)	-	(184)	-
Transfers from housing property	-	447	-	447
At 31st March 2025	<u>28,283</u>	<u>25,259</u>	<u>28,283</u>	<u>25,259</u>
Shared equity loans				
At 1st April 2024 (as restated)	4,649	4,033	4,437	3,821
Additions	1,121	762	1,121	762
Disposals	(32)	(146)	(32)	(146)
At 31st March 2025	<u>5,738</u>	<u>4,649</u>	<u>5,526</u>	<u>4,437</u>
LCHO				
At 1st April 2024 (as restated)	160	160	160	160
Additions during the year	-	-	-	-
Sales during the year	-	-	-	-
At 31st March 2025	<u>160</u>	<u>160</u>	<u>160</u>	<u>160</u>
	<u>34,181</u>	<u>30,068</u>	<u>33,969</u>	<u>29,856</u>

In line with the accounting policy commercial property investments are accounted for at valuation and shared equity loans are held at historical cost. The Board of Management is confident that the carrying value of commercial properties is a fair reflection of their market value based upon the leases that are in place.

The commercial properties were valued by Astleys Chartered Surveyors in March 2025.

15. Homebuy (Group and Association)

Homebuy loans	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
At 1 st April 2024 (as restated)	2,388	2,430	1,391	1,420
Loans issued in the year	-	-	-	-
Redeemed in the year	-	(42)	-	(29)
At 31 st March 2025	<u>2,388</u>	<u>2,388</u>	<u>1,391</u>	<u>1,391</u>

Notes to the Financial Statements

15. Homebuy (Group and Association) (continued)

Homebuy grants	Group		Association	
	2025 £'000	2024 (Restated) £'000	2025 £'000	2024 (Restated) £'000
At 1st April 2024 (as restated)	2,176	2,221	1,181	1,212
Grant additions in the year	-	-	-	-
Grant utilised in the year	-	(45)	-	(31)
At 31st March 2025	<u>2,176</u>	<u>2,176</u>	<u>1,181</u>	<u>1,181</u>
Housing grant relating to joint ventures				
At 1st April 2024 (as restated)	12,673	12,673	-	-
Grant additions in the year	-	-	-	-
Grant utilised in the year	-	-	-	-
At 31st March 2025	<u>12,673</u>	<u>12,673</u>	<u>-</u>	<u>-</u>

The homebuy loans represent secured interest free loans to freeholders on properties acquired under the 'Home Buy Option Initiative' which has been part funded by Social Housing Grant.

At 31 March 2025 the Group had 104 (2024: 104) homebuy loans and grants, and the Association had 36 (2024: 36) homebuy loans and grants.

16. Joint ventures

The joint ventures relate to 30% holdings held by Pennant Housing Association in The Welsh Housing Partnership Limited (WHP) and WHP2 Limited (WHP2), both companies being incorporated in the United Kingdom. The principle activity of the companies is to purchase properties and lease them to housing Associations connected to the investors. Their principle place of business is the Pobl Group offices at The Old Post Office, Exchange House, High Street, Newport, NP20 1AA.

WHP was incorporated in August 2011 and WHP2 was incorporated in December 2016.

The latest financial statements of WHP and WHP2 have been prepared to 31 December 2024. The year end does not coincide with the Group's year end of 31 March 2025. The Association's share of the deficit of WHP and surplus of WHP2 from the 31 December 2024 period has been absorbed into the Group's March 2025 year end via the gross equity method. Any material transactions between 31 December 2024 and 31 March 2025 have also been accounted for in the Group's investment in joint ventures balance.

Notes to the Financial Statements

16. Joint ventures (continued)

The Group's share of the joint ventures at 31 December 2024 was as follows:

	WHP December 2024 £'000	WHP2 December 2024 £'000	December 2024 £'000	December 2023 £'000
Turnover	1,131	1,242	2,373	2,619
Administrative expenses	(108)	(97)	(205)	(197)
Surplus on sale of fixed assets	-	-	-	10
Operating surplus	<u>1,023</u>	<u>1,145</u>	<u>2,168</u>	<u>2,432</u>
Interest payable and similar charges	(995)	(1,271)	(2,266)	(2,516)
Surplus on ordinary activities before taxation	<u>28</u>	<u>(126)</u>	<u>(98)</u>	<u>(84)</u>
Tax on surplus on ordinary activities	(28)	-	(28)	(33)
Surplus/(deficit) for the financial year	<u><u>-</u></u>	<u><u>(126)</u></u>	<u><u>(126)</u></u>	<u><u>(117)</u></u>
Fixed assets	32,552	27,912	60,464	60,542
Current assets	1,428	486	1,914	1,704
Creditors: falling due within one year	(598)	(888)	(1,486)	(948)
Creditors: falling due after more than one year	(27,672)	(20,048)	(47,720)	(47,999)
Shareholders' funds	<u><u>5,710</u></u>	<u><u>7,462</u></u>	<u><u>13,172</u></u>	<u><u>13,299</u></u>

