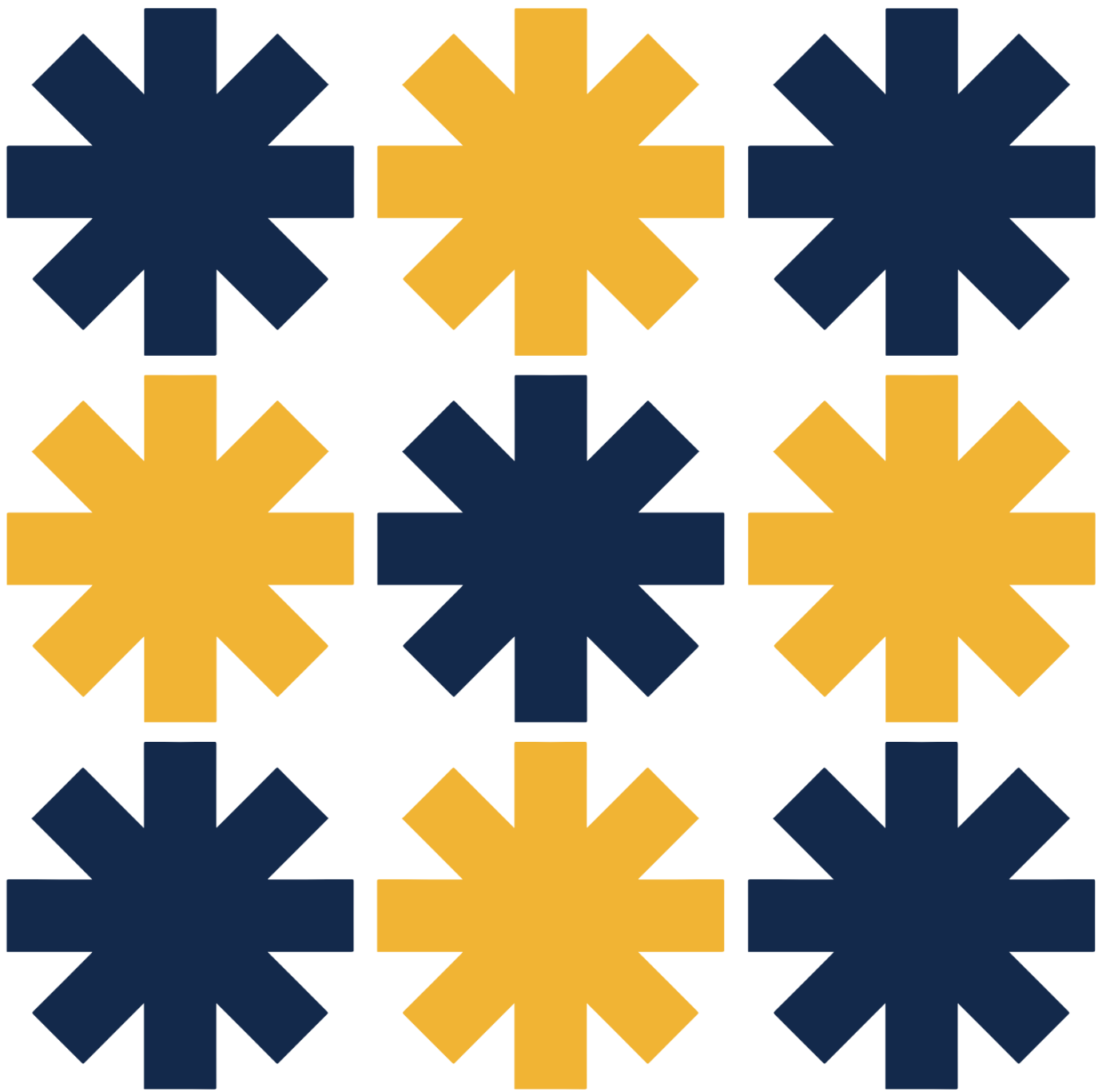




Beacon Cymru Group Ltd.

**Report and financial statements
For the year ended 31 March 2026**



Information

Co-operative and Community Benefit Society number:

30438R

Welsh Government registration number:

L146

Registered office:

3rd Floor, 220 High Street, Swansea, SA1 1NW

Non-executive Board members:

Peter Hughes (Chair)
Patrick Hoare (Vice Chair, Joint Chair of Integration, Transformation and Resources Committee)
Scott Allin (Chair of Audit, Assurance & Risk Committee)
Aaron Hill (Joint Chair of Integration, Transformation and Resources Committee)
Jane Howells (Chair of Homes, Investment and Sustainability Committee)
Gurmel Bachu
Scott Caldwell
Bethan Evans
Jonathan Roberts
Edward White
Ian Bailey (Co-Opted Member, appointed 25th March 2026)

Executive Board members & Company Secretary

Debbie Green (Group Chief Executive)
Luke Takeuchi (Deputy Chief Executive), (Company Secretary)

Other Executive Directors:

Caroline Belasco (Executive Director of People)
Jennifer Ellis (Executive Director of Transformation & Business Insight)
Rhianydd Jenkins (Executive Director of Development & Growth)
Serena Jones (Executive Director of Operations)
Sian Evans (Interim Executive Director of Finance up to 31st December 2025)
David Thomas (Executive Director of Finance, appointed 2nd March 2026)

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 Audit Ltd
Cardigan House, Castle Court,
Swansea Enterprise Park, Swansea

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Chair's Statement

Introduction

This is the second Annual Report under the “Beacon” banner and covers its first full year of combined operations. I set out last year some of the international and domestic challenges stemming from global conflicts, alongside the onset of more populist agendas manifesting, for example, within trade tariffs. Several of these external challenges led to the formation of Beacon with a belief that its additional scale, broader geographical footprint, and greater staff adaptability would create a more resilient organisation. An organisation capable of enhancing our offering by investing more to improve the lives of our existing residents whilst building additional – and badly needed – new homes.

Twelve months on we are pleased we have made this step – albeit as many previous commentators have attested – mergers are hard, requiring focus and persistence to deliver the end-state envisaged. Another quality required in abundance is patience; whilst we are comfortable with the pace of our progress, we are acutely aware that there is so much more to do. I will draw out some of these themes later.

In the summer of 2025, Beacon launched its updated Corporate Plan at its first all-staff event at the Swansea.com stadium. This was a memorable day witnessing colleagues unite behind the Beacon brand where we released our vision – “Better places for people, and the planet”. Alongside this we defined our purpose “To deliver lasting change you can see, through affordable homes, sustainable neighbourhoods and vibrant towns and city centres”.

Underpinning these are a set of values and principles (our “Beacons”) by which we pledge to operate within, and for residents and stakeholders to hold us to account against. The Plan set out a clear strategic direction and delivery priorities for Beacon’s first 3 years.



Beacon held its first all staff conference at the Swansea.com stadium in July 2025.

As I write we are once again amid further strife in the Middle East with the tragic consequences for so many. In the coming months we will undoubtedly feel the second-order implications in terms of disruption to supply chains, potential food shortages and higher inflation levels – all of this at a time when the nation had craved some stability. Time will tell whether this will require any finessing of our plans, and the Board will remain vigilant to emerging developments whilst ensuring we are not derailed from the promises we have made to residents in terms of better services.



The steel-framed homes we’re building at Pemberton feature Catnic Solarseam roofs that provide the benefits of solar panels whilst meeting the highest fire safety requirements.

On a more domestic level, recent Senedd elections have witnessed an historic change in the Welsh political landscape with Plaid Cymru being returned as the largest party in Wales and a new First Minister: Rhun ap Iorwerth. Plaid’s manifesto declared that “everybody in Wales should have the right to a safe home at a cost they can afford with access to effective public services in vibrant, prosperous and well-connected communities”. Nobody – irrespective of any political allegiance – would contest such aspirations. Whilst doubtless it will take time for their policies and ways of working to take shape, we will commit – alongside all our partners in the sector – to rise to the challenge of providing more social homes that are safe, warm and energy efficient.

I have considered our progress under several headings as follows:

Residents and Communities

The ultimate measure of our success will be around our evidencing tangible positive change for current and future residents. Inevitably, bringing two organisations together brings challenges to integrate differing systems and operating practices. Our colleagues – more on which later – have also had to absorb huge personal change and uncertainty. These aren’t a trailer for excuses. We know this won’t wash – not least for residents encountering their own personal challenges and where local services across health, transport, and education are all being squeezed with difficult choices faced by policy makers on a recurrent basis.



Resident Mark gives back to his local community by volunteering his time at the Little Shed – a modern multiuse community hub provided by Beacon in Tonypany.

Our latest STAR survey evidenced satisfaction levels of 75.4%. Whilst reasonable at a headline level, there is equally pointed feedback on where we can improve – and we will. In particular, there is work to do in terms of building trust, listening more and continuing to improve and evolve our approach to anti-social behaviour.

