Financial Statements

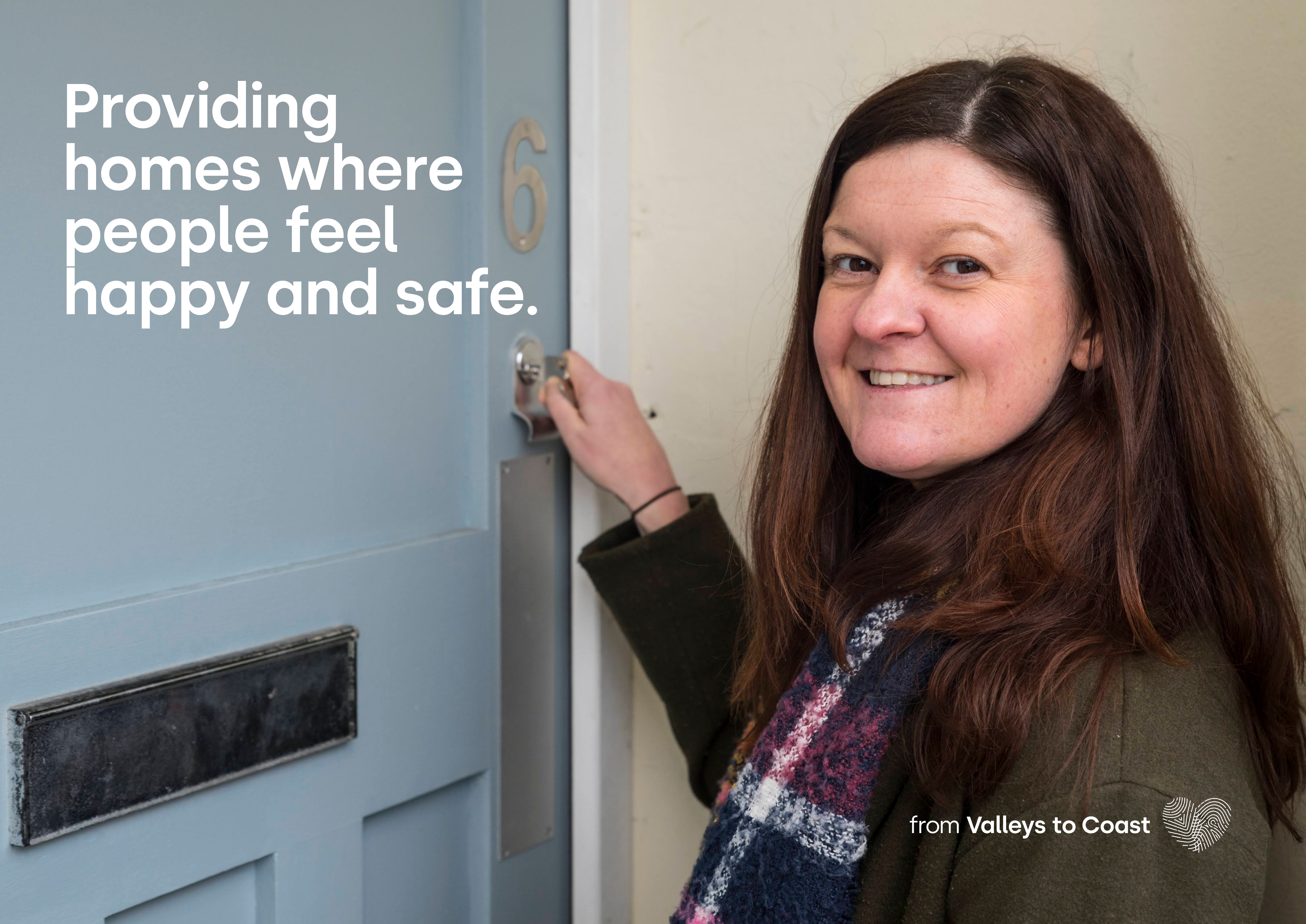
31 March 2020

Valleys to Coast Housing Limited

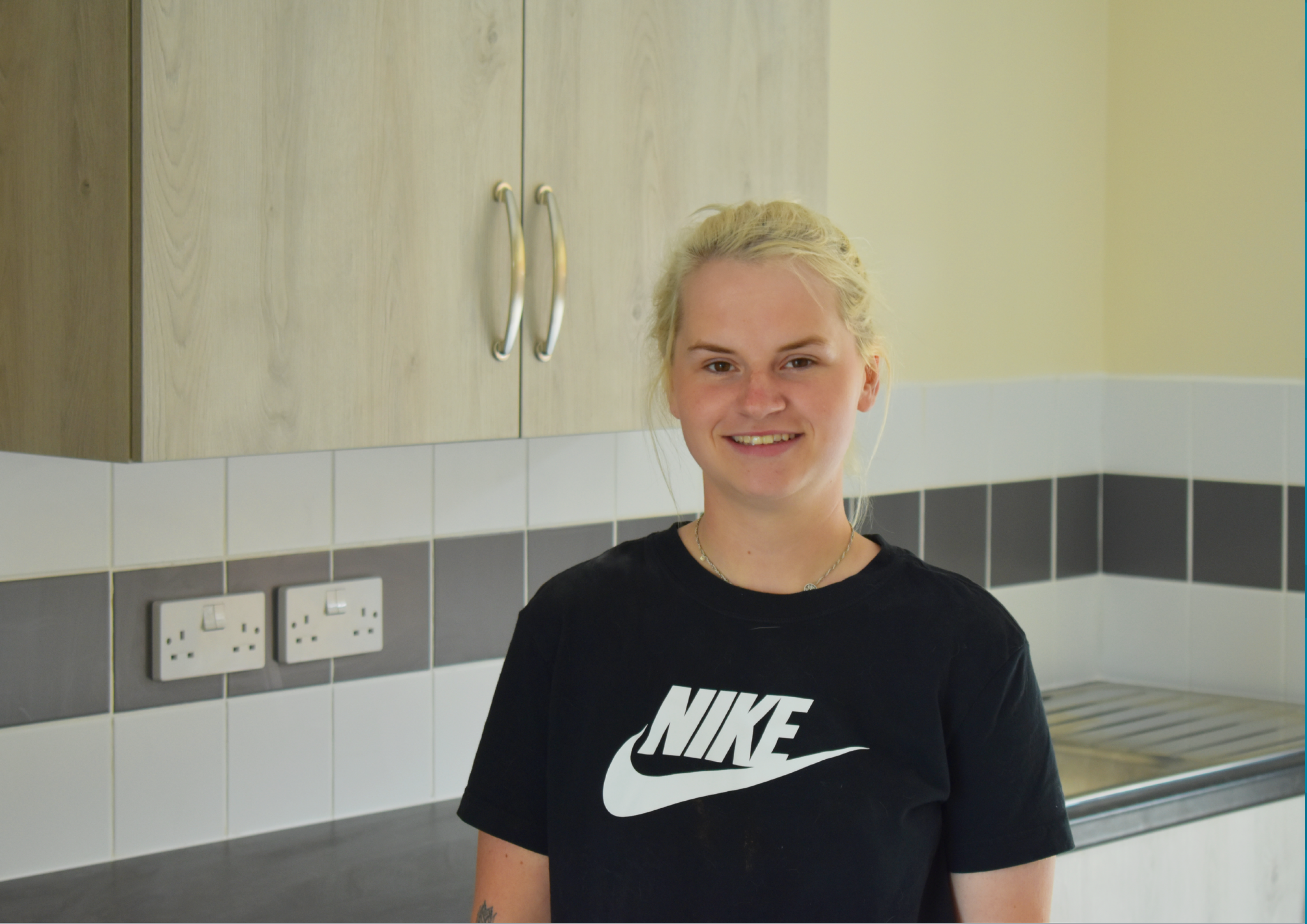
(Registered Society with charitable rules)
Registration Number: 30205R

Valleys to Coast

Providing homes where people feel happy and safe.