Group share in joint ventures:

	March 2025 £'000	March 2024 (Restated) £'000
WHP		
WHP investment as at 31st December	4,891	4,891
Interest in WHP	819	819
Total interest in WHP	<u>5,710</u>	<u>5,710</u>
WHP2		
WHP2 investment as at 31st December	7,625	7,625
Interest in WHP2	(163)	(36)
Total interest in WHP2	<u>7,462</u>	<u>7,589</u>
	<u>13,172</u>	<u>13,299</u>

Notes to the Financial Statements

17. Tangible fixed assets – other (Group and Association)

	Freehold offices	Comp- uters and office equip- ment	Furniture, Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£000	£'000
Cost					
At 1 April 2024 (as restated)	4,561	4,689	6,604	49	15,903
Additions	43	699	676		1,418
Disposals	(17)	(632)		(23)	(672)
At 31 March 2025	<u>4,587</u>	<u>4,756</u>	<u>7,280</u>	<u>26</u>	<u>16,649</u>
Depreciation					
At 1 April 2024 (as restated)	(894)	(2,435)	(5,282)	(41)	(8,652)
Charged in year	(91)	(509)	(398)	-	(998)
Eliminated on disposal	-	632	111	21	764
At 31 March 2025	<u>(985)</u>	<u>(2,312)</u>	<u>(5,569)</u>	<u>(20)</u>	<u>(8,886)</u>
Net book value					
At 31 March 2025	<u>3,602</u>	<u>2,444</u>	<u>1,711</u>	<u>6</u>	<u>7,763</u>
At 31 March 2024 (as restated)	<u>2,916</u>	<u>2,317</u>	<u>2,010</u>	<u>8</u>	<u>7,251</u>

18. Properties for sale and work in progress (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Opening balance of Housing properties held for sale	4,197	3,538	4,094	3,435
Housing properties additions	410	3,756	410	3,756
Housing properties transferred during the year	(1,343)	(824)	(1,343)	(824)
Housing properties sold during the year	(2,418)	(2,273)	(2,315)	(2,273)
Closing balance of Housing properties held for sale	<u>846</u>	<u>4,197</u>	<u>846</u>	<u>4,094</u>

Notes to the Financial Statements

19. Debtors (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge receivable	3,118	3,287	3,118	3,287
Less: provision for bad and doubtful debts	(2,974)	(2,709)	(2,974)	(2,709)
	<u>144</u>	<u>578</u>	<u>144</u>	<u>578</u>
Prepayments and accrued income	1,898	4,236	1,898	4,236
Other debtors	800	892	546	558
Accrued income	5,761	7,940	5,761	7,940
Amounts owed by Pennant	-	-	35	110
	<u>8,603</u>	<u>13,646</u>	<u>8,384</u>	<u>13,422</u>
Due in more than one year				
Housing finance grant	8,045	8,424	8,045	8,424
	<u>8,045</u>	<u>8,424</u>	<u>8,045</u>	<u>8,424</u>
	<u>16,648</u>	<u>22,070</u>	<u>16,429</u>	<u>21,846</u>

20. Other government grants (Group and Association)

Commercial grants	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
At 1st April 2024 (as restated)	1,625	1,625	1,625	1,625
Grant additions in the year	-	-	-	-
Grant utilised in the year	(55)	-	(55)	-
At 31st March 2025	<u>1,570</u>	<u>1,625</u>	<u>1,570</u>	<u>1,625</u>
Other Fixed Assets				
At 1st April 2024 (as restated)	641	-	641	-
Grant additions in the year	31	675	31	675
Grant utilised in the year	(47)	(34)	(47)	(34)
At 31st March 2025	<u>625</u>	<u>641</u>	<u>625</u>	<u>641</u>