We are committed to being data-led in our decisions, and as our integration journey continues, we are confident we will make good, informed choices on how we best channel investment in improving our services.

Meantime, our self-evaluation was candid in terms of our ambitions to hear a louder voice from residents in our governance, and we are pleased with our recent call to action for volunteer residents to help us. Moreover, this strategy includes the launch of our Beacon bus, which will be deployed across our estates in the year ahead, allowing all of our colleagues (and we do mean all) to hear direct feedback from residents on how we can improve. Clearly, the physical interaction remains vital to

our communities, not least those unable to access or adapt to digital means, but on the latter, we will continue to build our capability, recognising the potential it has to add pace and efficiency to our delivery.

Specifically, within this area, we are pleased to highlight some particular initiatives:

- Completion of a rent intervention, restoring control and certainty over rental income as a single, merged organisation. Another discrete project has been our work on service charges – shining a torch onto an area all too frequently ignored by landlords, where we aim to ensure transparency and consistency with our practices.
- Publication of a new Resident Engagement Strategy that will influence every part of the organisation, supported by a dedicated staff team.
- An online immigration and social housing mini campaign to address misinformation circulating in local communities. This initiative saw Beacon recognised by Tai Pawb as an early sector lead on this issue, with the campaign later cited as good practice in a multi-agency national drive in 2026.
- Launch of a single Beacon website and customer phone number alongside housing management systems and structural changes, improving clarity and access.
- Formation of an expanded social value team to shape and direct community benefits associated with Beacon's development work and future large-scale procurement activity.
- Increased investment in the Faith in Families Cwtch Mawr multibank, which has distributed nearly half a million essential items and created £27.7 million in social value for communities across the city and county of Swansea since its launch in 2024.
- Support of Race Council Cymru's Black History Wales 365 programme (October).
- Support for community and hardship initiatives, including the "Mr X and Everyone Deserves a Christmas" campaigns.

All of these will make a difference, and in time, we believe the composite impact of these changes and other efficiencies will begin to enhance resident satisfaction.

New Homes, Regeneration and Our Planet

The obvious means of addressing the housing shortage is to build more homes, albeit this is easier said than done, given the widely trailed cost inflation, planning challenges, and pressures on an ever-diminishing pool of contractors. The Beacon team are working tirelessly to face into these challenges, but in the meantime are more than playing their part with over 300 homes planned for handover in 26/27.

Two recent handovers spanning the financial year-end typify the broad nature of Beacon's operating environment: our first self-delivery development at Llannon, Carmarthenshire brings 47 much-needed affordable homes to a very rural community, whilst The Big Shed at Tonypany will deliver 51 homes to an anchor valleys community where Beacon has already done so much good work. Within the latter development come 3 new commercial units within a flagship building – close to rail links – all helping to breathe further life into the town centre.



Beacon increased its funding of the Faith in Families Cwtch Mawr multibank, allowing it to help more people in need.



Former First Minister Eluned Morgan with Beacon and Willis Construction staff at the Big Shed site in Tonypanydy.

We were pleased to welcome the former First Minister, Eluned Morgan, to this project, acknowledging the confidence in Beacon's regeneration expertise and leadership.

A similar project for imminent handover is the partial demolition and comprehensive refurbishment of the former Porthcawl Hotel, repurposing a prominent building in a conservation area. This will bring 22 new homes and 2 new commercial units.

Maintaining this pace of development will be testing in these conditions, but the team will redouble their efforts in chasing down opportunities and working collegiately with partners with whom Beacon has already established excellent relationships.

Beacon's board remain resolute that "planet" should be an anchor part of our strategy, notwithstanding a world which in part has become more sceptical around climate change, or more particularly the need to make tough choices. To this end, we were delighted to be awarded SHIFT Gold accreditation in late 2025 following an independent audit of our business against a comprehensive suite of environmental targets. SHIFT is the sustainability standard for the housing sector. As excited as we are with this result, we remain realistic that this is only the start of our journey as Beacon, but as our knowledge builds, we look to create an even more compelling story.



Beacon retained SHIFT Gold accreditation in 2025 following an independent audit of all operations post-merger.

Financial Outturn

As foreshadowed last year, the impact of merger-related activity has brought one-off restructuring costs of c£2.2m into the Income and Expenditure Account, and it will take a little longer until we can report a "steady state" set of results. Additional exceptional costs of (£2.1m) have emerged to remedy significant structural defects at Ty Twyn Teg: an Extra Care scheme in Neath. Ongoing litigation means we can't comment on the detail of this case, save to reinforce Beacon's confidence in its position and our determination to correct the situation for residents at this development, who have experienced significant disruption because of the necessary works.

We have also undertaken critical fire-related remediation work on several of our schemes, totalling c£4.7m and have been appreciative of grant support for this activity. Keeping residents safe remains of the utmost importance, and we are pleased that we are approaching the final chapter of this investment.

Adjusting for these one-off costs, Beacon reports a surplus of £5.1m and a solid Balance Sheet: positions which see us comfortably compliant with our banking covenants.

A key motivation for merger was the ability to invest more in existing homes, and our corporate plan 2025-28, along with the activity set out above, reaffirms our capacity and willingness to do just that.

October 2025 saw the conclusion of the test case brought jointly by Beacon and two other housing associations. The case was brought to understand the impact of technical non-compliance with the requirements of the Renting Homes Wales Act, caused by failure to supply the paperwork in relation to electrical condition reports to some contract holders. We were pleased that the High Court found in the favour of the housing associations' case and confirmed that rent was not repayable to the affected contract holders during this period.

Our Colleagues

We recognise the change curve and different emotions our colleagues have felt along the journey to and post-merger. It has been hard. We have said goodbye to some long-serving members of staff, whilst also welcoming new colleagues. In launching our People Strategy, we have sought to address what matters to colleagues, along with harmonised terms and conditions that support our ambition for Beacon to be an employer of choice - with a fairer, more consistent reward approach.

Throughout the change, staff engagement has remained strong, but we are not complacent. Staff remain passionate about the work they do and about supporting so many good causes. We single out the Team Beacon Strava Challenge, which saw colleagues cover 12,149 km through running, cycling, and swimming – this being the equivalent distance from our Swansea office to Malawi. The challenge was to raise awareness and funds for our 2025 charity of the year, Solar Aid – an international charity fighting poverty and climate change in Malawi and other areas of sub-Saharan Africa.

In late 2025 Beacon announced its CEO succession plan, which will see Luke Takeuchi step up to CEO from Deputy CEO, having spent all his career in this sector – working his way through the ranks initially as a Housing Officer for Swansea Council. This background leaves him uniquely placed to understand the issues residents face and the basic tenets of good housing management. The board are confident he will be a worthy leader of Beacon for many years to come.

The transition means we will say farewell to current CEO Debbie Green, who will retire having served the sector with distinction since joining Dewi Sant Housing as Finance Director in the early 2000s. Debbie can be immensely proud of her achievements from Dewi Sant to Coastal and on to the formation of Beacon. Having operated for many years on the opposite side of the desk to Debbie, it has been a privilege latterly to be part of the same team – she has delivered so much for residents and has the utmost respect of her team. She will leave with our sincere gratitude.



Luke Takeuchi will succeed Debbie Green as Chief Executive following her retirement in June 2026.



We were delighted to be recognised as Non-Profit of the Year by the Swansea Bay Business Awards in January 2026

Neither Debbie nor Luke would want me to single them out for attention when the whole Beacon team have put in a substantial shift during the year. The Board are extremely grateful for their commitment, which is not taken for granted. In turn, I would like to thank fellow Board members who have devoted so much more time during this debut year.

To end on this, I was delighted that in January 2026, Beacon was recognised as Non-Profit Business of the Year at the Swansea Bay Business Awards – a fitting tribute to the collective effort of our colleagues and to a successful first year post-merger.

Wrapping Up

There can be no mistaking that this is a testing operating environment with elevated levels of financial, operational and reputational risk for social landlords. As challenging as this may be, it is our role to face into such challenges and having navigated a full year of Beacon in its new form, we are confident

we have the capability, capacity, and above all, the determination to succeed. Within this report, I have been candid in calling out the debit column, but Beacon can take both encouragement and pride from its progress – and I look forward with great optimism to what we can achieve and deliver for residents in the year ahead.