from **Valleys to Coast**



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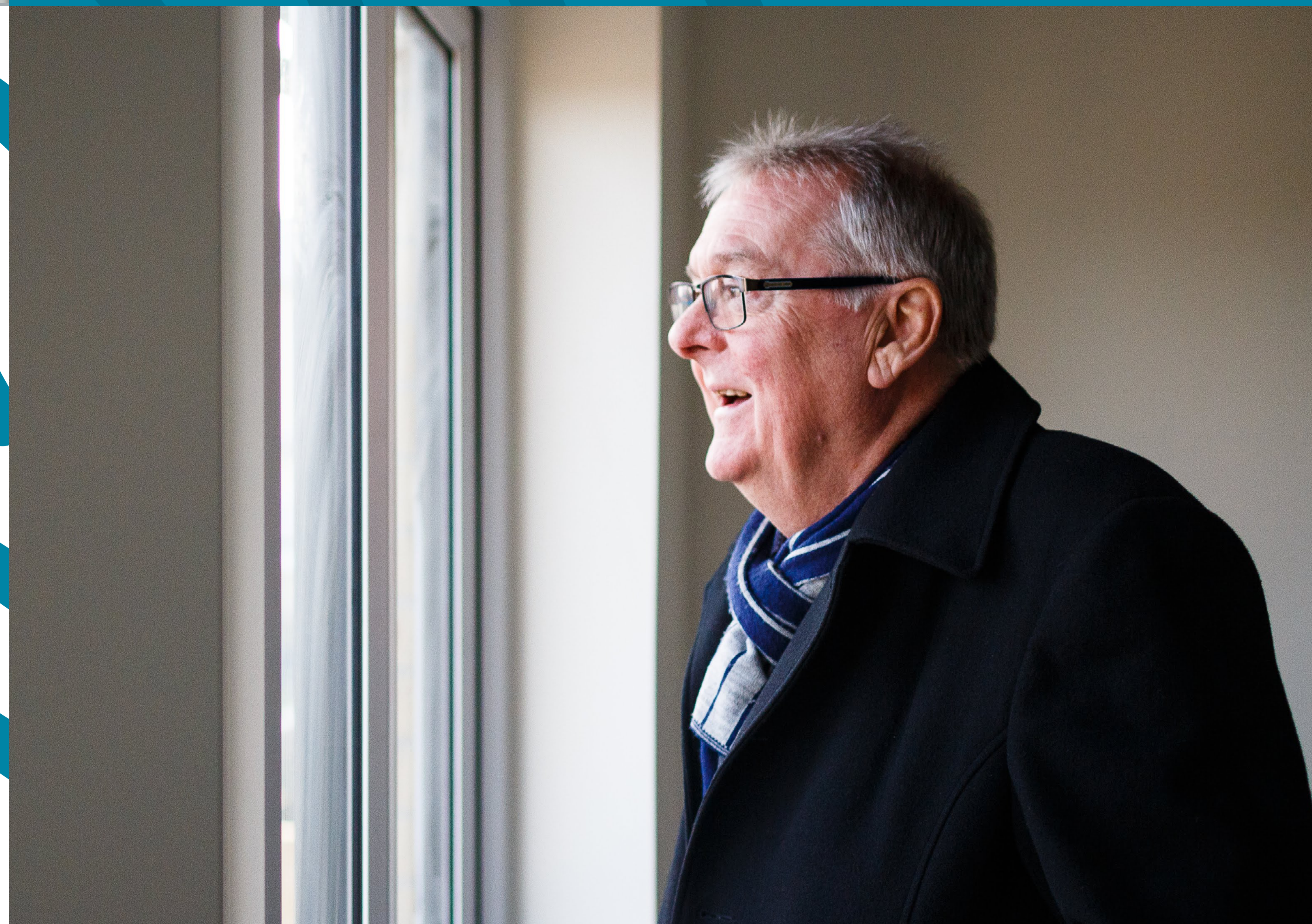


Information

Board Members (as at 31 March 2020)

Independent Board Members:	**Anthony Whittaker** – Chair **John Kinder** – Vice Chair **Cheryl Tracy** *(resigned 25/09/2019)* **Jason Evans** *(appointed 27/01/2020)* **Lisa Griffiths** *(appointed 27/01/2020)* **Caroline Jones** *(appointed 27/01/2020)* **Sophie Taylor** *(appointed 27/01/2020)* **Sarah Hay** *(resigned 25/09/2019)* **Andrew Wallbridge** **Stuart Baldwin** **Joanne Smith** **Liam Bevan** *(resigned 25/09/2019)* **Mark Woloshak** **Simon Robinson** *(resigned 09/03/2020)*

The Board members listed above have held office during the whole of the year and to the date of this report unless otherwise stated. The Board members are drawn from a wide range of backgrounds, bringing together professional, commercial, tenant and local experience.

The senior officers as at 31 March 2020 were Duncan Forbes (Interim Chief Executive), Paul Ryall-Friend (Chief Operating Officer/Deputy Chief Executive) and Sarah Prescott (Chief Finance Officer/Company Secretary).

Joanne Oak has been appointed as Chief Executive post year-end and started in post on May 4th, 2020.

Other Information

Registered Office:	Tremains Business Park Tremains Road Bridgend CF31 1TZ
Company Secretary:	**Sarah Prescott**
External Auditors:	**Mazars LLP** 45 Church Street Birmingham B3 2RT

Internal Auditors:	**Barcud Shared Services** 2 Alexandra Gate Ffordd Pengam Cardiff CF24 2SA	
Solicitors:	**Capital Law** Tyndall Street Cardiff CF10 4AZ	**Blake Morgan LLP** One Central Square Cardiff CF10 1FS
	Hugh James Hodge House 114 – 116 St Mary Street Cardiff CF10 1DY	**Geldards LLP** Dumfries House Cardiff CF10 3ZF
	Trowers & Hamlins LLP 55 Princess Street Manchester M2 4EW	
Bankers:	**Lloyds Banking Group** Commercial Banking St William House Tresilian Terrace Cardiff CF10 5BH	
Funders:	**Nationwide Building Society** Kings Park Road Moulton Park Northampton NN3 6NW	**Principality Building Society** Principality Buildings Queen Street Cardiff CF10 1UA
	M&G Investments Laurence Poultney Hill London EC4R 0HH	**Natwest Bank** 9th Floor 250 Bishopsgate London, EC2M 4AA
Welsh Government Registration No:	L137	
Company Registration No:	30205R	

Registered Society with charitable rules under the Co-operative and Community Benefit Societies Act 2014

Board Report - Strategic Review

Valleys to Coast was established through a stock transfer from Bridgend County Borough Council (BCBC) in September 2003 with the aim of improving our customers' homes and working with other organisations to support the wider community.

Valleys to Coast Housing Limited is a not for profit organisation which provides management, maintenance, and improvement services to 5,888 rented homes, all within the administrative boundary of Bridgend County Borough Council (BCBC).

Valleys to Coast also provides management services to 701 leasehold flats, has a portfolio of 50 shops and other non-residential properties let on commercial terms, and manages 862 garages.

The organisation's purpose is:

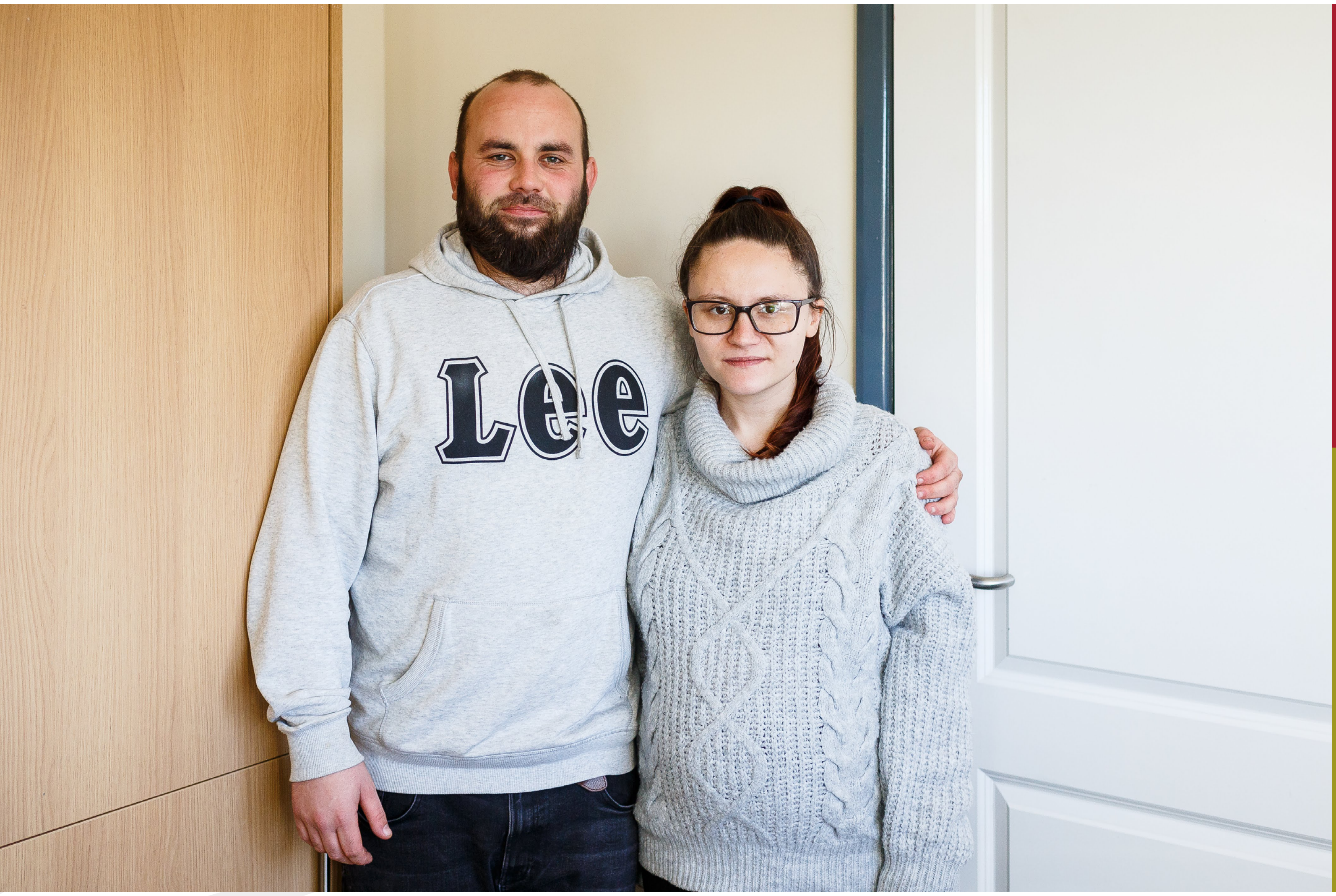
Providing homes where people feel happy and safe.

Over the coming years we want to continue to ensure that Valleys to Coast is a vibrant organisation which delivers quality homes and services for its customers.

Providing Value for Money is a key objective of Valleys to Coast, and we aim to work continuously on driving through greater efficiencies across the whole organisation, achieve truly Customer-centric services, find ways to be a more environmentally sustainable business and landlord, and to provide a dynamic, enjoyable work experience for our colleagues.

To support these ambitions, we have identified 4 Strategic Priorities with which we will align all our plans.