Notes to the Financial Statements

21. Creditors: amounts falling due within one year (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Social housing grant received in advance	27,697	37,819	27,697	37,819
Recycled capital grant fund	2,463	3,717	2,463	3,717
Debt (note 23)	7,500	6,093	7,500	6,093
Accruals and deferred income	4,452	9,895	3,677	9,884
Capital expenditure on housing property	5,370	1,630	5,038	1,292
Other creditors	733	3,929	826	4,022
Rent and service charges received in advance	1,360	1,211	1,360	1,211
Other taxation and social security	839	466	839	466
	<u>50,414</u>	<u>64,760</u>	<u>49,400</u>	<u>64,504</u>

Analysis of movement on Recycled Capital Fund:

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Recycled Capital Grant Fund				
As at 1 st April	3,717	4,171	3,717	4,171
Additions	258	810	258	810
Usage	<u>(1,512)</u>	<u>(1,264)</u>	<u>(1,512)</u>	<u>(1,264)</u>
At 31st March	<u><u>2,463</u></u>	<u><u>3,717</u></u>	<u><u>2,463</u></u>	<u><u>3,717</u></u>

22. Creditors: amounts falling due after more than one year (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Deferred income	3,608	3,794	3,608	3,794
Debt (note 23)	<u>234,132</u>	<u>225,222</u>	<u>234,132</u>	<u>225,222</u>
	<u>237,740</u>	<u>229,016</u>	<u>237,740</u>	<u>229,016</u>
LCHO grant	36	38	36	38
	<u>237,776</u>	<u>229,054</u>	<u>237,776</u>	<u>229,054</u>

Notes to the Financial Statements

23. Debt analysis (Group and Association) (continued)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

Terms of repayment	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Within one year	7,500	6,093	7,500	6,093
Between one and two years	2,121	7,952	2,121	7,952
Between two and five years	18,322	8,792	18,322	8,792
More than five years	213,689	208,478	213,689	208,478
	<u>241,632</u>	<u>231,315</u>	<u>241,632</u>	<u>231,315</u>

Net debt breakdown	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Bank loans and private placements	249,217	238,019	249,217	238,019
Amortised loan arrangement fees	(3,894)	(3,489)	(3,894)	(3,489)
Sinking funds	(3,691)	(3,215)	(3,691)	(3,215)
	<u>241,632</u>	<u>231,315</u>	<u>241,632</u>	<u>231,315</u>

Concessionary Loans	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Within one year	1,900	-	1,900	-
More than one year	800	2,700	800	2,700
	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>

Included in Net Debt, there are three concessionary loans from Welsh Government at 0% interest (subject to the conditions of the loan being met). Two of the loans are secured loans for the purpose of the Land for Housing Scheme. The other loan is an unsecured Social Housing Loan to support Affordable Housing Development.

Security

The loans with banks, building societies and capital markets are secured by fixed charges on individual properties.

Terms of repayment and interest rates

Rates of interest during the year range from 0% to 11.6% as compared with variable rates which had a range of 5.55% to 6.08%. The weighted average rate of interest for 2025 was 3.96% (2024: 3.82%). As at 31 March 2025, 92% (2024: 95%) of loans bore interest at fixed rates.

Notes to the Financial Statements

24. Social housing grant (Group and Association)

	Social Housing Properties held for letting £'000	Housing properties for letting under construction £'000	Completed Share Ownership Housing properties £'000	Total reserves £'000
Cost				
At 1 April 2024 (as restated)	(326,037)	(25,982)	(1,339)	(353,358)
Additions	(60)	(33,334)	-	(33,394)
Schemes completed in year	(5,774)	5,774	-	-
Disposals	258	-	-	258
At 31 March 2025	<u>(331,613)</u>	<u>(53,542)</u>	<u>(1,339)</u>	<u>(386,494)</u>
Amortisation				
At 1 April 2024 (as restated)	47,027	-	198	47,225
Charged in year	2,391	-	11	2,402
Eliminated on disposal	(74)	-	-	(74)
At 31 March 2025	<u>49,344</u>	<u>-</u>	<u>209</u>	<u>49,553</u>
Other grants				
At 1 April 2024 (as restated)	(16,116)	(4,130)	-	(20,246)
Additions	(5,600)	(3,943)	-	(9,543)
Disposals	-	-	-	-
At 31 March 2025	<u>(21,716)</u>	<u>(8,073)</u>	<u>-</u>	<u>(29,789)</u>
Amortisation				
At 1 April 2024 (as restated)	1,424	-	-	1,424
Charged in year	186	-	-	186
Disposals	-	-	-	-
At 31 March 2025	<u>1,610</u>	<u>-</u>	<u>-</u>	<u>1,610</u>
Housing Finance Grant				
At 1 April 2024 (as restated)	(11,637)	(307)	-	(11,944)
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2025	<u>(11,637)</u>	<u>(307)</u>	<u>-</u>	<u>(11,944)</u>
Amortisation				
At 1 April 2024 (as restated)	296	-	-	296
Charged in year	229	-	-	229
Disposals	-	-	-	-
At 31 March 2025	<u>525</u>	<u>-</u>	<u>-</u>	<u>525</u>
Net Creditor				
At 31 March 2025	<u>(313,487)</u>	<u>(61,922)</u>	<u>(1,130)</u>	<u>(376,539)</u>
At 31 March 2024 (as restated)	<u>(305,043)</u>	<u>(30,419)</u>	<u>(1,141)</u>	<u>(336,603)</u>