Peter Hughes
Chair

Operating and financial review

Group and Association highlights, three-year summary

The Group comprises Beacon Cymru Group Ltd ('the Association'), and its subsidiary Pennant Housing Association Limited. It was created via merger with RHA Wales in January 2025. 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	2026 £'000	2025 £'000	2024 £'000
Total turnover	70,079	72,560	64,449
Operating surplus before exceptional items	14,641	16,355	16,364
Fire safety remediation writeback/(provision)	-	2,090	-
Merger Associated Costs	(2,164)	(375)	-
Ty Twyn Teg Remediation Costs	(2,089)	(1,094)	-
Surplus/(deficit) for the year	195	3,626	4,249
Actuarial gain / (loss) in respect of pension schemes	337	687	(2,166)
Total comprehensive income for the year	532	4,313	2,083
Cash flow – Group	2026 £'000	2025 £'000	2024 £'000
Net cash inflow from operating activities	22,023	13,624	14,045
Financial position – Group	2026 £'000	2025 £'000	2024 £'000
Housing property at cost	856,888	780,180	728,230
Net current assets/(liabilities)	6,105	(22,797)	(21,929)
Total loans	(289,479)	(241,632)	(231,315)
Defined benefit pension liability	(2,391)	(3,966)	(6,201)
Net assets	73,754	73,222	68,909

Statistics – Association

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

Units in management	8,754	8,674	8,576
Operating surplus	15.4%	20.6%	25.3%
Operating surplus (<i>before joint venture lease costs and exceptional items</i>)	25.0%	20.2%	22.5%
Social housing lettings surplus (<i>before joint venture lease costs and exceptional items</i>)	21.9%	21.7%	19.3%
Rent lost from voids and bad debts	3.8%	2.1%	2.6%
Rent arrears (<i>current residents</i>)	6.5%	5.8%	6.5%
Interest cover (<i>earnings before interest, tax, depreciation, amortisation and fire remediation costs to net interest payable</i>)	1.9	1.7	1.9
Gearing (<i>net loans to housing property at cost</i>)	36.6%	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 8,750 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 was 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 £0.5m (2025: £3.6m) before pension adjustments. The specific reasons for this result are included in this report.

Social housing lettings income increased from £62m to £63.3m, caused by rent and service charge income rising from £47.0m to £48.5m. Turnover and operating costs include the results of first tranche housing sales which decreased from £3.7m in 2025 to nil in 2026.

The operating surplus and social housing lettings surplus percentages in the three-year summary have been adjusted to exclude the release of the fire safety remediation provision in 2025, merger related costs, and costs incurred in remediating Ty Twyn Teg. These items are considered exceptional items and are excluded from funder covenant calculations. The figures also exclude joint venture lease costs, reflecting the basis on which these properties would have been treated had they been developed directly by the Association. These adjustments are intended to present a clearer view of underlying performance and to improve comparability with other similar Associations.

Rent loss due to voids increased from £1.0m to £1.6m, partly reflecting units held vacant while structural repair works are undertaken.

Resident arrears increased slightly compared with the prior year. The bad debt policy recognises prudent provision for potential bad debts. Throughout the year, we continued to support residents experiencing financial pressures, while ensuring that our properties remain safe and secure for the people who live in them.

Service charge costs continued to increase as a result of inflation and other external cost pressures. We continue to work to manage service charge costs and have absorbed some cost increases to support overall affordability.

Our commercial portfolio, which supports the regeneration of the areas in which we operate, continued to perform well despite wider economic pressures affecting many commercial tenants. We remain committed to working flexibly with commercial tenants while protecting the Group's financial position.

Operating and financial review

Our finances are robust and the Group remains able to manage adverse financial conditions. The Board ensured that financial plans were robustly stress tested 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 £17.9m 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 the financial year ended 31st March 2026, Beacon Cymru Group Ltd has recognised Merger related costs of £2.2m. These are included in operating costs in the Statement of Comprehensive Income.

Fire safety

The programme of fire safety works continued with £4.7m of grant received from Welsh Government being invested to upgrade cladding, fire compartmentation and sprinklers systems.

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, 88 newly developed social rented properties were brought into management.

Our subsidiary, Pennant, is the Group's home ownership vehicle. Pennant has undertaken the first self build development at Llannon, Carmarthenshire, which successfully delivered 47 of the 88 new homes for social rent by Beacon.

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 2026. 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.

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.

Pension scheme

Note 25 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.

Operating and financial review

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.

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,

Operating and financial review

- 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.

Sustainability

In autumn 2025, Beacon launched its first post-merger sustainability strategy, Beacon For The Planet. This document outlines Beacon's route map to becoming a net zero business by 2050. It also contains high-level plans on how Beacon will adapt to the climate crisis, which is already producing observable effects on weather patterns and temperatures in Wales.

Over 50% of Beacon staff are now certified as Carbon Literate (with many more having taken the day-long course). This peer-led overview of the causes, effects and possible responses to climate change is producing documented changes in staff attitudes and working practices; positive cultural shifts as Beacon becomes a more environmentally responsible housing association.

Beacon is still involved in the Welsh Government's Optimised Retrofit Programme, as well as the Swansea Bay City Deal's Homes As Power Stations programme. Both of these funding streams have seen several hundred Beacon homes upgraded to use less energy and be cheaper to live in for their occupants. Both programmes are important to Beacon's success in achieving net zero.

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.

Top strategic risks

Our current key strategic risks are:

- Volatility caused by the Middle East conflict and Ukraine resulting in economic uncertainty and increased costs
- Rental income – Rent arrears or unaffordability leads to significant shortfall in rental income compared with the business plan.
- Legal and regulatory compliance – the volume and complexity of new legislation and regulations in Wales results in unintentional non-compliance and regulatory issues.
- Health and safety – risk that a significant Health and Safety incident occurs
- 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.

Operating and financial review

Capital structure and treasury policy

At the year end the Group's borrowings amounted to £289.5 million:

Maturity	2026 £m	2025 £m
Within one year	2.7	7.5
Between one year and two years	2.9	2.1
Between two and five years	74.1	18.3
After more than five years	209.8	213.7
	<u>289.5</u>	<u>241.6</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 4.83% to 5.39%.

Liquidity requirements are met by £43million of revolving credit facilities as well as undrawn term facilities of £8m with a number of lenders.

The summary shows our performance against interest cover and gearing measures. The additional costs relating to Ty Twyn Teg & Merger activities were discussed ahead of the balance sheet date with our funders and with their agreement this expenditure 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 March 2026 and was reviewed by our treasury advisors, Centrus Advisory, to ensure it reflects good practice.

The Group has cash balances of £20.7 million at 31 March 2026 (2025: £12.6 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 £58 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 million maintaining our homes to Welsh Housing Quality Standard.

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 2026.

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 several 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

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 2025 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 autumn 2026.

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 16th September 2026 at 220 High Street, Swansea, SA1 1NW and will be held virtually.

External auditors

The auditor, Bevan Buckland, previously traded through the legal entity Bevan Buckland LLP, following a restructure and regulatory changes, Bevan Buckland LLP ceased to hold an audit registration with the engagement transitioning to Bevan Buckland Audit Ltd.

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

The report of the Board was approved by the Board on 29th July 2026 and signed on its behalf by:

Patrick Hoare
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 2026, 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 Audit Ltd
Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 29th July 2026

BevanBuckland Audit Ltd
Wales' Leading Independent Accountants

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 2026 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 2026 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 2024 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 Co-operative and Community Benefit Societies Act 2014 and relevant 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 Audit Ltd
Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 29th July 2026

Bevan Buckland Audit Ltd
Wales' Leading Independent Accountants

Consolidated Statement of Comprehensive Income

	Note	2026 £'000	2025 £'000
Turnover		70,079	72,560
Less: share of turnover of joint ventures	15	<u>(2,166)</u>	<u>(2,373)</u>
Group turnover: continuing activities	2	67,913	70,187
Operating costs	2	(57,538)	(56,410)
Surplus on sale of fixed assets	2	494	275
Change in fair value	2	(482)	135
Group operating surplus: continuing activities		<u>10,387</u>	<u>14,187</u>
Share of operating surplus of joint ventures	15	<u>1,976</u>	<u>2,168</u>
Operating surplus		12,363	16,355
Interest receivable and other income			
Group	6	906	1,273
Interest payable and similar charges			
Group	7	(10,853)	(11,708)
Joint ventures	15	<u>(1,993)</u>	<u>(2,266)</u>
Surplus on ordinary activities before taxation		423	3,654
Tax on surplus on ordinary activities	11	(192)	-
Tax on surplus of joint ventures	15	(36)	(28)
Surplus for the year		<u>195</u>	<u>3,626</u>
Actuarial gain / (loss) in respect of pension schemes	25	337	687
Total comprehensive income for the year		<u>532</u>	<u>4,313</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 29th July 2026 and were signed on its behalf by:

Chair	Board member	Board member/Secretary
Patrick Hoare	Scott Allin	Luke Takeuchi