These are:



Board Report

Principal Activities

Valleys to Coast Housing Limited (the Company) is a Registered Society with charitable rules under the Co-operative and Community Benefit Societies Act 2014.

The Company is a not-for-profit organisation administered by a remunerated Board. The Company operates within the Bridgend County Borough Council local authority area.

The Company's principal activities are the improvement, management, and development of housing for rent.

Performance for the Year

The Board reports a surplus for the year before actuarial gains of £3.1 million as shown in the Statement of Comprehensive Income, and net assets of £43.8 million, as shown in the Statement of Financial Position.

During the year, the Company invested £6.9m (2019: £10.4 million) on planned repairs and improvement of housing properties. Details of changes to the Company's fixed assets are shown in notes 9, 10 and 11 to the financial statements.

Our Money Matters and Welsh Water teams generated additional value for customers of approximately £1.26m (2019: £1.3m) in the year.

As at 31 March 2020, the Company was holding a cash balance of £4.8m (2019: £8.7m).

There is no doubt that every single one of us has been, and continues to be, impacted by the Coronavirus ("Covid-19") pandemic. In such uncertain times, communities are looking towards housing associations to do what they do best and continue to provide support to those in need, particularly the most vulnerable members of our society. However, social distancing has made this a real challenge in March 2020 and the months that have followed.

At the year-end, some 81.82% (2019: 82.81%) of customers reported they were satisfied with the service from Valleys to Coast.

Rent arrears has increased to 2.20% (from 1.99% last year) and 100% of properties had valid gas safety certificates as at the year end. Electrical certifications were slightly below target at 99.98% at the end of March 2020.

Compliance with key health and safety targets has fallen since year end as a direct result of the Covid-19 lockdown and the restrictions in place with regards to entering our customers' homes. Plans are in place to remediate this situation as soon as possible following the lifting of the restrictions.

At the end of March we were 100% compliant in 14 of the 22 areas measured. The impact of Covid-19 in March resulted in a pause in our program to test water temperatures at our sheltered and extra care units; flush shower heads and a pause in communal area checking and fire risk assessments. The program has been reviewed and a revised program commenced in April in response to this pandemic. Two EICR certificates were outstanding as at March 2020 – both are likely to be delayed pending removal of restrictions imposed under the Covid-19 situation.

The challenges presented by COVID-19 are constantly changing and our operating model and way of working has had to change to reflect this. Our business continuity plans are being implemented, and they prioritise keeping services running to safeguard our customers and other service users, which remains as our priority during this time.

The Board's role continues to be one of oversight and has fully embraced virtual working to allow this important role to be maintained. The Executive Team are working closely with the Board to keep them appraised of the ongoing financial and operational performance in a way which respects the dynamic nature of the situation. The Board and the Executive and Senior management teams are working closely together to focus on the key operational priorities of the business and to protect the Company for the long-term.

The Covid-19 worldwide pandemic in early 2020 is also having a significant impact on the wider UK economy. Whilst the Company has established risk management frameworks and a COVID-19 action plan is in place, the full extent of the impact of the pandemic on the wider economy is not yet fully known.

Since March 2020, a number of our colleagues have been furloughed under the Governments' Coronavirus Job Retention Scheme (JRS). Many of these colleagues are from our home repairs service as, due to the lockdown, non-emergency home repairs were unable to be carried out due to the risk this would cause to both our colleagues and our customers. Valleys to Coast has received income from the job retention scheme from April 2020 and has ensured that all furloughed colleagues have received 100% of their normal pay during this time. The Board and the Executive Team are working closely on the furlough arrangements that are in place and are keen to ensure that all colleagues are back in work as soon as possible.

The Executive Management Team bears the day-to-day responsibility for managing the business' response to the pandemic, meeting regularly to ensure that the appropriate activities are prioritised and that decision making at all times ensures that the safety of the customers, colleagues and wider stakeholders is paramount.

Several action plans are currently being implemented to ensure our long-term financial viability whilst also ensuring we continue to provide a high level of service to our customers. These plans include close monitoring of rent arrears and providing additional support to customers wherever required. Our Money Matters team continue to work closely with our customers to optimise income levels and reduce rent arrears wherever possible. Other key areas of focus include ensuring that emergency repairs are provided to our customers on a timely basis, and to a high standard. Spend on our repairs service and materials has fallen significantly post year end due to the lockdown, and this has had a positive impact on the surplus and margins in the early part of 2020/21.

Management are of course aware that there is a backlog of repairs that will need to be carried out as soon as we are able, and so the short term reduction in spend is likely to only be a timing difference compared with our budgeted position.

Work is also continuing on our void properties to ensure the homes are ready to let to our new customers as soon as possible. We will also work closely with our contractors during times of significant potential upheaval to the supply chain.

Liquidity continues to be strong and there are no expected loan covenant breaches at this point. These are monitored in line with the company's treasury management policy, incorporating the Board's 'Golden Rules'. No additional funding has been required because of the Covid-19 pandemic and sufficient funding is in place to deliver the current planned development and major repairs programme.

As at the balance sheet date, management consider that the actions being taken are sufficient to safeguard against any long-term risks to the business.

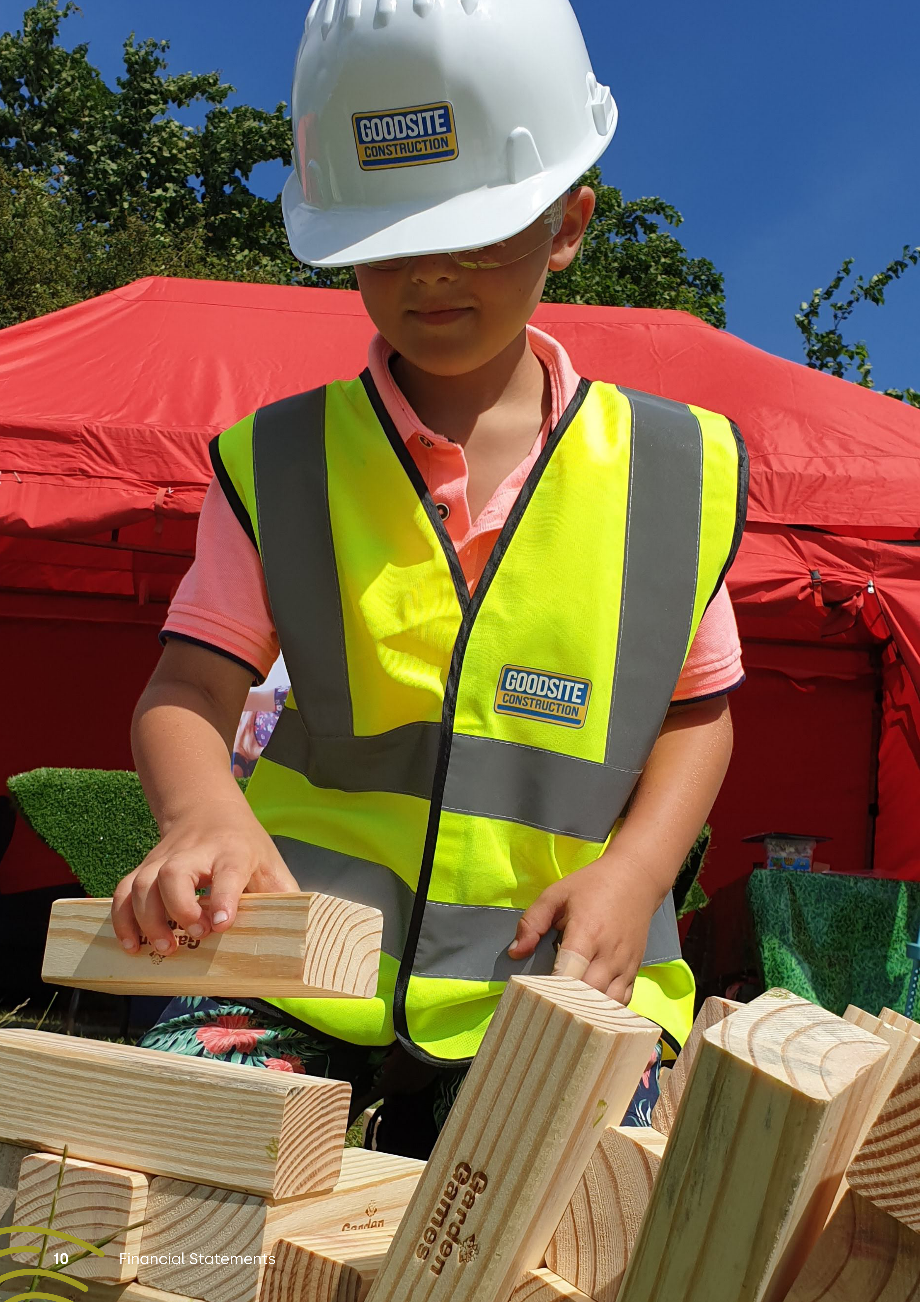
Key Accounting Policies

The principal accounting policies are set out in Note 1 to the financial statements.

In preparing the financial statements on the going concern basis the Board and management team have had regard to the budgets, business plans, liquidity position and financial forecasts for the Company. The Board has reviewed and approved several stress tests to the business plan in light of the COVID-19 pandemic together with assessment of plans to mitigate any impacts arising. Following this review the Board consider it appropriate to draw up the financial statements on the going concern basis. Further analysis on this is provided in Note 1 to the financial statements on page 29.

Post Balance Sheet Events

The Board are not aware of any post balance sheet events that require disclosure.