Notes to the Financial Statements

24. Social housing grant (Group and Association) (continued)

Terms of repayment

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Within one year	2,525	3,111	2,525	3,111
Between one and two years	2,525	3,111	2,525	3,111
Between two and five years	7,575	9,333	7,575	9,333
More than five years	363,914	321,048	363,914	321,048
	<u>376,539</u>	<u>336,603</u>	<u>376,539</u>	<u>336,603</u>

25. Obligations under operating leases (Group and Association)

	Land and Buildings		Other	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Within one year	2,232	2,157	272	250
Between one and two years	2,232	2,157	212	173
Between two and five years	6,696	5,133	224	156
More than five years	11,248	6,301	-	-
	<u>22,408</u>	<u>15,748</u>	<u>708</u>	<u>579</u>

26. Social Housing Pension Scheme (Group and Association)

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 (as amended) which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. Coastal Housing Group is required to pay the following deficit contributions:

From 1 April 2025 to 31 March 2028 – £1,368,908 per annum (increasing by 2% per annum)

Notes to the Financial Statements

26. Social Housing Pension Scheme (Group and Association) (continued)

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) Levy are included in the contribution rate. Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	31 March 2025	31 March 2024 (Restated)
	£'000	£'000
Fair value of plan assets	25,760	26,035
Present value of defined benefit obligation	(29,726)	(32,236)
Defined benefit asset /(liability) to be recognised	<u>(3,966)</u>	<u>(6,201)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2025 £'000
Defined benefit obligation at start of period	32,236
Current service cost	155
Expenses	34
Interest expense	1,570
Contributions by plan participants	30
Actuarial losses (gains) due to scheme experience	1,776
Actuarial losses (gains) due to changes in financial assumptions	(4,741)
Benefits paid and expenses	(1,334)
Defined benefit obligation at end of period	<u>29,726</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	31 March 2025 £'000
Fair value of plan assets at start of period	26,035
Interest income	1,306
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(2,278)
Contributions by the employer	2,001
Contributions by plan participants	30
Benefits paid and expenses	(1,334)
Fair value of plan assets at end of period	<u>25,760</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£972,000).

Notes to the Financial Statements

26. Social Housing Pension Scheme (Group and Association) (continued)

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	Period 31 March 2023 to 31 March 2025 £'000
Current service cost	155
Expenses	34
Net interest expense	264
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>453</u>

Defined benefit costs recognised in other comprehensive income

	31 March 2025 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(2,278)
Experience gains and losses arising on the plan liabilities - gain (loss)	(1,776)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>4,741</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	<u>687</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	<u>-</u>
Total amount recognised in other comprehensive income - gain (loss)	<u><u>687</u></u>

Notes to the Financial Statements

26. Social Housing Pension Scheme (Group and Association) (continued)

Assets

	31 March 2025 £'000	31 March 2024 (Restated) £'000
Absolute Return	-	1,017
Alternative Risk Premia	-	827
Credit Relative Value	-	853
Distressed Opportunities	-	918
Liquid Alternatives	4,777	-
Emerging Markets Debt	-	337
Global Equity	2,886	2,595
High Yield	-	4
Infrastructure	4	2,629
Insurance-Linked Securities	79	135
Liability Driven Investment	7,802	10,595
Long Lease Property	7	168
Net Current Assets	56	44
Opportunistic Illiquid Credit	-	1,017
Cash	350	514
Credit	985	-
Investment Grade Credit	793	-
Private Debt	-	1,024
Private Credit	3,153	-
Private Equity	23	21
Real Assets	3,084	-
Property	1,290	1,046
Risk Sharing	-	1,524
Secured Income	430	777
Currency Hedging	41	(10)
Total assets	25,760	26,035