Association Statement of Comprehensive Income

	Note	2026 £'000	2025 £'000
Turnover	2a	68,208	70,262
Operating costs	2a	(57,599)	(56,214)
Surplus on sale of fixed assets	2a	390	275
Change in fair value	2a	(482)	135
Operating surplus		<u>10,517</u>	<u>14,458</u>
Interest receivable and other income	6	836	1,220
Interest payable and similar charges	7	(10,853)	(11,707)
Surplus on ordinary activities before taxation		<u>500</u>	<u>3,971</u>
Tax on surplus on ordinary activities	11	(4)	-
Surplus for the year		<u>496</u>	<u>3,971</u>
Actuarial gain / (loss) in respect of pension schemes	25	337	687
Total comprehensive income for the year		<u>833</u>	<u>4,658</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 29th July 2026 and were signed on its behalf by:

Chair	Board member	Board member/Secretary
Patrick Hoare	Scott Allin	Luke Takeuchi

Consolidated Statement of Changes in Reserves

	Designated Reserve £'000	Community Benefit Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
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 1 April 2025	<u>2,976</u>	<u>-</u>	<u>70,246</u>	<u>73,222</u>
Surplus for the year	-	-	532	532
Transfer between reserves	20	83	(103)	-
Reserves as at 31 March 2026	<u>2,996</u>	<u>83</u>	<u>70,675</u>	<u>73,754</u>

Association Statement of Changes in Reserves

	Designated Reserve £'000	Community Benefit Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
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 1 April 2025	<u>2,976</u>	<u>-</u>	<u>68,108</u>	<u>71,084</u>
Surplus for the year	-	-	833	833
Transfer between reserves	20	83	(103)	-
Reserves as at 31 March 2026	<u>2,996</u>	<u>83</u>	<u>68,838</u>	<u>71,917</u>

Consolidated Statement of Financial Position

	Note	2026 £'000	2025 £'000
Fixed assets			
Housing properties	12	856,887	780,180
Depreciation	12	(115,713)	(108,361)
		<u>741,174</u>	<u>671,819</u>
Other tangible fixed assets	16	8,250	7,763
Investments	13	36,213	34,181
Investments in joint ventures	15	13,119	13,172
Homebuy loans	14	2,358	2,388
Total fixed assets		<u>801,114</u>	<u>729,323</u>
Current assets			
Trade and other debtors	18	14,893	16,648
Properties for sale and work in progress	17	835	846
Cash and cash equivalents	29	20,699	12,648
		<u>36,427</u>	<u>30,142</u>
Creditors: due within one year	20	(28,599)	(50,414)
Social housing grant due in one year	23	(1,721)	(2,525)
Net current (liabilities)/assets		<u>6,107</u>	<u>(22,797)</u>
Total assets less current liabilities		<u>807,221</u>	<u>706,526</u>
Creditors: due after more than one year	21	(290,700)	(237,776)
Social housing grant due after more than one year	23	(421,432)	(374,014)
Grants – Other Fixed Assets	19	(1,014)	(625)
Other grants due after more than one year	19	(2,383)	(1,570)
Housing grant relating to joint ventures	14	(12,673)	(12,673)
Homebuy grants due after more than one year	14	(2,146)	(2,176)
Provisions for liabilities			
Provisions for liabilities and charges	27	(727)	(504)
Defined benefit pension liability	26	(2,392)	(3,966)
Total net assets		<u>73,754</u>	<u>73,222</u>
Capital and reserves			
Income and expenditure reserve		70,675	70,246
Designated reserve		2,996	2,976
Community benefit reserve		83	-
Total capital and reserves		<u>73,754</u>	<u>73,222</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 29th July 2026 and were signed on its behalf by:

Chair	Board member	Board member/Secretary
Patrick Hoare	Scott Allin	Luke Takeuchi

Association Statement of Financial Position

	Note	2026 £'000	2025 £'000
Fixed assets			
Housing properties	12	857,942	780,180
Depreciation	12	(115,713)	(108,361)
		<u>742,229</u>	<u>671,819</u>
Other tangible fixed assets	16	8,250	7,763
Investments	13	36,001	33,969
Homebuy loans	14	1,391	1,391
Total fixed assets		<u>787,871</u>	<u>714,942</u>
Current assets			
Trade and other debtors	18	14,618	16,429
Properties for sale and work in progress	17	440	846
Cash and cash equivalents	29	17,886	10,428
		<u>32,944</u>	<u>27,703</u>
Creditors: due within one year	20	(27,597)	(49,400)
Social housing grant due in one year	23	(1,721)	(2,525)
Net current (liabilities)/assets		<u>3,626</u>	<u>(24,222)</u>
Total assets less current liabilities		<u>791,497</u>	<u>690,720</u>
Creditors: due after more than one year	21	(290,700)	(237,776)
Social housing grant due after more than one year	23	(421,432)	(374,014)
Grants – Other Fixed Assets	19	(1,014)	(625)
Other grants due after more than one year	19	(2,383)	(1,570)
Homebuy grants due after more than one year	14	(1,181)	(1,181)
Provisions for liabilities			
Provisions for liabilities and charges	27	(479)	(504)
Defined benefit pension liability	26	(2,391)	(3,966)
Total net assets		<u>71,917</u>	<u>71,084</u>
Capital and reserves			
Income and expenditure reserve		68,838	68,108
Designated reserve		2,996	2,976
Community benefit reserve		83	-
Total capital and reserves		<u>71,917</u>	<u>71,084</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 29th July 2026 and were signed on its behalf by:

Chair	Board member	Board member/Secretary
Patrick Hoare	Scott Allin	Luke Takeuchi

Consolidated Statement of Cash Flow

	Note	2026	2025
		£'000	£'000
Net cash inflow from operating activities	30	22,023	13,624
Cash flow from financing activities			
Loan drawdown		54,513	50,262
Interest payable	7	(11,526)	(12,103)
Loan repayments		(6,666)	(39,945)
Net cash from financing activities		36,321	(1,786)
Cash flow from investing activities			
Interest received	6	906	1,273
Purchase and construction of housing properties, including component replacements		(74,729)	(50,605)
Proceeds from sale of housing property assets		497	756
Purchase of other fixed assets	16	(1,604)	(1,417)
Purchase and construction of housing properties held for sale		-	(410)
Proceeds from sale of properties held for sale		6	4,074
Purchase and construction of fixed asset investments		(3,864)	(4,329)
Proceeds from sale of fixed asset investments		69	283
Social housing & other grants received		28,424	31,510
Net cash from investing activities		(50,295)	(18,865)
Net change in cash and cash equivalents		8,049	(7,027)
Cash and cash equivalents at beginning of year		12,648	19,675
Cash and cash equivalents at end of the year		20,697	12,648

Association Statement of Cash Flow

	Note	2026 £'000	2025 £'000
Net cash inflow from operating activities	30	<u>22,163</u>	<u>13,131</u>
Cash flow from financing activities			
Loan drawdown		54,513	50,262
Interest payable	7	(11,527)	(12,102)
Loan repayments		(6,666)	(39,945)
Net cash from financing activities		<u>36,320</u>	<u>(1,785)</u>
Cash flow from investing activities			
Interest received	6	836	1,220
Purchase and construction of housing properties, including component replacements		(75,784)	(50,605)
Proceeds from sale of housing property assets		497	756
Purchase of other fixed assets	16	(1,604)	(1,417)
Purchase and construction of housing properties held for sale		(20)	(410)
Proceeds from sale of properties held for sale		434	3,971
Purchase and construction of fixed asset investments		(3,864)	(4,329)
Proceeds from sale of fixed asset investments		69	283
Social housing & other grants received		28,411	31,510
Net cash from investing activities		<u>(51,025)</u>	<u>(19,021)</u>
Net change in cash and cash equivalents		<u>7,458</u>	<u>(7,675)</u>
Cash and cash equivalents at beginning of year		<u>10,428</u>	<u>18,103</u>
Cash and cash equivalents at end of the year		<u>17,886</u>	<u>10,428</u>

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 Registered Social Landlords General Determination (Wales) 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.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent and are based on consistent accounting policies or where appropriate accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.”

“Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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.

Notes to 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.

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.

Notes to the Financial Statements

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.