Key Performance Indicators

Key Performance Indicators, as reported either to the Welsh Government or internally, are set out in the following table:

	2019/20 Actual	2019/20 Target	2018/19 Actual	2017/18 Actual	2016/17 Actual
Arrears	2.28%	2.20%	1.99%	1.76%	1.99%
Empty homes loss percentage	1.20%	0.83%	0.90%	1.44%	1.80%
Average time taken to complete repairs:					
- Emergency	8.8 Hours	24 Hours	4.3 Hours	3.4 Hours	3.6 Hours
- Urgent	4.4 Days	7 Days	3.9 Days	3.4 Days	3.3 Days
- Non-urgent	13.65 Days	28 Days	12.8 Days	11 Days	9.2 Days
Annual housing management cost per unit	£389	£359	£688	£687	£624
Annual total cost of maintenance per unit (revenue)	£1,658	£1,501	£1,136	£1,185	£1,809
Annual total cost of planned maintenance and improvements per unit (capital)	£782	£1,038	£908	£1,502	£898
Total maintenance and improvement costs per unit (revenue and capital)	£2,440	£2,539	£2,044	£2,687	£2,707

- *Arrears – The total value of current tenant arrears at the year-end (net of unpaid direct Housing Benefit) as a percentage of the annual rent debit – Arrears at 2.28% are higher than the target of 2.20%.*
- *Empty homes loss percentage – The cumulative value of void loss as a percentage of the annual rent debit – Losses from empty homes at 1.20% is higher than the target of 0.83%.*
- *The average time taken to complete repairs –* Our performance is better than target for all categories of repairs; emergency, urgent and non-urgent but performance has deteriorated compared with the previous financial year.
- *Annual housing management cost per unit –* The cost shown above has decreased compared with the prior year due to changes in internal cost allocation processes. This method of reporting will be consistent moving forward. The housing management cost per unit provides a measure of how efficient the Company is in terms of the management of the portfolio of tenanted properties. It includes all direct salary costs for housing management staff, together with costs such as insurance, tenant participation, costs of rent collection as well as a fair apportionment of overhead and office costs. It does not include estate costs which could be recovered through the charging of a service costs. The actual cost per unit at £389 is higher than the budget assumption.
- *Annual total cost of maintenance per unit (revenue and capital) –* The total cost of maintenance per unit provides a measure of how costly it is for the Company to maintain its stock. It includes all routine and cyclical maintenance and the cost of major repairs and improvements, charged to the Income & Expenditure Account (revenue) or charged to the Balance Sheet (capital). The total maintenance cost (revenue and capital) per unit at £2,440 was £99 lower per unit than the target of £2,539 per unit and was primarily due to marginally lower revenue spend on routine maintenance. The total cost also includes the cost of administration and management of the maintenance functions of the Company.

Value For Money Statement

The Board recognises the importance of Value for Money (VFM) in all its activities, not just in terms of managing costs but also achieving sustainable value for its stakeholders and continuing to build its balance sheet strength and financial robustness. It monitors VFM performance on a monthly basis and forms an integral strand of its new strategic plan.

Valleys to Coast's value for money goals are:

- the improvement of its operating margin and achieving better operating efficiencies.
- developing new development and treasury strategies to improve its stock of homes and support its fair share of the sector ambition of building 20,000 new homes in Wales.
- having sufficient resources available to adequately invest in its asset management and technology improvement strategies.

To do this will require the furtherance of effective procurement, developing better management information, business data and customer insight, effective project management through the Forward Programme and close monitoring of its future forecasts and financial plans.

It will also continue to consider the allocation of resources across the business; the social return on investment it achieves; seek to better understand business performance compared to peers and work hard in meeting the challenges and opportunities presented by welfare reform, the Affordable Housing Review and tenure reform. It will engage in sector initiatives relating to VFM and transparency as they develop. Finally, a strong cultural focus on customers and their needs, both internal and external, will also be an essential element to achieving VFM.

Remuneration

Policy

The Remuneration Committee is responsible for annually reviewing the Reward Policy for all colleagues. It considers any salary uplifts for colleagues and makes recommendations to the Board.

The Remuneration Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors and other senior staff. Basic salaries are set having regard to issues of affordability, the external market, CPI inflation and pay levels for comparable positions.

During the year, the Board made a decision to start remunerating its board members, taking the necessary appropriate external advice to do so. Levels of remuneration will be reviewed periodically by the Remuneration Committee.

Service contracts

The senior officers are appointed on permanent contracts with a six-month period of notice.

Pensions

Two of the senior executive officers were members of a defined contribution SHPS pension scheme as at 31 March 2020. The senior executive officers participate in the schemes on the same terms as all other eligible staff. The Company contributes to the schemes on behalf of its employees.

Other benefits

The senior officers are entitled to other benefits such as the provision of a car allowance. Full details of senior officers' remuneration packages are included in note 8 to these audited financial statements.

Employees

The strength of the Company lies in the quality and commitment of its employees (referred to as "colleagues"). The Company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of colleagues throughout the Company.

The Company continues to provide information on its objectives, progress and activities through regular office and departmental meetings and full briefings.

The Company is committed to equal opportunities for all its colleagues and supports the employment of any individuals with a disability, both in recruitment and in the retention of colleagues who may become disabled whilst in the employment of the Company.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Company has prepared detailed health and safety policies and provides training, communications and education on health and safety matters to all colleagues on a regular basis. The Board will continue to ensure that health and safety is of the highest importance going forwards.

Corporate Governance

The Company has adopted Community Housing Cymru's (CHC) first Code of Governance and is now working towards adopting the 2018 Code of Governance. It is pleased to report that, in all material respects, it complies with the principal recommendations of the Code of Governance. During the year the Association adopted new rules for the organisation based on the CHC model rules as of 2017. These were adopted in full after careful consideration by the Board.

With regards to the Regulatory Framework issued by Welsh Government in May 2017, the latest regulatory judgement for Valleys to Coast was issued by Welsh Government in October 2019.

Valleys to Coast was rated as standard for financial viability which is the highest possible rating. However, the Company is currently under Increased Regulation for Governance and Services, which means "that a risk, or combination of risks, are presenting a significant challenge to the RSL and increased regulatory oversight is required." Work is now complete with regards to delivering on the action plan that is in place to provide assurance to Welsh Government that the previous challenges have been fully resolved and the Board is hopeful of a standard rating for Governance at the next assessment. The Board reports below on how it seeks to achieve effective housing association governance:

The Board

The Board comprises ten non-executive members and is responsible for managing the affairs of the Company. It meets at least eight times a year for regular business and also meets to discuss strategy and for members' training.

The Board is responsible for the Company's strategy and policy framework. Day-to-day management and implementation of that framework is delegated to the Chief Executive and other senior officers who meet regularly and attend Board meetings.

Committees

The Board has two Committees, an Audit and Risk Committee and a People and Remuneration Committee.

The Audit and Risk Committee comprises a minimum of three Board members and meets up to four times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports, as well as monitoring risk management. During the year it has developed its assurance mapping processes and enhanced its risk management.

In addition, a Governance Task and Finish group was established to support the review of governance procedures which has taken place during the year.

The People and Remuneration Committee comprises of a minimum of three Board members and meets at least once a year. It reviews remuneration of all colleagues in accordance with the Company's Reward Policy.

In addition, during 2019/20 several members were represented on a Governance Task Group which operated to support the organisation as it strengthened overall governance arrangements.

The Board and its Committees obtain external specialist advice from time to time, as necessary.

The Company's Corporate and Business Plans establish the overall objectives and strategy in respect of risk management. This reflects:

- *risk appetite:* the types and levels of risk that are considered acceptable. The Company's risk appetite is agreed for each individual strategic risk by the Audit and Risk Committee. Where a strategic risk is found to not be within the Company's risk appetite action is taken to put in place further controls, or assurances are sought that the identified controls are operating effectively
- *risk response:* the action that will be taken to manage, monitor or mitigate the risk
- *policy setting:* where risks levels and responses can be determined, internal policies are established
- *assurance:* how the Board can be comfortable that the risks are being monitored and managed and any issues arising are being tackled

Within the Risk Management Policy, it is acknowledged that the Board retains overall responsibility for risk. Day-to-day management of risks is formally assigned to the Executive Management Team. The Board's objective in doing so is to:

- encourage a culture of risk awareness
- ensure risks remain well controlled
- ensure accountability and responsibilities are clear
- create a structure for the provision of reporting on the management of risk to the Executive Management Team and the Board.

Identification of risk is conducted in a structured way to ensure that:

- Board Members and colleagues undertaking the review are aware of the Company's strategic objectives as set out in the Corporate Plan
- all high priority strategic and operational risks are identified
- the evaluation of risk is set in overall context
- risks can be prioritised in a realistic manner in order to ensure resources are focussed on critical areas.

The Board's Strategic Risk Analysis has identified several challenges over the next 5 years with the most significant including:

- Governance
- Regulation
- Treasury and Cash Management
- Landlord Health & Safety
- Inadequate investment into our existing homes, and;
- The impact on the business of the Covid-19 pandemic.

Internal Control

The Board bears responsibility for ensuring that the Company operates a secure control environment. The controls serve to give reasonable assurance regarding:

- the reliability of financial information used within the Company and for publication
- the maintenance of proper accounting records
- the safeguarding of assets against unauthorised use.

The Board is responsible for establishing and maintaining systems of internal control. Such systems cannot provide categorical assurance against material financial misstatement or loss but can be expected to provide reasonable assurance.