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	31 March 2025 % per annum	31 March 2024 (Restated) % per annum
Discount Rate	6	5
Inflation (RPI)	3	3
Inflation (CPI)	3	3
Salary Growth	4	4
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Notes to the Financial Statements

26. Social Housing Pension Scheme (Group and Association) (continued)

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.8
Female retiring in 2045	24.4

27. Pension provision (Group and Association)

	2025 £'000	2024 (Restated) £'000
As at 1 April	(6,201)	(5,495)
Actuarial gain / (loss)	687	(2,166)
Difference on costs charged	1,812	1,687
Difference on interest charge	(264)	(227)
	<u>(3,966)</u>	<u>(6,201)</u>

28. Provisions for liabilities and charges (Group and Association)

The Group recognises provisions and liabilities of uncertain timings and amounts. Provisions are made for specific and quantifiable liabilities measures at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial position date.

	Group		Association	
	2025 £'000	2024 (Restated) £'000	2025 £'000	2024 (Restated) £'000
Restructuring provision	28	28	28	28
Provision for upgrades to existing housing	454	599	454	599
Provision for fire safety remediation costs	7	2,759	7	2,759
Provision for landslip costs	15	18	15	18
	<u>504</u>	<u>3,404</u>	<u>504</u>	<u>3,404</u>

An analysis of the movement in each specific provision is set out below. The fire safety and restructuring provisions are expected to be utilised by the end of the financial year ended 31 March 2026 and the provision for upgrades to existing housing by the end of the financial year ended 31 March 2026.

Notes to the Financial Statements

28. Provisions for liabilities and charges (Group and Association) (continued)

Restructuring provision

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000		£'000	
	£'000	£'000	£'000	£'000
As at 1 st April 2024 (as restated)	28	73	28	73
Release of provision	-	(45)	-	(45)
At 31 st March 2025	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>

Provision for upgrades to existing housing

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000		£'000	
	£'000	£'000	£'000	£'000
As at 1 st April 2024 (as restated)	599	675	599	675
Release of provision	-	(76)	-	(76)
Utilised provision	(145)	-	(145)	-
At 31 st March 2025	<u>454</u>	<u>599</u>	<u>454</u>	<u>599</u>

Provision for fire safety remediation costs

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000		£'000	
	£'000	£'000	£'000	£'000
As at 1 st April 2024 (as restated)	2,760	2,759	2,760	2,759
Provision utilised	(662)	-	(662)	-
Release of provision	(2,090)	-	(2,090)	-
At 31 st March 2025	<u>7</u>	<u>2,759</u>	<u>7</u>	<u>2,759</u>

Provision for landslip costs

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000		£'000	
	£'000	£'000	£'000	£'000
As at 1 st April 2024 (as restated)	18	20	18	20
Provision utilised	(3)	(2)	(3)	(2)
Release of provision	-	-	-	-
At 31 st March 2025	<u>15</u>	<u>18</u>	<u>15</u>	<u>18</u>

Notes to the Financial Statements

29. Share capital

	2025	2024 (Restated)
	£	£
Shares of one pound each fully paid and issued	<u>43</u>	<u>122</u>

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

The 2024 share capital refers to the shares of Coastal Housing Association and RHA Wales aggregated as at 31/03/2024 (prior to the merger). On the merger all shares were withdrawn and new shares issued in the newly merged organisation.

30. Analysis of changes in net debt (Group and Association)

Group

	At 1 April 2024 £'000	Cash flows £'000	Movement in creditors due within one year £'000	At 31 March 2025 £'000
Cash at bank and in hand	19,676	(7,028)	-	12,648
Housing loans due less than one year	(6,093)	-	(1,407)	(7,500)
Housing loans due in more than one year	(225,222)	10,317	1,407	(234,132)
Bank Overdraft	-	-	-	-
	<u>(211,639)</u>	<u>3,289</u>	<u>-</u>	<u>(228,984)</u>

Association

	At 1 April 2024 £'000	Cash flows £'000	Movement in creditors due within one year £'000	At 31 March 2025 £'000
Cash at bank and in hand	18,103	(7,675)	-	10,428
Housing loans due less than one year	(6,093)	-	(1,407)	(7,500)
Housing loans due in more than one year	(225,222)	10,317	1,407	(234,132)
Bank Overdraft	-	-	-	-
	<u>(213,212)</u>	<u>2,642</u>	<u>-</u>	<u>(231,204)</u>