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 100 – 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
Service Chargeable Assets (in line with income)	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 cost 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

2026

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	63,032	(55,991)	-	-	7,041
Other social housing activities						
First tranche shared equity sales		-	6	-	-	6
Management services		2,466	(537)	-	-	1,929
Development costs not capitalised		-	(199)	-	-	(199)
Surplus on disposal of housing property		-	-	-	494	494
Non-social housing activities						
Commercial rents		2,266	(803)	-	-	1,463
Properties developed for outright sale		-	61	-	-	61
Change in fair value of Financial Instrument		-	-	(482)	-	(482)
Construction services		-	-	-	-	-
Community development activities		148	(75)	-	-	73
		67,913	(57,538)	(482)	494	10,387

Notes to the Financial Statements

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

Group – continuing activities (continued)

2025

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3	62,055	(52,676)	-	-	9,379
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
		70,187	(56,410)	135	275	14,187

Notes to the Financial Statements

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

Association – continuing activities

2026

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3a	63,329	(55,991)	-	-	7,338
Other social housing activities						
First tranche shared equity sales		-	6	-	-	6
Management services		2,466	(537)	-	-	1,929
Development costs not capitalised		-	(199)	-	-	(199)
Surplus on disposal of housing property		-	-	-	390	390
Non-social housing activities						
Commercial rents		2,265	(803)	-	-	1,462
Change in fair value of Financial Instrument		-	-	(482)	-	(482)
Community development activities		148	(75)	-	-	73
		68,208	(57,599)	(482)	390	10,517

Notes to the Financial Statements

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

Association – continuing activities (continued)

2025

	Note	Turnover £'000	Operating costs £'000	Change in Fair Value £'000	Surplus on disposals £'000	Operating surplus £'000
Social housing lettings	3a	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
		70,262	(56,214)	135	275	14,458

Notes to the Financial Statement

3. Particulars of income and expenditure from social housing lettings

Group

			2026	2025
	General needs and sheltered housing £'000	Other social lettings £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	44,677	3,855	48,532	47,021
Rent loss due to voids	(1,480)	(98)	(1,578)	(996)
	<u>43,197</u>	<u>3,757</u>	<u>46,954</u>	<u>46,025</u>
Service charge income	5,879	-	5,879	5,921
Other revenue grants	6,763	-	6,763	6,923
Amortisation of grants	3,436	-	3,436	3,186
Turnover from social lettings	<u>59,275</u>	<u>3,757</u>	<u>63,032</u>	<u>62,055</u>
Overhead costs	(13,029)	(2,281)	(15,310)	(14,757)
Management	(5,420)	-	(5,420)	(5,536)
Services	(6,022)	(38)	(6,060)	(5,534)
Routine maintenance	(10,419)	(676)	(11,095)	(15,870)
Major repairs expenditure	(3,102)	-	(3,102)	(3,053)
Grant funded fire remediation	(4,727)	-	(4,727)	(239)
Depreciation of housing properties	(7,713)	-	(7,713)	(7,964)
Bad debts	(474)	(1)	(475)	(719)
Write back of fire safety provision	-	-	-	2,090
Ty Twyn Teg Remedial Expenditure	(2,089)	-	(2,089)	(1,094)
Operating costs on social housing lettings	<u>(52,995)</u>	<u>(2,996)</u>	<u>(55,991)</u>	<u>(52,677)</u>
Operating surplus on social housing lettings	<u>6,280</u>	<u>761</u>	<u>7,041</u>	<u>9,379</u>

Notes to the Financial Statements

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

Association

			2026	2025
	General needs and sheltered housing £'000	Other social lettings £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	44,677	4,152	48,829	47,406
Rent loss due to voids	(1,480)	(98)	(1,578)	(996)
	<u>43,197</u>	<u>4,054</u>	<u>47,251</u>	<u>46,410</u>
Service charge income	5,879	-	5,879	5,921
Other revenue grants	6,763	-	6,763	6,923
Amortisation of grants	3,436	-	3,436	3,186
Turnover from social lettings	<u>59,275</u>	<u>4,054</u>	<u>63,329</u>	<u>62,440</u>
Overhead costs	(13,029)	(2,281)	(15,310)	(14,757)
Management	(5,420)	-	(5,420)	(5,536)
Services	(6,022)	(38)	(6,060)	(5,534)
Routine maintenance	(10,419)	(676)	(11,095)	(15,871)
Major repairs expenditure	(3,102)	-	(3,102)	(3,053)
Grant funded fire remediation	(4,727)	-	(4,727)	(239)
Depreciation of housing properties	(7,713)	-	(7,713)	(7,964)
Bad debts	(474)	(1)	(475)	(719)
Write back of fire safety provision	-	-	-	2,090
Ty Twyn Teg Remedial Expenditure	(2,089)	-	(2,089)	(1,094)
Operating costs on social housing lettings	<u>(52,995)</u>	<u>(2,996)</u>	<u>(55,991)</u>	<u>(52,677)</u>
Operating surplus on social housing lettings	<u>6,280</u>	<u>1,058</u>	<u>7,338</u>	<u>9,763</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	
	2026 No	2025 No	2026 No	2025 No
General needs	8,042	7,954	8,042	7,954
Property ownership in joint ventures	496	496	496	496
Shared ownership	39	40	39	40
Leaseholder	177	184	177	184
Total social housing accommodation	<u>8,754</u>	<u>8,674</u>	<u>8,754</u>	<u>8,674</u>

5. Operating surplus (Group and Association)

The operating surplus is arrived at after charging	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Surplus on disposal of fixed assets – properties	494	275	390	275
Auditor's remuneration (including VAT)	87	78	78	68
Other non-audit services (including VAT)	2	18	2	17
Depreciation of properties	7,713	7,963	7,713	7,963
Depreciation of other fixed assets	984	998	984	998
Operating lease rental costs	2,703	2,686	2,703	2,686
Amortisation	(3,384)	(2,992)	(3,384)	(2,992)
	<u>8,599</u>	<u>9,026</u>	<u>8,486</u>	<u>9,015</u>

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Interest receivable and similar income	<u>906</u>	<u>1,273</u>	<u>836</u>	<u>1,220</u>

Notes to the Financial Statements

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Loans and bank overdrafts	11,526	10,461	11,526	10,461
Debt Refinance Cost	-	1,641	-	1,641
Interest payable capitalised on housing properties under construction	(865)	(659)	(865)	(659)
Unwinding of discount factor on pension liability	192	264	192	264
	10,853	11,707	10,853	11,707

8. Employees (Group and Association)

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2026 No	2025 No	2026 No	2025 No
Corporate support	71	71	71	71
Development and Pennant	19	25	19	25
Housing	243	243	243	243
	333	339	333	339

9. Employee costs (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Wages and salaries	13,748	12,607	13,748	12,607
Social security costs	1,662	1,251	1,662	1,251
Other pension costs	925	1,187	925	1,187
Apprentice levy	50	37	50	37
Agency	13	74	13	74
	16,398	15,156	16,398	15,156

Notes to the Financial Statements

10. Board members and executives

Key management and personnel remuneration

Directors who are executive staff members

	2026 £'000	2025 £'000
Basic salary	866	935
Social security costs	116	115
Pension contributions	65	161
Aggregate emoluments	1,047	1,211

The number of senior executives accruing retirement benefits was 8 (2025:9). During the year 7 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

	2026 £'000	2025 £'000
Remuneration	73	109
Benefit in kind	-	-
Aggregate emoluments	73	109

Expenses paid to non-executive directors amounted to £nil (2025: £nil).

Remuneration of the highest paid director, excluding pension contributions:

	2026 £'000	2025 £'000
Emoluments	160	157

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:

	2026 No	2025 No
£10,000 - £19,999	1	-
£30,000 - £39,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1
£100,000 - £109,000	-	1
£110,000 - £119,000	3	-
£120,000 - £129,000	1	2
£130,000 - £139,000	-	2
£140,000 - £149,000	1	-
£150,000 - £159,999	1	-
£160,000 - £169,999	-	1
£170,000 - £179,999	-	1
	8	9

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	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Current tax				
Tax adjustment in the year	(4)	-	(4)	-
UK corporation tax on surplus for the year	(188)	-	-	-
	<u>(192)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Deferred tax				
Net origination and reversal of timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax on results on ordinary activities	<u>(192)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>

Notes to the Financial Statements

12. Tangible fixed assets – properties (Group)

	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 2025	699,298	74,836	6,046	780,180
Additions	10,131	65,463	-	75,594
Schemes completed in year	31,584	(31,584)	-	-
Transfers from commercial properties	-	2,521	-	2,521
Transfers to commercial properties	(130)	(241)	-	(371)
Other transfers	(383)	(206)	-	(589)
Disposals	(448)	-	-	(448)
At 31 March 2026	<u>740,052</u>	<u>110,789</u>	<u>6,046</u>	<u>856,887</u>
Depreciation				
At 1 April 2025	(107,701)	-	(660)	(108,361)
Charged in year	(7,703)	-	(37)	(7,740)
Transfers from housing property	(57)	-	-	(57)
Eliminated on disposal	445	-	-	445
At 31 March 2026	<u>(115,016)</u>	<u>-</u>	<u>(697)</u>	<u>(115,713)</u>
Net book value				
At 31 March 2026	<u>625,036</u>	<u>110,789</u>	<u>5,349</u>	<u>741,174</u>
At 31 March 2025	<u>591,597</u>	<u>74,836</u>	<u>5,386</u>	<u>671,819</u>