Key elements in ensuring a strong control environment include:

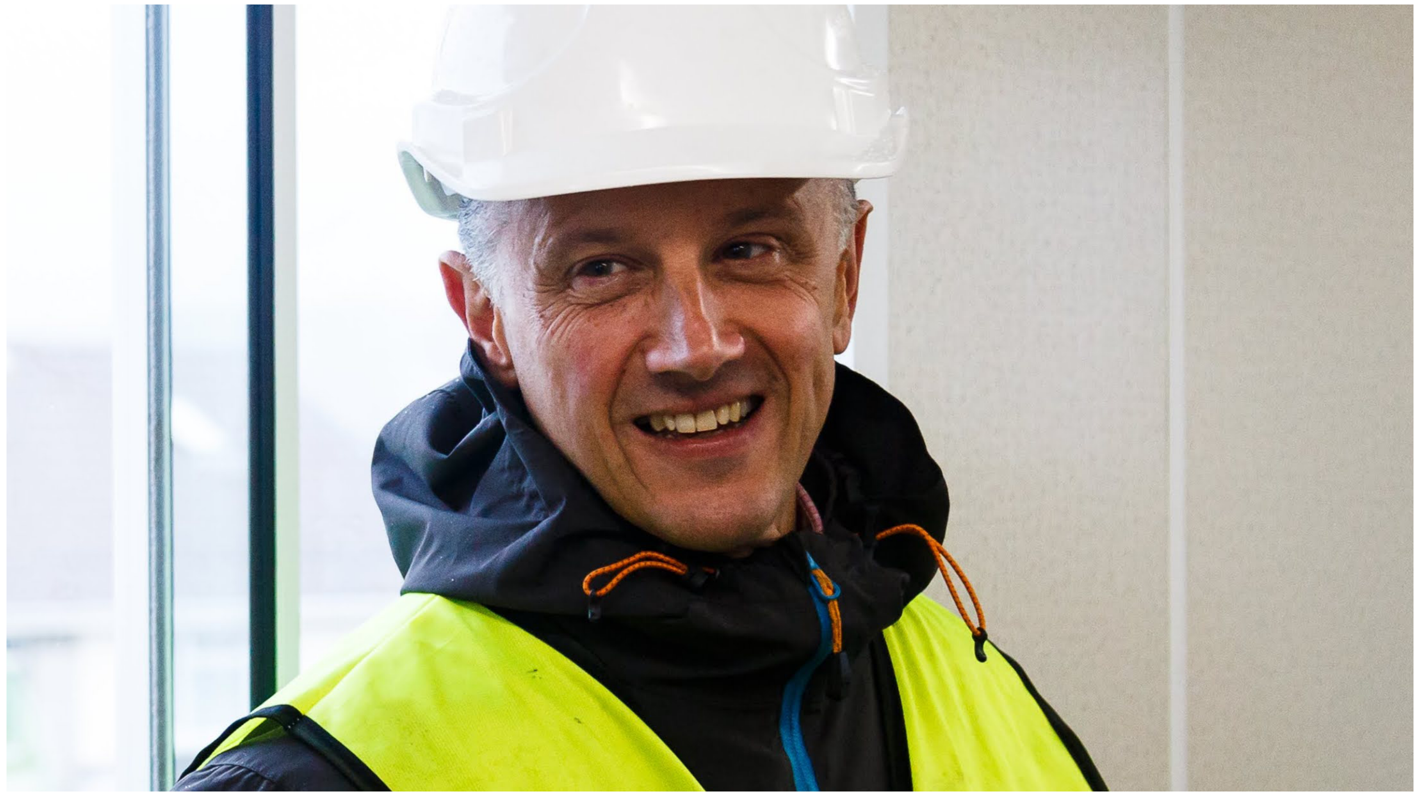
- the presence of formal policies and procedures
- clear delegation of authority
- an appropriate level of experienced and suitably qualified colleagues
- the performance monitoring of forecasts and budgets
- the identification, evaluation, and management of significant risks
- a policy on fraud prevention, detection and reporting, and the recovery of assets
- suitable authorisation of major commitments which might put the Company at risk
- a robust and independent internal audit service, reporting appropriately to members, with suitable follow-up mechanisms in place.

The Audit and Risk Committee has reviewed the effectiveness of the system of internal control in the Company for the year ended 31 March 2020 and does so on an on-going basis.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements, and the Board are not aware of any such weaknesses from 1 April 2020 to date.

Directors Indemnity

The Board has confirmed that the Company does have Directors' and Officers' Insurance in place.



Treasury Management

The Company has a treasury operation within the Finance Department, whose primary function is to manage liquidity, funding, investment and the Company's financial risk, including risk from volatility in interest rates and counterparty credit risk. The Company defines its treasury management activities as "The management of its cash flows, banking, money market and capital market transactions; the effective control of the risks associated with these activities; and the pursuit of optimum performance consistent with those risks."

The Company regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities is measured. Accordingly, the analysis and reporting of treasury management activities focus on risk implications for the Company.

The Company acknowledges that effective treasury management provides support towards the achievement of its business and service objectives. We are therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management. The treasury operation is not a profit centre and the objective is to manage risk on a cost-effective basis; speculative transactions are not permitted.

Treasury policies are reviewed and approved annually by the Board. Our treasury policy does permit the prudent use of derivative instruments to hedge interest rate risks, where appropriate and subject to the approval of the Welsh Government. Our treasury policy also states that we will endeavor to ensure that our borrowings contain a mix of fixed and variable rate structures and our current Annual Treasury Strategy states that variable rate funding will not exceed 30% of the total debt outstanding. At 31 March 2020 7% of the total loan facilities of £72m are on variable rates.

The Company does not have any abnormal exposure to price, credit, liquidity, and cash flow risks arising from its trading activities. The Company does not enter into trading transactions in financial instruments but has arranged simple interest rate hedging through fixing of rates for not less than 70% of projected loan drawdown requirements over the next five years.

Statement of Financial Position, Debt and Liquidity

The Company's financial instruments comprise cash, short term investments and borrowings. Regarding liquidity, as the improvement and the provision of housing is a long-term business; the Company's policy is to finance it primarily through medium- and long-term borrowings. The total loan facility is £72m is made up of:

- A £5 million variable rate revolving loan facility, funded by Lloyds Bank, which can be drawn and repaid and redrawn, as our financial requirements fluctuate, until 4 December 2023
- A £11.4 million fixed rate long term facility, funded by the Nationwide and Principality Building Societies, which must be fully repaid by 31 March 2025
- A £10 million fixed rate long term facility, funded by the Nationwide Building Society, which also must be fully repaid by 16 December 2028
- A £25 million fixed rate Note Purchase Agreement, facilitated by M&G Investments, which must be fully repaid by 31March 2045
- A £10 million fixed rate Note Purchase Agreement, facilitated by M&G Investments, which must be fully repaid by 31 March 2052
- A £10 million term loan facility, funded by NatWest, which must be fully repaid by 21 December 2028
- An interest free loan of £0.6m, funded by Welsh Government, which must be repaid in March 2021.

Statement of Board's Responsibilities

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

Registered Social Landlord (RSL) 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 RSL legislation the Board 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 Company for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent Practice (SORP) Accounting by Registered Social Housing Providers (SORP 2014), 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 Company 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 Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

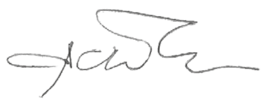
In so far as each of the Board members are aware:

- there is no relevant audit information of which the Company's auditor is unaware
- the Board members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held on 23rd September 2020.

Approved by the Board on 20th July 2020 and signed on its behalf by:



Anthony Whittaker
Chair of the Board

Independent auditor's report to the members of Valleys to Coast Housing Limited

Opinion

We have audited the financial statements of Valleys to Coast Housing Limited (the 'association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2020 and of its surplus for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Emphasis of matter – Going concern and the impact of the COVID-19 outbreak on the financial statements

In forming our opinion on the Association financial statements, which is not modified, we draw your attention to the Boards' view on the impact of the COVID-19 as disclosed on page 7, and the consideration in the going concern basis of preparation on page 29.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 is still evolving and, based on the information available at this point in time, the Board have assessed the impact of COVID-19 on the business and reflected the Boards' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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 is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

We have reviewed the Board's statement on the association's compliance with the Welsh Government circular RSL 02/10 'Internal controls and reporting'. We are not required to express an opinion on the effectiveness of the association's system of internal control.

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.

Opinion on other matters prescribed by the Welsh Government circular RSL 02/10 'Internal controls and reporting'

In our opinion, based on the work undertaken in the course of the audit with respect to the Board's statement on internal control:

- the Board has provided the disclosures required by the Welsh Government circular RSL 02/10 'Internal controls and reporting'; and
- the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 19, 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 determines 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 is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