Notes to the Financial Statements

31. Net cash flow from operating activities (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Total comprehensive income for the year	4,313	2,083	4,658	2,531
Adjustments for non-cash items;				
Depreciation of Housing properties and other assets	8,212	8,711	8,212	8,711
Amortisation of bond premium	-	-	-	-
Grant amortisation	(3,023)	(3,647)	(3,023)	(3,631)
Gain/Loss on sale of housing properties	(159)	(192)	(159)	(14)
Re-measurement of pension liability	(2,263)	722	(2,263)	713
Unwinding of discount factor on pension liability	(236)	(236)	(236)	(227)
Gain/Loss on sale of properties held for sale	(1,656)	(1,656)	(1,656)	-
Share of operating (deficit) in joint ventures	(2,168)	(2,432)	-	-
Share of tax paid in joint venture	28	33	-	-
Gain/Loss on sale Investments	(116)	(116)	(116)	(116)
Gain/Loss on sale Intangible Assets	147	(84)	147	(84)
Gain/Loss on sale Other Fixed Assets	19	1	19	1
Homebuy grant received	-	-	-	-
Fair value loss / (gain) in investment properties	(135)	(135)	(135)	(239)
Working capital movements				
Decrease in properties for sale and work in progress	-	-	-	-
Decrease/(increase) in trade and other debtors	5,423	(247)	5,417	222
Increase in trade and other creditors	(4,563)	(802)	(5,321)	(630)
Decrease/(increase) in general provisions	(2,900)	(123)	(2,900)	(123)
Increase/(decrease) in pension provision	-	-	-	-
Adjustments for investing or financing:				
Interest payable	11,708	9,982	11,707	10,098
Interest receivable	(1,273)	(333)	(1,220)	(435)
Interest Payable in Joint ventures	2,266	2,516	-	-
Net cash generated from operating activities	13,624	14,045	13,131	16,777

Notes to the Financial Statements

32. Free cash flow (Group)

	2025	2024 (Restated)
	£'000	£'000
Net cash generated from operating activities	13,624	14,045
Interest paid	(12,103)	(9,982)
Interest received	1,273	333
Adjustments for reinvesting in existing properties		
Component replacements	(7,247)	(3,007)
Purchase of other fixed assets	(3,456)	(6,958)
Component replacement grant received	5,993	5,069
Free cash generated / (consumed) before loan repayments	<u>(1,916)</u>	<u>(500)</u>
New loans secured	50,262	8,942
Loans repaid (excluding revolving credit and overdrafts)	(39,945)	(21,704)
Free cash generated / (consumed) after loan repayments	<u>8,401</u>	<u>(13,262)</u>

32. Free cash flow (Association)

	2025	2024 (Restated)
	£'000	£'000
Net cash generated from operating activities	13,131	16,777
Interest paid	(12,102)	(10,098)
Interest received	1,220	435
Adjustments for reinvesting in existing properties		
Component replacements	(7,247)	(3,007)
Purchase of other fixed assets	(3,456)	(6,958)
Component replacement grant received	5,993	5,069
Free cash generated / (consumed) before loan repayments	<u>(2,461)</u>	<u>2,218</u>
New loans secured	50,262	8,929
Loans repaid (excluding revolving credit and overdrafts)	(39,945)	(21,704)
Free cash generated / (consumed) after loan repayments	<u>7,856</u>	<u>(10,557)</u>

Notes to the Financial Statements

33. Capital commitments (Group and Association)

	Group		Association	
	2025	2024 (Restated)	2025	2024 (Restated)
	£'000	£'000	£'000	£'000
Capital expenditure				
Contracted less certified	109,650	58,007	109,650	58,007
Expenditure authorised by the Board, but not contracted	2,527	60,120	2,527	60,120
	<u>112,177</u>	<u>118,127</u>	<u>112,177</u>	<u>118,127</u>

The above commitments will be financed primarily through borrowings, which are available for drawdown under existing loan arrangements, with the balance funded through social housing grant.

34. Related party transactions

There was one Board Member who was also a resident during the year.

The Board Member has a secure occupation contract on normal commercial terms and received no advantage in being a member of the Board of Management.

During the year Beacon Cymru Group Ltd made lease payments to the joint venture companies for properties purchased by the joint ventures and leased to the Association. Charges in the year from WHP were £1,178,000 (2024: £1,178,000) and from WHP2 were £1,115,000 (2024: £1,686,000).