Additions to completed properties held for letting

	2026 £000	2025 £000
Replacement of components	10,697	7,247
Purchase of existing properties	-	-
Additions to existing properties	489	2,773
Purchase of properties under Section 106 agreements	-	683
Total additions	<u>11,186</u>	<u>10,703</u>

Notes to the Financial Statements

12a. Tangible fixed assets – properties (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 2025	699,298	74,836	6,046	780,180
Additions	11,186	65,463	-	76,649
Schemes completed in year	31,584	(31,584)	-	-
Transfers from commercial properties	-	2,521	-	2,521
Transfers to commercial properties	(130)	(241)	-	(371)
Other transfers	(383)	(206)	-	(589)
Disposals	(448)	-	-	(448)
At 31 March 2026	<u>741,107</u>	<u>110,789</u>	<u>6,046</u>	<u>857,942</u>
Depreciation				
At 1 April 2025	(107,701)	-	(660)	(108,361)
Charged in year	(7,703)	-	(37)	(7,740)
Transfers from housing property	(57)	-	-	(57)
Eliminated on disposal	445	-	-	445
At 31 March 2026	<u>(115,016)</u>	<u>-</u>	<u>(697)</u>	<u>(115,713)</u>
Net book value				
At 31 March 2026	<u>626,091</u>	<u>110,789</u>	<u>5,349</u>	<u>742,229</u>
At 31 March 2025	<u>591,597</u>	<u>74,836</u>	<u>5,386</u>	<u>671,819</u>
Additions to completed properties held for letting			2026 £000	2025 £000
Replacement of components			10,697	7,247
Purchase of existing properties			-	-
Additions to existing properties			489	2,773
Purchase of properties under Section 106 agreements			-	683
Total additions			<u>11,186</u>	<u>10,703</u>

Notes to the Financial Statements

13. Fixed asset investments (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Commercial properties				
At 1st April	28,283	25,259	28,283	25,259
Additions	3,864	3,208	3,864	3,208
Fair value (loss)/gain on investment property	-	-	-	-
Transfer to housing property	(2,521)	(184)	(2,521)	(184)
Transfers from housing property	371	-	371	-
At 31st March	<u>29,997</u>	<u>28,283</u>	<u>29,997</u>	<u>28,283</u>
Shared equity loans				
At 1st April	5,738	4,649	5,526	4,437
Additions	387	1,121	387	1,121
Disposals	(69)	(32)	(69)	(32)
At 31st March	<u>6,056</u>	<u>5,738</u>	<u>5,844</u>	<u>5,526</u>
LCHO				
At 1st April	160	160	160	160
Additions during the year	-	-	-	-
Sales during the year	-	-	-	-
At 31st March	<u>160</u>	<u>160</u>	<u>160</u>	<u>160</u>
	<u>36,213</u>	<u>34,181</u>	<u>36,001</u>	<u>33,969</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.

14. Homebuy (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Homebuy loans				
At 1 st April	2,388	2,388	1,391	1,391
Loans issued in the year	-	-	-	-
Redeemed in the year	(30)	-	-	-
At 31 st March	<u>2,358</u>	<u>2,388</u>	<u>1,391</u>	<u>1,391</u>

Notes to the Financial Statements

14. Homebuy (Group and Association) (continued)

Homebuy grants	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
At 1st April	2,176	2,176	1,181	1,181
Grant additions in the year	-	-	-	-
Grant utilised in the year	(31)	-	-	-
At 31st March	<u>2,145</u>	<u>2,176</u>	<u>1,181</u>	<u>1,181</u>
Housing grant relating to joint ventures				
At 1st April	12,673	12,673	-	-
Grant additions in the year	-	-	-	-
Grant utilised in the year	-	-	-	-
At 31st March	<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 2026 the Group had 102 (2025: 104) homebuy loans and grants, and the Association had 36 (2025: 36) homebuy loans and grants.

15. 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 2025. The year end does not coincide with the Group's year end of 31 March 2026. The Association's share of the deficit of WHP and surplus of WHP2 from the 31 December 2025 period has been absorbed into the Group's March 2026 year end via the gross equity method. Any material transactions between 31 December 2025 and 31 March 2026 have also been accounted for in the Group's investment in joint ventures balance.

Notes to the Financial Statements

15. Joint ventures (continued)

The Group's share of the joint ventures at 31 December 2025 was as follows:

	WHP December 2025 £'000	WHP2 December 2025 £'000	December 2025 £'000	December 2024 £'000
Turnover	1,132	1,034	2,166	2,373
Administrative expenses	(106)	(84)	(190)	(205)
Surplus on sale of fixed assets	-	-	-	-
Operating surplus	1,026	950	1,976	2,168
Interest payable and similar charges	(970)	(1,023)	(1,993)	(2,266)
Surplus on ordinary activities before taxation	56	(73)	(17)	(98)
Tax on surplus on ordinary activities	(36)	-	(36)	(28)
Surplus/(deficit) for the financial year	20	(73)	(53)	(126)
Fixed assets	32,468	27,842	60,310	60,464
Current assets	1,548	459	2,007	1,914
Creditors: falling due within one year	(601)	(836)	(1,437)	(1,486)
Creditors: falling due after more than one year	(27,683)	(20,077)	(47,760)	(47,720)
Shareholders' funds	5,731	7,388	13,119	13,172

Group share in joint ventures:

WHP

WHP investment as at 31st December

Interest in WHP

Total interest in WHP

	March 2026 £'000	March 2025 £'000
WHP investment as at 31st December	4,891	4,891
Interest in WHP	840	819
Total interest in WHP	5,731	5,710

WHP2

WHP2 investment as at 31st December

Interest in WHP2

Total interest in WHP2

	March 2026 £'000	March 2025 £'000
WHP2 investment as at 31st December	7,625	7,625
Interest in WHP2	(237)	(163)
Total interest in WHP2	7,388	7,462
13,119	13,172	

Notes to the Financial Statements

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

	Freehold offices	Computers and office equipment	Furniture, Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£000	£'000
Cost					
At 1 April 2025	4,587	4,756	7,280	26	16,649
Additions	46	548	1,010	-	1,604
Transfers	37	97	(282)	-	(148)
Disposals	(73)	(1,156)	(1,413)	(9)	(2,651)
At 31 March 2026	<u>4,597</u>	<u>4,245</u>	<u>6,595</u>	<u>17</u>	<u>15,454</u>
Depreciation					
At 1 April 2025	(985)	(2,312)	(5,569)	(20)	(8,886)
Charged in year	(110)	(512)	(360)	(2)	(984)
Transfer	-	(97)	112	-	15
Eliminated on disposal	73	1,156	1,413	9	2,651
At 31 March 2026	<u>(1,022)</u>	<u>(1,765)</u>	<u>(4,404)</u>	<u>(13)</u>	<u>(7,204)</u>
Net book value					
At 31 March 2026	<u>3,575</u>	<u>2,480</u>	<u>2,191</u>	<u>4</u>	<u>8,250</u>
At 31 March 2025	<u>3,602</u>	<u>2,444</u>	<u>1,711</u>	<u>6</u>	<u>7,763</u>

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Opening balance of Housing properties held for sale	846	4,197	846	4,094
Housing properties additions	-	410	20	410
Housing properties transferred during the year	(11)	(1,343)	-	(1,343)
Housing properties sold during the year	-	(2,418)	(426)	(2,315)
Closing balance of Housing properties held for sale	<u>835</u>	<u>846</u>	<u>440</u>	<u>846</u>

Notes to the Financial Statements

18. Debtors (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Due within one year				
Rent and service charge receivable	3,573	3,118	3,573	3,118
Less: provision for bad and doubtful debts	(3,242)	(2,974)	(3,242)	(2,974)
	<u>331</u>	<u>144</u>	<u>331</u>	<u>144</u>
Prepayments and accrued income	2,253	1,898	2,253	1,898
Other debtors	779	800	499	546
Accrued income	3,875	5,761	3,875	5,761
Amounts owed by Pennant	-	-	5	35
	<u>7,238</u>	<u>8,603</u>	<u>6,963</u>	<u>8,384</u>
Due in more than one year				
Housing finance grant	7,655	8,045	7,655	8,045
	<u>7,655</u>	<u>8,045</u>	<u>7,655</u>	<u>8,045</u>
	<u>14,893</u>	<u>16,648</u>	<u>14,618</u>	<u>16,429</u>

19. Other government grants (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Commercial grants				
At 1st April	1,570	1,625	1,570	1,625
Grant additions in the year	883	-	883	-
Grant utilised in the year	(70)	(55)	(70)	(55)
At 31st March	<u>2,383</u>	<u>1,570</u>	<u>2,383</u>	<u>1,570</u>
Other Fixed Assets				
At 1st April	625	641	625	641
Grant additions in the year	438	31	438	31
Grant utilised in the year	(49)	(47)	(49)	(47)
At 31st March	<u>1,014</u>	<u>625</u>	<u>1,014</u>	<u>625</u>