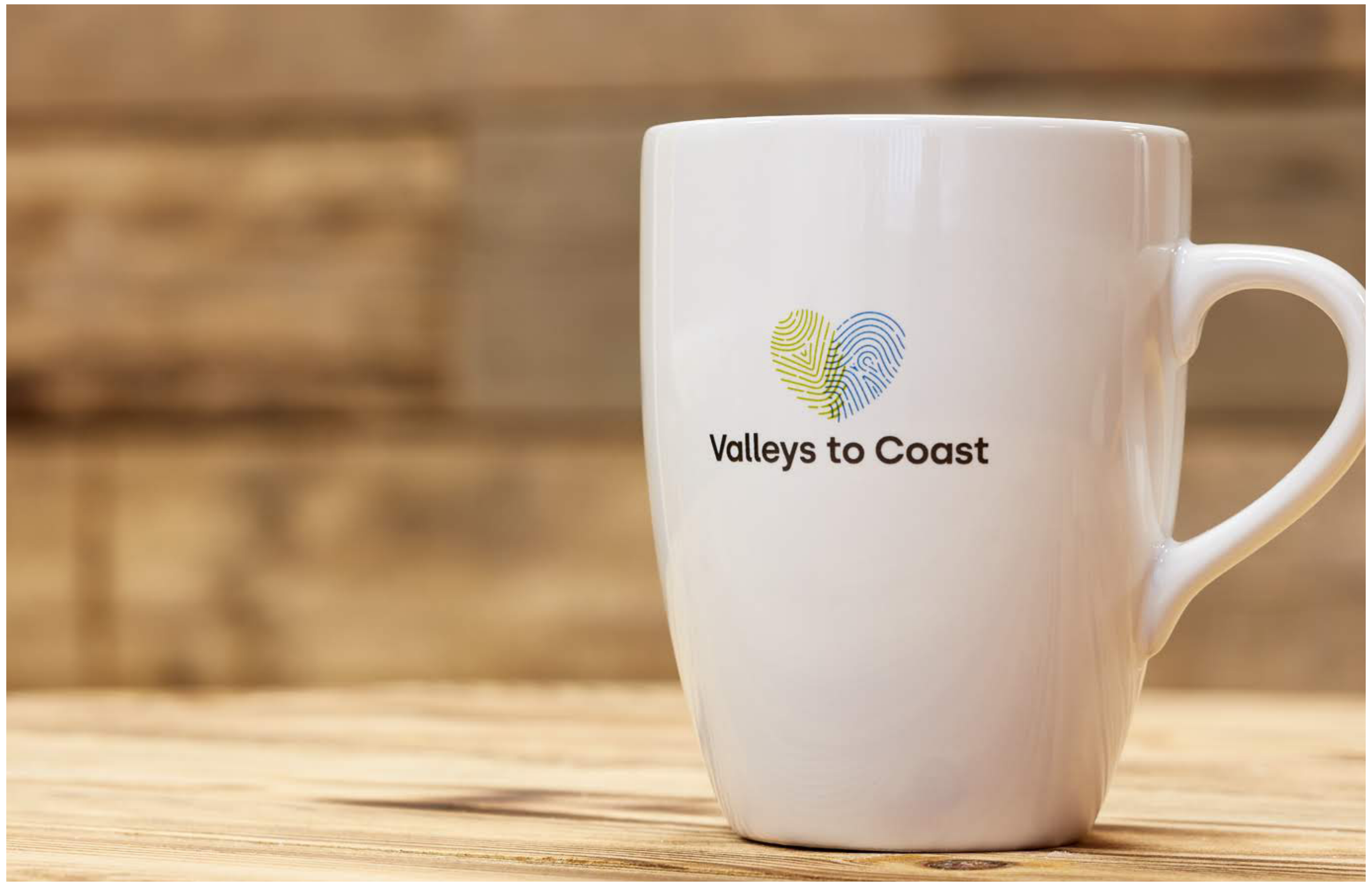
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities.**

Use of the audit 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 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an 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.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT
Date: August 3rd 2020



Statements

Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	2020	2019
		£'000	£'000
TURNOVER	2a	31,473	31,465
Operating Costs	2a	(26,571)	(25,891)
Surplus on Disposal of Property, Plant and Equipment	3	1,410	522
OPERATING SURPLUS	2a	6,312	6,096
Interest Receivable		50	36
Interest and Financing Costs	4	(3,248)	(3,549)
SURPLUS FOR THE YEAR ON ORDINARY ACTIVITIES	6	3,114	2,583
Taxation on Surplus for the Year	5	(4)	-
SURPLUS FOR THE YEAR AFTER TAX		3,110	2,583
Initial Recognition of Defined Benefit Scheme	23	-	(1,287)
Total Actuarial Gains	23	375	2,617
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,485	3,913

The Company's turnover and expenses all relate to continuing operations.

Statement of Changes In Reserves at 31 March 2020

	Revenue Reserve
	£'000
At 31 March 2019	40,278
Surplus for the Year	3,110
Total Actuarial Gains	375
At 31 March 2020	43,763

Statement of Financial Position at 31 March 2020

	Note	2020	2019
		£'000	£'000
FIXED ASSETS			
Intangible Assets	9	788	755
Housing Properties	10	125,280	120,951
Other Property Plant and Equipment	11	519	335
Investments - Homebuy Loans Receivable	12	566	599
		127,153	122,640
CURRENT ASSETS			
Inventories	13	74	42
Trade and Other Debtors	14	2,903	2,158
Cash and Cash Equivalents	22	4,821	8,720
		7,797	10,920
Creditors: amounts falling due within one year	15	(11,088)	(10,029)
NET CURRENT (LIABILITIES)/ASSETS		(3,291)	891
TOTAL ASSETS LESS CURRENT LIABILITIES		123,862	123,531
Creditors: amounts falling due after more than one year	16	(51,622)	(55,488)
"Social Housing and Other Government Grants: amounts falling due after more than one year"	17	(25,869)	(24,791)
SHPS Pension Liability	23	(1,049)	(1,382)
LGPS Pension Liability	23	(1,560)	(1,592)
NET ASSETS		43,762	40,278
CAPITAL AND RESERVES			
Non-Equity Share Capital	19	-	-
Comprehensive Income account		43,763	40,278
		43,763	40,278

Cash Flow Statement for the Year Ended 31 March 2020

	Note	2020	2020	2019	2019
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	20		10,515		15,436
Cash Flows from investing activities					
Purchase of intangible assets		(334)		(398)	
Acquisition, construction and improvement of housing properties		(10,321)		(10,372)	
Purchase of other property plant and equipment		(296)		(22)	
Proceeds from sale of housing properties		-		992	
Grants received		1,994		4,139	
Interest received		50		36	
Net Cash Flows from investing activities			(8,907)		(5,625)
Cash Flows from financing activities					
Repayment of loans	21	(3,710)		(3,950)	
New secured loans	21	1,500		5,000	
Loan arrangement and brokerage costs paid		(49)		(285)	
Interest paid		(3,248)		(3,549)	
Net Cash Flows from financing activities			(5,507)		(2,784)
Net Increase/(decrease) in cash and cash equivalents	22		(3,899)		7,027
Cash and cash equivalents at 1 April 2019	22		8,720		1,693
Cash and cash equivalents at 31 March 2020	22		4,821		8,720

Free cash flow		2020	2019
		£'000	£'000
Net cash generated from operating activities	20	10,515	15,436
Interest paid	4	(3,248)	(3,549)
Interest received		50	36
Adjustment for reinvestment in existing properties			
Component replacements		(4,610)	(5,358)
Free cash generated before loan repayments		2,707	6,565
Loans repaid (excluding refinancing)		(3,710)	(3,950)
Free cash generated after loan repayments		(1,003)	2,615

Notes to the Financial Statements for the Year Ended 31 March 2020

1 Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year. The Board is satisfied that the current accounting policies are the most appropriate for the Company.

(a) General Information and basis of accounting

The financial statements have been prepared under historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and The Accounting Requirements for Social Landlords General Determination (Wales) 2015. The Company is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

The March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard. There is no material effect on the amounts recognised in these financial statements as a result of adopting these amendments.

The inclusion of certain items, including the sale of fixed assets, within operating surplus on the face of the Statement of Comprehensive Income has been amended following the clarification in the March 2018 edition of FRS 102. The disclosure of comparative figures has also been amended accordingly.

(b) Going Concern

The financial statements have been prepared on a going concern basis, and in accordance with applicable accounting standards. The activities of the business are profitable, and the association's financial forecasts covering the short and medium term indicate that it will generate sufficient surpluses to meet its liabilities as they fall due. The Company also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with all lenders' covenants.

As at March 2020, these financial statements are showing a net current liability position of £3,291k (2019: net current assets of £891k). The Board are comfortable that the business has sufficient funds in place to cover its liabilities as they fall due, and do not believe that the net current liability position changes their view of the appropriateness of the use of the going concern assumption. Work is ongoing within the business to improve efficiency, Value for Money outcomes as well as improved debt recovery which will all help improve the net current liability position during 2020/21.

The Company's business activities, its current financial position, and factors likely to affect its future development are regularly considered by the Board. The Company has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

The full impact of the Covid-19 pandemic on the business, and the wider economy, is currently unknown, but the Board and Executive Management Team have implemented Business Continuity plans to protect the business against the downside risks of the pandemic. Rent arrears levels are being monitored on a weekly basis, and additional resources have been allocated to supporting our customers during this difficult time. Rent arrears levels have increased slightly post year end but are being well-managed and are not causing undue concern at the current time.

Void levels have also increased due to the difficulties in repairing homes ready for letting, and because of the difficulties being faced by customers trying to move home during the pandemic. However, some void works have been carried out post year end, we are now starting to re-let properties and the level of work is increasing as our colleagues return from furlough. The Board and Executive Management Team are confident that void levels will return to normal before the end of the 2020/21 financial year, and that the void loss incurred does not pose a going concern risk to the business.

It is therefore not considered that the pandemic poses a going concern risk to the business.

Whilst the future full impact of Brexit is unknown, the Board does not believe that it poses a going concern risk to the business.

On this basis, the Board has a reasonable expectation that the Company 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. Accordingly, the Board consider it appropriate to adopt the going concern basis for the preparation of the financial statements.

(c) Turnover

Turnover represents rental and other income receivable, grants for supported housing and other revenue grants receivable. Rental income is accounted for in full weeks. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Amortisation of social housing and other government grants is accounted for in line with the accounting policy.

(d) Sales of Properties and Fixed Asset Investments

Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the Statement of Comprehensive Income under surpluses/(deficits) on disposal of property, plant and equipment. Revenue is recognised on the completion of sales. As noted above in (a), the surplus arising from the sale of fixed assets is now shown within operating surplus.