Beacon Cymru Group Ltd has a loan agreement with Pennant Housing Association Limited in that a maximum borrowing of £5m can be given at any one given time and interest is charged at a rate of 4.0% per annum (variable) on this loan to the extent that it is funding Pennant's day to day activities. There were no intercompany borrowings during the year. Interest charged to Pennant during the year amounted to £nil (2024: £nil). Interest charged to Beacon Cymru Group Ltd during the year amounted to £nil (2024: £nil).

35. Contingent assets/liabilities

The Group (and association) has no contingent assets at 31 March 2025 (2024: nil).

In March 2024 the Group (and 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") at the year end. On identification of the issue, immediate steps were taken to ensure compliance with legal obligations as the Group (and association) is currently able to understand them. Following legal advice, the Group (and association) along with other Registered Social Landlords, has issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Group (and 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.

The Group (and association) has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of Q3 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Notes to the Financial Statements

35. Contingent assets/liabilities (continued)

The Group (and association) is a participating employer member of the Social Housing Pension Scheme (SHPS). An employer debt could arise on withdrawal from the Social Housing Pension Scheme. The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30th September 2024 was £11,834,784. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.

The Group (and Association) receives capital grant from the Welsh Government, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Group (and Association) is required to recycle this grant by crediting the Recycled Capital Grant Fund.

The Group (and Association) is required to carry out extensive remedial work on one of its schemes. They have not been able to ascertain a cost to this work at the date of signing these financial statements and therefore no provision has been accounted for. Beacon is confident of recovering the cost of this remedial work. Any spend recovered will only be accounted for in the financial year that the sums become due to Beacon.

Social Housing Grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Change of use of a property to a use that would not be eligible for a grant;
- Demolition of a property where the site does not form part of a new social housing development by a RSL;
- Disposal giving rise to a repayment of discount under Schedule 2 to the Housing Association Act 1985.

Stock acquisitions previously undertaken include original government grant funding of £9.4 million which is not recognised currently as a liability but has an obligation to be recycled in accordance with the original grant funding terms and conditions.

This comprises a stock acquisition during 2022/23 from Wales & West Housing Association Limited. Beacon Cymru Group Limited is responsible for the recycling of the grant in the event of the housing properties being disposed.

Surety Bonds

Beacon Cymru Group Ltd has shared deeds of indemnity with Tokio Marine HCC, First Underwriting, NHBC and Barclays Bank. This enables the Association and Pennant to issue surety bonds with the providers in relation to sectional agreements for developments. Pennant currently has issued bonds in relation to its development at Coleman Vale for a Section 38 agreement of £326,127, a Section 104 agreement £41,548 and a Section 185 agreement £42,500. Pennant has also issued bonds in relation to its development at Heol Y Plas, Llannon for a Section 38 agreement of £190,000, a Section 278 agreement of £67,000 and a Section 104 agreement of £249,952.

The Association has issued a bond for a Section 38/Section 278 agreement at its Coed Darcy development in Llandarcy, amounting to £519,352, a Section 104 agreement at Harvey Crescent in Port Talbot for £6,600, as well as bonds for developments in Rhondda Cynon Taff, including a SAB bond for £66,667, a Section 38 bond for £82,021, and a Section 104 agreement bond for £5,436 at the Big Shed development. Additionally, a Section 104 agreement bond for £14,480 has been issued for the East Street development, and a Section 104 agreement bond for £44,228, along with a bond for a Section 38 agreement for £622,237, has been issued for the Hafod Wen development.

Notes to the Financial Statements

36. Prior Year Adjustments (Group and Association)

RHA Wales Ltd transferred its engagements (that is, its assets and liabilities) to Coastal Housing Group Ltd on 2nd January 2025 on this same date the combined entity name became Beacon Cymru Group Ltd.

This has been accounted for as a merger under public benefit entity combinations and therefore the financial statements are presented as if Beacon Cymru Group Ltd had existed in its current form since the start of the previous reporting period.

To align the accounting policies of both organisation following the merger, the management completed an exercise to determine the appropriate depreciation rates based on available information from both organisations. This resulted in former Coastal amending its component capitalisation policy to include kitchens, bathrooms, boilers, doors and solar panels.