Notes to the Financial Statements

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Social housing grant received in advance	4,741	27,697	4,741	27,697
Recycled capital grant fund	2,166	2,463	2,166	2,463
Debt (note 22)	2,658	7,500	2,658	7,500
Accruals and deferred income	7,605	4,452	7,083	3,677
Capital expenditure on housing property	8,153	5,370	7,861	5,038
Other creditors	838	733	838	826
Rent and service charges received in advance	1,519	1,360	1,519	1,360
Other taxation and social security	862	839	674	839
Derivative mark to market movement	57	-	57	-
	28,599	50,414	27,597	49,400

Analysis of movement on Recycled Capital Fund:

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Recycled Capital Grant Fund				
As at 1 st April	2,463	3,717	2,463	3,717
Additions	518	258	518	258
Usage	(815)	(1,512)	(815)	(1,512)
At 31st March	2,166	2,463	2,166	2,463

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Deferred income	3,420	3,608	3,420	3,608
Debt (note 22)	286,821	234,132	286,821	234,132
	290,241	237,740	290,241	237,740
LCHO grant	35	36	35	36
Derivative mark to market movement	424	-	424	-
	290,700	237,776	290,700	237,776

Notes to the Financial Statements

22. Debt analysis (Group and Association)

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

Terms of repayment	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Within one year	2,658	7,500	2,658	7,500
Between one and two years	2,858	2,121	2,858	2,121
Between two and five years	74,183	18,322	74,183	18,322
More than five years	209,780	213,689	209,780	213,689
	289,479	241,632	289,479	241,632

Net debt breakdown	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Bank loans and private placements	296,233	249,217	296,233	249,217
Amortised loan arrangement fees	(3,658)	(3,894)	(3,658)	(3,894)
Sinking funds	(3,096)	(3,691)	(3,096)	(3,691)
	289,479	241,632	289,479	241,632

Concessionary Loans	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Within one year	1,160	1,900	1,160	1,900
More than one year	555	800	555	800
	1,715	2,700	1,715	2,700

Included in Net Debt, there are three concessionary loans from Welsh Government at 0% interest (subject to the conditions of the loan being met), and the other at 2.45%. The loans are secured for the purpose of the Land for Housing Scheme.

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 1.76% to 11.6% as compared with variable rates which had a range of 4.83% to 5.39%. The weighted average rate of interest for 2026 was 4.01% (2025: 3.96%). As at 31 March 2026, 81% (2025: 92%) of loans bore interest at fixed rates.

Notes to the Financial Statements

23. 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 2025	(331,613)	(53,542)	(1,339)	(386,494)
Additions	(1,251)	(40,280)	-	(41,531)
Schemes completed in year	(19,776)	19,776	-	-
Transfers	1,952	(543)	-	1,409
Disposals	487	-	-	487
At 31 March 2026	<u>(350,201)</u>	<u>(74,589)</u>	<u>(1,339)</u>	<u>(426,129)</u>
Amortisation				
At 1 April 2025	49,344	-	209	49,553
Charged in year	2,694	-	12	2,706
Schemes completed in year	340	-	-	340
Transfers	(176)	-	-	(176)
Eliminated on disposal	-	-	-	-
At 31 March 2026	<u>52,202</u>	<u>-</u>	<u>221</u>	<u>52,423</u>
Other Capital Grant				
At 1 April 2025	(21,716)	(8,073)	-	(29,789)
Additions	(6,242)	(3,896)	-	(10,138)
Transfers	(2,412)	1,993	-	(419)
Disposals	-	-	-	-
At 31 March 2026	<u>(30,370)</u>	<u>(9,976)</u>	<u>-</u>	<u>(40,346)</u>
Amortisation				
At 1 April 2025	1,610	-	-	1,610
Charged in year	559	-	-	559
Transfers	222	-	-	222
Disposals	-	-	-	-
At 31 March 2026	<u>2,391</u>	<u>-</u>	<u>-</u>	<u>2,391</u>
Housing Finance Grant				
At 1 April 2025	(11,637)	(307)	-	(11,944)
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2026	<u>(11,637)</u>	<u>(307)</u>	<u>-</u>	<u>(11,944)</u>
Amortisation				
At 1 April 2025	525	-	-	525
Charged in year	79	-	-	79
Transfers	(151)	-	-	(151)
Disposals	-	-	-	-
At 31 March 2026	<u>453</u>	<u>-</u>	<u>-</u>	<u>453</u>

Notes to the Financial Statements

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

Net Creditor				
At 31 March 2026	(337,162)	(84,872)	(1,118)	(423,152)
At 31 March 2025	(313,487)	(61,922)	(1,130)	(376,539)

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

Terms of repayment

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Within one year	1,721	2,525	1,721	2,525
Between one and two years	1,721	2,525	1,721	2,525
Between two and five years	5,163	7,575	5,163	7,575
More than five years	414,547	363,914	414,547	363,914
	423,152	376,539	423,152	376,539

24. Obligations under operating leases (Group and Association)

	Land and Buildings		Other	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Within one year	2,232	2,232	331	272
Between one and two years	2,232	2,232	262	212
Between two and five years	6,696	6,696	239	224
More than five years	9,017	11,248	-	-
	20,177	22,408	832	708

25. 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. Beacon Cymru 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

25. 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.

During the year the Association made payments of £1,384,520 (2025: 1,548,000) to the Social Housing Pension Scheme for the recovery plan of the past service deficit and employer contributions towards current service cost of £225,000 (2025: £418,000).

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

	31 March 2026 £'000	31 March 2025 £'000
Fair value of plan assets	27,428	25,760
Present value of defined benefit obligation	(29,814)	(29,726)
Defined benefit asset /(liability) to be recognised	<u>(2,386)</u>	<u>(3,966)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2026 £'000	31 March 2025 £'000
Defined benefit obligation at start of period	29,726	32,236
Current service cost	175	155
Expenses	43	34
Interest expense	1,728	1,570
Contributions by plan participants	16	30
Actuarial losses (gains) due to scheme experience	(331)	1,776
Actuarial losses (gains) due to change in demographic assumptions	243	-
Actuarial losses (gains) due to changes in financial assumptions	(715)	(4,741)
Benefits paid and expenses	(1,071)	(1,334)
Defined benefit obligation at end of period	<u>29,814</u>	<u>29,726</u>

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

	31 March 2026 £'000	31 March 2025 £'000
Fair value of plan assets at start of period	25,760	26,035
Interest income	1,536	1,306
Experience on plan assets (excluding amounts included in interest income)	(466)	(2,278)
Contributions by the employer	1,653	2,001
Contributions by plan participants	16	30
Benefits paid and expenses	(1,071)	(1,334)
Fair value of plan assets at end of period	<u>27,428</u>	<u>25,760</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £1,070,000.

Notes to the Financial Statements

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

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

	Period 31 March 2025 to 31 March 2026 £'000	Period 31 March 2024 to 31 March 2025 £'000
Current service cost	175	155
Expenses	43	34
Net interest expense	192	264
Defined benefit costs recognised in statement of comprehensive income (SoCl)	410	453

Defined benefit costs recognised in other comprehensive income

	31 March 2026 £'000	31 March 2025 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(466)	(2,278)
Experience gains and losses arising on the plan liabilities - gain (loss)	331	(1,776)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(243)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	715	4,741
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	337	687
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	337	687

Notes to the Financial Statements

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

Assets

	31 March 2026 £'000	31 March 2025 £'000
Liquid Alternatives	4,884	4,777
Global Equity	3,039	2,886
Infrastructure	1	4
Insurance-Linked Securities	41	79
Liability Driven Investment	8,363	7,802
Long Lease Property	-	7
Net Current Assets	267	56
Cash	5	350
Credit	1,092	985
Investment Grade Credit	1,613	793
Private Credit	3,311	3,153
Private Equity	59	23
Real Assets	2,583	3,084
Property	1,339	1,290
Secured Income	832	430
Currency Hedging	(1)	41
Total assets	27,428	25,760

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 2026 % per annum	31 March 2025 % per annum
Discount Rate	6.22	5.90
Inflation (RPI)	3.27	3.06
Inflation (CPI)	3.04	2.80
Salary Growth	4.04	3.80
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Notes to the Financial Statements

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

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

26. Pension provision (Group and Association)

	2026 £'000	2025 £'000
As at 1 April	(3,966)	(6,201)
Actuarial gain / (loss)	337	687
Difference on costs charged	1,430	1,812
Difference on interest charge	(192)	(264)
	<u>(2,391)</u>	<u>(3,966)</u>

27. 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	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Restructuring provision	28	28	28	28
Provision for upgrades to existing housing	433	454	436	454
Provision for fire safety remediation costs	-	7	-	7
Provision for landslip costs	15	15	15	15
Provision for warranties (Pennant)	248	-	-	-
	<u>727</u>	<u>504</u>	<u>479</u>	<u>504</u>

An analysis of the movement in each specific provision is set out below.