(e) Intangible Assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation, and any provision for impairment. Amortisation is provided on all Intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer Software Development 33.3%

(f) Housing Properties

Housing Properties are stated at cost less depreciation. Cost includes the cost of acquiring the land and buildings plus associated loan interest, fees and works required to bring them into use.

Directly attributable costs are the labour costs of Valleys to Coast arising directly from the acquisition of Housing Properties, and incremental costs that would have been avoided only if individual properties had not been acquired.

Any abortive costs incurred relating to developments that do not proceed are written off to the Statement of Comprehensive Income in the year identified as abortive.

Depreciation is charged on a straight-line basis, over the useful economic life of the asset. Freehold land is not depreciated.

Major Components of New Housing Properties and Purchased Housing Properties are depreciated over their estimated elemental life span, on a straight-line basis over the following periods:

- Heating Systems - 18 years
- Boilers – 12 years
- Kitchens – 15 years
- Lifts – 20 years
- Bathrooms – 25 years
- Electrical Systems and Whole House Rewires – 25 years
- Energy Production Equipment (PV Solar Panels & Air Source Heat Pumps) – 25 years
- External Wall Insulation – 25 years
- External Windows and Doors – 30 years
- Rainwater Goods – 15 years
- Roofs – 65 years

The structure of all traditionally built New Housing Properties and Purchased Housing Properties capitalised cost is depreciated on a straight-line basis over a period of 100 years.

The structure of all non-traditionally built New Housing Properties and Purchased Housing Properties' capitalised cost is depreciated on a straight-line basis over a period of 50 years.

All other capitalised Housing Property Improvements are depreciated on a straight-line basis over a period of 50 years.

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

Leaseholders
Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Company is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

(f) Impairment of Housing Properties

At each reporting date an impairment assessment is carried out on all income generating units and any impairment is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an asset exceeds the higher of its net realisable value or its fair value less costs to sell.

An impairment review has taken place on all the Company's Housing Properties as at the 31 March 2020 and it is felt that the properties are not impaired.

(h) Non-Housing Property, Plant & Equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office Improvements	Over the remaining lives of the leases
Furniture, Fixtures & Fittings	10%
Computers & Office Equipment	20%
Plant & Tools	25%
Vehicles	25%

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

(j) Social Housing and Other Government Grants

Public Sector grant income received is matched with the expenditure to which it relates. The grant will be recognised when there is reasonable assurance that the conditions attached to it will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Where grant is received as a contribution towards revenue expenditure, it is included in turnover.

(k) Recycling of Grants

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

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is de-recognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

(l) Pension Costs

The Company participates in three pension schemes:

1) The Social Housing Pension Scheme (the SHPS Scheme) is a defined benefit scheme managed by the Pensions Trust. The SHPS Scheme is an industry wide multi-employer defined benefit pension scheme where the scheme assets and liabilities previously could not be separately identified for each employer.

   This defined benefit pension scheme was closed to future contributions in July 2019.

   The defined benefit pension liability is accounted for on a Defined Benefit basis. Further disclosures relating to the SHPS defined benefit pension scheme can be found in Note 23.

2) The Local Government Pension Scheme (the LGPS Fund) is a defined benefit scheme managed by Rhondda Cynon Taf County Borough Council. The LGPS Fund is a multi-employer scheme where it is possible for the Company to identify its share of the assets and liabilities of the scheme. For the LGPS Fund the amounts charged to operating surplus are the costs arising from employee services rendered during the year and the cost of plan benefit changes. They are included as part of staff costs.

   The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in other comprehensive income. See Note 23 for further details.

3) The Social Housing Pension Scheme (SHPS) Defined Contribution (DC) scheme.

(m) Interest Payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

(n) Financial Instruments and Loans

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled, or expires.

Financing transactions

Loan arrangement fees are capitalised and recognised as expenditure over the terms of the loans.

(o) Operating Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(p) Value Added Tax (VAT)

The Company is partially exempt for VAT purposes and charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company 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.

(q) 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.

(r) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method.

(s) Home Buy Option

Where the Company received an allowance from Welsh 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.

(t) Employee Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

2 Significant Management Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Company must 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.

(b) Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available.

Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several 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. Please see note 23 for further information.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in operating expenses. Please see notes 14-16.

Recoverable amount of rental and other trade receivables

Management estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt. Please see note 14 for further information.

Useful Lives of Depreciable Assets

Tangible fixed assets are depreciated over their useful lives. Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets.

Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes in homes standards which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing property are contained within these notes, in section 1(e) above, and include the useful economic life of properties and that properties have no residual value at the end of useful life.

Social Housing Grant and Other Capital Grants

All government grants initially appear as creditors in the Statement of Financial Position at the fair value of the sum receivable. Grants are amortised on a straight-line basis over the life of the asset whose purchase they support which is, as above, is an estimate. The impact of this estimate is disclosed in Note 17.

2a Turnover, Operating Costs and Operating Surplus

	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
			2020			2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income and Expenditure from lettings						
General Needs Housing Accommodation	29,165	(25,032)	4,133	29,199	(24,011)	5,188
Supported, Sheltered and Extra-Care Housing Accommodation	1,404	(1,101)	303	1,185	(729)	456
Fully Rented Housing Accommodation	30,569	(26,133)	4,436	30,384	(24,740)	5,644
Commercial Property	179	(98)	81	195	(209)	(14)
Garages and Garage Bases	177	(26)	151	146	(197)	(51)
Development costs not capitalised	-	(28)	(28)	-	12	12
Total from lettings	30,925	(26,285)	4,640	30,725	(25,134)	5,591
Leaseholders	175	(120)	55	143	(214)	(71)
Other activities	373	(166)	207	597	(543)	54
	31,473	(26,571)	4,902	31,465	(25,891)	5,574
Surplus on disposal of Property, Plant and Equipment	-	-	1,410	-	-	522
	31,473	(26,571)	6,312	31,465	(25,891)	6,096

2b Income and Expenditure from Social Housing Lettings

	General Needs Housing Accommodation	Supported, Sheltered and Extra-Care Housing Accommodation	Total	Total
			2020	2019
	£'000	£'000	£'000	£'000
Income				
Rent receivable	27,949	855	28,804	28,118
Service charges receivable	361	549	910	799
Grant for supported housing	-	-	-	35
Tenant Recharges	90	-	90	55
Welsh Government Housing Finance Grant (HFG) revenue receipt	59	-	59	18
Amortisation of social housing and other government grants	706	-	706	1,359
Turnover from social housing lettings	29,165	1,404	30,569	30,384

2b Income And Expenditure From Social Housing Lettings

	General Needs Housing Accommodation	Supported, Sheltered and Extra-Care Housing Accommodation	Total	Total
			2020	2019
	£'000	£'000	£'000	£'000
Costs				
Housing management	5,974	26	6,000	4,839
Housing services	3,912	612	4,524	3,123
Maintenance – reactive	6,118	187	6,305	5,340
Maintenance – cyclical	1,253	109	1,362	573
Planned maintenance and major repairs	1,926	7	1,933	4,841
Depreciation of housing properties	5,256	141	5,397	5,246
Depreciation of other fixed assets	401	13	414	556
Rent loss from bad debts	192	6	198	222
Operating costs on social housing lettings	25,032	1,101	26,133	24,740
Operating surplus on social housing lettings	4,133	303	4,436	5,644
Rent loss due to voids (memorandum note)	(320)	(11)	(331)	(261)

3 Sales of Housing Properties and other Fixed Assets

	2020 £'000	2019 £'000
Sales proceeds	1,698	992
Costs of sales	(288)	(470)
Surplus on disposal	1,410	522

4 Interest and Financing Costs

	2020 £'000	2019 £'000
Loans and bank overdrafts	3,170	3,438
Net interest on defined benefit liability (note 23)	78	111
	3,248	3,549

5 Tax on Surplus on Ordinary Activities

	2020 £'000	2019 £'000
Current tax		
UK Corporation Tax on surplus for the year	4	-
Adjustment in respect of prior years	-	-
Total tax on results on ordinary activities	4	-

	2020 £'000	2019 £'000
Total tax reconciliation		
Surplus on taxible activities before tax	21	-
Theoretical tax at UK corporation tax rate 19%	4	-
Income not taxable	-	-
Non-deductible expenditure	-	-
Adjustments to tax in respect of prior periods	-	-
Total tax on taxible activities	4	-

6 Surplus on Ordinary Activities

	2020 £'000	2019 £'000
Surplus on ordinary activities is stated after charging:		
Staff costs	8,815	8,080
Operating lease payments	565	569
Depreciation of housing properties (Note 10)	5,393	5,246
Depreciation of intangible assets (Note 9)	301	446
Depreciation of other property plant and equipment (Note 11)	112	110
Amortisation of government grants	(706)	(1,359)
Auditors' remuneration (inclusive of VAT):		
In their capacity as auditors - current year fees	27	22
Prior year overrun fees	23	-
In respect of other services - tax compliance	4	3

7 Staff Costs

	2020 £'000	2019 £'000
Staff costs including directors:		
Wages and salaries	6,779	6,897
Social security costs	652	666
Other pension costs – Employer's contributions	684	701
	8,115	8,264
In addition to the above were payments in respect of redundancy, early retirement, in lieu of notice and equal pay claims	282	115

Average number of persons expressed as full time equivalents employed during the year:	2020 Number	2019 Number
Management and administration	138	142
Scheme co-ordinators, community caretakers and cleaners	11	13
Housing Repair Service (operatives)	77	82
Total number of employees expressed as full time equivalents	226	237
Average number of employees during the year:		
Management and administration	146	151
Scheme co-ordinators, community caretakers and cleaners	14	16
Housing Repair Service (operatives)	78	83
Average total number of employees	238	250

8 Directors' Emoluments

	2020 £'000	2019 £'000
The remuneration paid to the directors and senior officers including the Chief Executive was:		
Emoluments (including employer's pension contributions)	395	354
The emoluments of directors and senior officers disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	114	118

Board members received remuneration of totalling £28,373 (2019: £nil) in the year.