Previously these components had been included in the structure of properties and depreciated over 100-150 years. The correction to the policy has resulted in former Coastal kitchens, bathrooms, boilers, doors and solar panels being separately identified and depreciated over the number of years as stated in the accounting policy on page 32. The accounts have restated to incorporate the impact of the error, so that proportion of the cost element previously allocated to structure of properties and depreciated over 100-150 years is now being depreciated over appropriate years. This has resulting in an additional depreciation charge during 2023/24 of £1,091k, this has been offset by the maintenance spend that has now been capitalised for the additional components of £1,786k. Additional amortisation on the social housing grants and grants capitalised where previously allocated straight to statement of comprehensive income resulted in £1,414 reduction to surplus. These adjustments have resulted in the overall operating surplus for 23/24 reducing by £719k to £2,083k from £2,802k.

The opening reserve figure for the 1st April 2023 increasing to £66,826k from £64,794k. Disclosures noted have also been amended.

Details of significant adjustments to net assets as a result of the merger are shown below.

Group	Designated Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Coastal Housing Association Reserves as at 1 April 2023	-	51,930	51,930
RHA (Wales) Reserves as at 1 April 2023	2,976	9,888	12,864
Aggregated (Coastal & RHA) Reserves as at 1 April 2023	<u>2,976</u>	<u>61,818</u>	<u>64,794</u>
<i>Restatement of Reserves</i>			
Restatement of Depreciation on Housing Properties & other assets in line with Beacon Policy	-	(15,774)	(15,774)
Restatement of Maintenance spend in line with Beacon Policy	-	16,753	16,753
Restatement of Amortisation/Capitalisation on Grants in line with Beacon Policy	-	1,053	1,053
	<u>-</u>	<u>2,032</u>	<u>2,032</u>
Restated Reserves as at 1 April 2023	<u>2,976</u>	<u>63,850</u>	<u>66,826</u>

Notes to the Financial Statements

37. Prior Year Adjustments (Group and Association) (continued)

Group	Designated Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Coastal Housing Association Reserves as at 31 March 2024	-	54,250	54,250
RHA (Wales) Reserves as at 31 March 2024	2,976	10,370	13,346
Aggregated (Coastal & RHA) Reserves as at 31 March 2024	<u>2,976</u>	<u>64,620</u>	<u>67,596</u>
<i>Restatement of Reserves</i>			
Restatement of Depreciation on Housing Properties in line with Beacon Policy	-	(16,865)	(16,865)
Restatement of Maintenance spend in line with Beacon Policy	-	18,539	18,539
Restatement of Amortisation on Government Grants in line with Beacon Policy	-	(361)	(361)
	<u>-</u>	<u>1,313</u>	<u>1,313</u>
Restated Reserves as at 31 March 2024	<u><u>2,976</u></u>	<u><u>65,933</u></u>	<u><u>68,909</u></u>
Association	Designated Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Coastal Housing Association Reserves as at 1 April 2023	-	48,999	48,999
RHA (Wales) Reserves as at 1 April 2023	2,976	9,888	12,864
Aggregated (Coastal & RHA) Reserves as at 1 April 2023	<u>2,976</u>	<u>58,887</u>	<u>61,863</u>
<i>Restatement of Reserves</i>			
Restatement of Depreciation on Housing Properties & other assets in line with Beacon Policy	-	(15,774)	(15,774)
Restatement of Maintenance spend in line with Beacon Policy	-	16,753	16,753
Restatement of Amortisation/Capitalisation on Grants in line with Beacon Policy	-	1,053	1,053
	<u>-</u>	<u>2,032</u>	<u>2,032</u>
Restated Reserves as at 1 April 2023	<u><u>2,976</u></u>	<u><u>60,919</u></u>	<u><u>63,895</u></u>

Notes to the Financial Statements

37. Prior Year Adjustments (Group and Association) (continued)

Association	Designated Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Coastal Housing Association Reserves as at 31 March 2024	-	51,767	51,767
RHA (Wales) Reserves as at 31 March 2024	2,976	10,370	13,346
Aggregated (Coastal & RHA) Reserves as at 31 March 2024	<u>2,976</u>	<u>62,137</u>	<u>65,113</u>
<i>Restatement of Reserves</i>			
Restatement of Depreciation on Housing Properties & other assets in line with Beacon Policy	-	(16,865)	(16,865)
Restatement of Maintenance spend in line with Beacon Policy	-	18,539	18,539
Restatement of Amortisation/Capitalisation on Grants in line with Beacon Policy	-	(361)	(361)
	<u>-</u>	<u>1,313</u>	<u>1,313</u>
Restated Reserves as at 31 March 2024	<u>2,976</u>	<u>63,450</u>	<u>66,426</u>