Notes to the Financial Statements

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

Restructuring provision

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
As at 1 st April	28	28	28	28
Additional provision	-	-	-	-
Release of provision	-	-	-	-
At 31 st March	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>

Provision for upgrades to existing housing

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
As at 1 st April	454	599	454	599
Release of provision	-	-	-	-
Utilised provision	(18)	(145)	(18)	(145)
At 31 st March	<u>436</u>	<u>454</u>	<u>436</u>	<u>454</u>

Provision for fire safety remediation costs

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
As at 1 st April	7	2,760	7	2,760
Provision utilised	(7)	(663)	(7)	(663)
Release of provision	-	(2,090)	-	(2,090)
At 31 st March	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>

Provision for landslip costs

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
As at 1 st April	15	18	15	18
Provision utilised	-	(3)	-	(3)
Release of provision	-	-	-	-
At 31 st March	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>

Provision for Warranties

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
As at 1 st April	-	-	-	-
Additional provision	248	-	-	-
Release of provision	-	-	-	-
At 31 st March	<u>248</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

28. Share capital

	2026 £	2025 £
Shares of one pound each fully paid and issued	<u>43</u>	<u>43</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.

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

Group

	At 1 April 2025 £'000	Cash flows £'000	Movement in creditors due within one year £'000	At 31 March 2026 £'000
Cash at bank and in hand	12,648	8,051	-	20,699
Housing loans due less than one year	(7,500)	-	4,842	(2,658)
Housing loans due in more than one year	(234,132)	(47,847)	(4,842)	(286,821)
Bank Overdraft	-	-	-	-
	<u>(228,984)</u>	<u>(39,796)</u>	<u>-</u>	<u>(268,780)</u>

Association

	At 1 April 2025 £'000	Cash flows £'000	Movement in creditors due within one year £'000	At 31 March 2026 £'000
Cash at bank and in hand	10,428	7,458	-	17,886
Housing loans due less than one year	(7,500)	-	4,842	(2,658)
Housing loans due in more than one year	(234,132)	(47,847)	(4,842)	(286,821)
Bank Overdraft	-	-	-	-
	<u>(231,204)</u>	<u>(40,389)</u>	<u>-</u>	<u>(271,593)</u>

Notes to the Financial Statements

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Total comprehensive income for the year	532	4,313	833	4,658
Adjustments for non-cash items;				
Depreciation of Housing properties and other assets	8,724	8,212	8,724	8,212
Amortisation of bond premium	-	-	-	-
Grant amortisation	(3,463)	(3,023)	(3,463)	(3,023)
Gain/Loss on sale of housing properties	-	(159)	-	(159)
Re-measurement of pension liability	(1,575)	(2,263)	(1,575)	(2,263)
Unwinding of discount factor on pension liability	(192)	(236)	(192)	(236)
Gain/Loss on sale of properties held for sale	(6)	(1,656)	(6)	(1,656)
Share of operating (deficit) in joint ventures	(1,976)	(2,168)	-	-
Share of tax paid in joint venture	36	28	-	-
Gain/Loss on sale Investments	(494)	(116)	(494)	(116)
Gain/Loss on sale Intangible Assets	-	147	-	147
Gain/Loss on sale Other Fixed Assets	1	19	1	19
Homebuy grant received	-	-	-	-
Fair value loss / (gain) in investment properties	-	(135)	-	(135)
Fair value loss / (gain) in financial instruments	482	-	482	-
Corporation tax payable	188	-	-	-
Working capital movements				
Decrease in properties for sale and work in progress	-	-	-	-
Decrease/(increase) in trade and other debtors	1,757	5,423	1,813	5,417
Increase in trade and other creditors	5,846	(4,563)	6,048	(5,321)
Decrease/(increase) in general provisions	223	(2,900)	(25)	(2,900)
Increase/(decrease) in pension provision	-	-	-	-
Adjustments for investing or financing:				
Interest payable	10,853	11,708	10,853	11,707
Interest receivable	(906)	(1,273)	(836)	(1,220)
Interest Payable in Joint ventures	1,993	2,266	-	-
Net cash generated from operating activities	22,023	13,624	22,163	13,131

Notes to the Financial Statements

31. Free cash flow (Group)

	2026 £'000	2025 £'000
Net cash generated from operating activities	532	13,624
Interest paid	(11,527)	(12,103)
Interest received	906	1,273
Adjustments for reinvesting in existing properties		
Component replacements	(9642)	(7,247)
Purchase of other fixed assets	(489)	(3,456)
Component replacement grant received	7,493	5,993
Free cash generated / (consumed) before loan repayments	(12,539)	(1,916)
New loans secured	54,513	50,262
Loans repaid (excluding revolving credit and overdrafts)	(6,666)	(39,945)
Free cash generated / (consumed) after loan repayments	35,120	8,401

31. Free cash flow (Association)

	2026 £'000	2025 £'000
Net cash generated from operating activities	833	13,131
Interest paid	(11,527)	(12,102)
Interest received	(836)	1,220
Adjustments for reinvesting in existing properties		
Component replacements	(10,697)	(7,247)
Purchase of other fixed assets	(489)	(3,456)
Component replacement grant received	7,493	5,993
Free cash generated / (consumed) before loan repayments	(15,223)	(2,461)
New loans secured	54,513	50,262
Loans repaid (excluding revolving credit and overdrafts)	(6,666)	(39,945)
Free cash generated / (consumed) after loan repayments	32,624	7,856

Notes to the Financial Statements

32. Capital commitments (Group and Association)

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Capital expenditure				
Contracted less certified	71,018	109,650	70,988	109,650
Expenditure authorised by the Board, but not contracted	7,865	2,527	7,865	2,527
	78,883	112,177	78,853	112,177

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.

33. Related party transactions

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 (2025: £1,178,000) and from WHP2 were £1,054,000 (2025: £1,115,000).

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 (2025: £nil).

Pennant Housing Association developed properties at Llannon, Carmarthenshire for social rent on behalf of Beacon Cymru Group during the year. On consolidation turnover of £6,665,634 (2025: £5,013,085) and cost of sales of £5,610,879 (2025: £5,013,085) have been removed along with a reduction in property assets of £1,054,755 (2025: nil).

Beacon Cymru Group Ltd charge Pennant Housing Association for apportioned staff and overhead costs in the year £297,012 (2025: £385,230) was charged and removed on consolidation.

34. Contingent assets/liabilities

The Group (and association) has no contingent assets at 31 March 2026 (2025: nil).

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 2026 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.

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 2025 was £7,957,278. 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.

Notes to the Financial Statements

34. Contingent assets/liabilities (continued)

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 for a Section 38 agreement of £326,127, a Section 104 agreement of £41,548.11 and a Section 185 £42,500, in relation to its development at Coleman Vale, Pen y Fai.

Pennant has also issued a bond in relation to its development at Heol Y Plas, Llannon for a Section 104 agreement of £249,952.

The Association has issued a bond for a Section 38/Section 278 agreement at its development at Coed Darcy, Llandarcy, totalling £209,168 as well as a Section 38 bond of £190,000 and a Section 278 bond of £67,000 at Llannon. Bonds have also been issued for a Section 38/Section 278 £55,217 and a Section 104 £6,600 at Harvey Crescent, Port Talbot; a Section 111 bond £12,330 at Porthcawl Hotel; and a Section 278 bond £40,000 at a development in Sketty, Swansea.

Further bonds include a Section 38 £90,000, a Section 104 £12,540 and an SAB bond £51,000 at the Cwm Mawr development; as well as bonds for a Section 38 £137,000, Section 278 £275,519, Section 104 £92,730 and SAB £86,140 at the development in Pemberton, Carmarthenshire.

At the Big Shed development, bonds have been issued for a Section 104 £5,436, an SAB £66,667 and highways bonds £82,021. Additionally, bonds have been issued at the Hafod Wen development for a Section 38 £500,000, Section 278 £32,785, Section 104 £44,228, SAB £440,000 and highways £622,237.

A further bond has been issued for a Section 38/Section 278 £125,023, a Section 104 £9,708 and an SAB £30,000 at Rhiwgarn. Additionally, bonds have been issued for Section 278 agreements at Kings Lane Corner £60,000, Europcar £35,000, and East Street £20,245, as well as Section 104 bonds for Europcar £11,010, Parc Ceirw Phase 5 £21,740, and East Street £14,480.