Anthony Whittaker	13,011	-
John Kinder	3,478	-
Mark Woloshak	2,319	-
Joanne Smith	1,855	-
Stuart Baldwin	1,855	-
Andrew Wallbridge	1,855	-
Jason Evans	1,000	-
Lisa Griffiths	1,000	-
Caroline Jones	1,000	-
Sophie Taylor	1,000	-

The full time equivalent number of directors and staff to whom emoluments were payable in excess of £50,000 (excluding pension contributions) fell within the bands:

	2020 Number	2019 Number
£50,001 - £60,000	6	1
£60,001 - £70,000	3	4
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	2
£100,001 - £110,000	2	1
£110,001 - £120,000	2	1

Expenses paid during the year to Board Members amounted to £1,154 (2019: £1,360).

9 Intangible Assets

	Computer Software £'000
COST	
At 1 April 2019	2,903
Additions	334
Disposals	-
At 31 March 2020	3,237
DEPRECIATION	
At 1 April 2019	2,148
Charge for the year	301
Eliminated on disposals	-
At 31 March 2020	2,449
NET BOOK VALUE	
At 31 March 2020	788
At 31 March 2019	755

10 Housing Properties

	Housing Properties held for letting £'000	Housing Properties under construction £'000	Housing Properties Total £'000
COST			
As at 1 April 2019	162,813	7,556	170,369
Additions	4,753	5,568	10,321
Transferred on Completion	5,733	(5,733)	-
Abortive Development Costs	(17)	-	(17)
Disposals	(1,308)	-	(1,308)
At 31 March 2020	171,974	7,391	179,365
DEPRECIATION			
As at 1 April 2019	(49,418)	-	(49,418)
Charge for the year	(5,393)	-	(5,393)
Eliminated on disposals	726	-	726
At 31 March 2020	(54,085)	-	(54,085)
NET BOOK VALUE			
At 31 March 2020	117,889	7,391	125,280
At 31 March 2019	113,395	7,556	120,951

Housing and other properties held for letting comprise:

	2020 £'000	2019 £'000
Improvements to freehold land and buildings	80,894	78,709
Purchases of freehold properties and new development	36,995	34,686
	117,889	113,395

Major repairs and improvement expenditure on existing properties during the year amounted to £6,961,000 (2019 - £10,261,000). This has been accounted for as follows:

	2020 £'000	2019 £'000
Planned maintenance and major repairs (revenue)	2,351	4,903
Improvements (capital)	4,610	5,358

11 Other Property Plant and Equipment

	Office Improvements £'000	Furniture, Fixtures & Fittings £'000	Computers & Office Equipment £'000	Plant & Tools £'000	Vehicles £'000	Total £'000
COST						
At 1 April 2019	572	265	887	71	27	1,822
Additions	-	120	176	-	-	296
Disposals	-	-	-	-	-	-
At 31 March 2020	572	385	1,063	71	27	2,118
DEPRECIATION						
At 1 April 2019	378	190	832	65	22	1,487
Charge for the year	47	18	43	2	2	112
Eliminated on disposals	-	-	-	-	-	-
At 31 March 2020	425	208	875	67	24	1,599
NET BOOK VALUE						
At 31 March 2020	147	177	188	4	3	519
At 31 March 2019	194	75	55	6	5	335

12 Investments - Homebuy Loans Receivable

	Grant Funded £'000	Non-Grant Funded £'000	Total £'000
COST			
At 1 April 2019	90	509	599
Additions	-	-	-
Disposals	(33)		(33)
At 31 March 2020	57	509	566

Investments - Homebuy Loans Receivable represent long term loans provided to individuals purchasing properties under the "Home-Buy Initiative". Where properties funded by Social Housing Grant are disposed of, the grant is required to be either recycled to fund new Social Housing or repaid to the Welsh Government.

13 Inventories

	2020 £'000	2019 £'000
Stock of materials	74	42

14 Trade and Other Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Gross rent and service charge arrears	2,082	1,876
Less: provision for bad debts	(1,110)	(1,056)
Net rent and service charge arrears	972	820
Other debtors	879	390
Prepayments and accrued income	1,052	948
	2,903	2,158

15 Creditors: Amounts Falling Due within One Year

	2020 £'000	2019 £'000
Loans (Note 18)	5,985	4,295
Trade creditors	1,906	2,756
Other taxation and social security costs	161	165
Rent and service charges received in advance	538	402
Retentions	410	415
Social Housing and Other Government Grants (note 17)	754	619
Accruals and deferred income	1,334	1,377
	11,088	10,029

16 Creditors: Amounts Falling Due After More Than One Year

	2020 £'000	2019 £'000
Loans due between 1 and 5 years	7,500	10,700
Loans due greater than 5 years	45,000	45,700
Less deferred loan arrangement fees	(935)	(964)
	51,565	55,436
Recycled Capital Grant Fund	57	52
	51,622	55,488

	2020 £'000	2019 £'000
Recycled Capital Grant Fund		
At 1 April 2019	52	20
Additions (note 17)	31	32
Disposals	(26)	-
At 31 March 2020	57	52

17 Deferred Income - Government Grants

	2020 £'000	2019 £'000
At 1 April 2019	25,410	22,662
Grant Receivable	1,994	4,139
Amortisation to Statement of Comprehensive Income	(706)	(1,359)
Grant Disposals	(44)	-
Transferred to RCGF	(31)	(32)
At 31 March 2020	26,623	25,410

Due within one year	754	619
Due after one year	25,869	24,791
	26,623	25,410

18 Debt Analysis

	2020 £'000	2019 £'000
Housing Loans – due within one year		
Bank Loans – revolving loan facility	5,985	4,295
Housing Loans – due after more than one year		
Bank Loans – long term loan facility (Repayable within five years)	7,500	10,700
Bank Loans – long term loan facility (Repayable after five years)	45,000	45,700

19 Non-Equity Share Capital

	2020 £	2019 £
Shares of £1 each fully paid and issued:		
At 1 April 2019	48	48
Issued during the year	9	1
Cancelled during the year	(9)	(1)
At 31 March 2020	48	48

The shares provide members with the right to vote at general meetings. The shares carry no right to a dividend, there is no provision for the redemption of shares and there is no provision for a distribution following a winding-up.

20 Reconciliation of Operating Surplus to Cash Generated from Operating Activities

	2020 £'000	2019 £'000
Operating surplus for the year	6,312	5,574
Adjustments for non-cash items:		
Depreciation charges	5,806	5,802
Amortisation of social housing and other government grants	(619)	(1,359)
Release of loan transaction fees	77	52
Abortive development costs	17	5
Net gain on the sale of other fixed assets	615	470
Pension costs less contributions paid and actuarial gain	(317)	1,138
Movement in bad debt provision	54	221
(Increase)/decrease in trade and other debtors	(799)	2,597
(Decrease)/increase in trade and other creditors	(765)	799
(Increase)/decrease in stock	(32)	2
Other net movements	166	135
Cash generated from operating activities	10,515	15,436

21 Reconciliation of Net Cash Flow to Movement in Net Debt

	2020 £'000	2019 £'000
(Decrease)/Increase in cash	(3,899)	7,027
Net cash outflow/(inflow) from decrease/(increase) in debt	2,210	(1,185)
Change in net debt resulting from cash flows	(1,689)	5,842
Movement in net debt in the year		
Net debt at 1 April	(51,975)	(57,817)
Net debt at 31 March	(53,664)	(51,975)

22 Analysis of Changes in Net Debt

	At 1 April 2019 £'000	Cash Flows £'000	At 31 March 2020 £'000
Cash at Bank and in hand	8,720	(3,899)	4,821
Loans – Long term loan facility	(60,695)	2,210	(58,485)
	(51,975)	(1,689)	(53,664)

23 Pension Obligations

Summary of Liability:	2020 £'000	2019 £'000
LGPS	1,560	1,592
SHPS	1,049	1,382
Total Liability	2,609	2,974

SHPS Scheme - Present values of defined benefit obligation, fair value of assets and defined benefit asset liability

	2020 £'000	2019 £'000
Fair value of plan assets	5,946	5,649
Present value of defined benefit obligation	(6,995)	(7,031)
Defined benefit liability to be recognised	(1,049)	(1,382)

23 Pension Obligations (Continued)

SHPS Scheme - Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £'000
Opening defined benefit obligation	7,031
Current service cost	174
Expenses	12
Interest Expense	183
Member contributions	18
Actuarial losses/(gains) due to scheme experience	338
Actuarial (gains)/losses due to changes in demographic assumptions	(63)
Actuarial (gains)/losses due to changes in financial assumptions	(957)
Adjustment for prior year actuarial assumption change	695
Benefits paid out and expenses	(436)
Closing defined benefit obligation	6,995

SHPS Scheme - Reconciliation of opening and closing balances of the fair value of plan assets

	2020 £'000
Opening fair value of assets	5,649
Interest income on assets	135
Experience on plan assets gain/(loss)	258
Contributions by the Company	322
Contributions by participants	18
Net benefits paid out	(436)
Closing fair value of plan assets	5,946

SHPS Scheme - Amounts recognised in the Statement of Comprehensive Income

	2020 £'000
Operating cost	
Current service cost	174
Expenses	12
Financing Cost	
Interest on net defined liability	48
Pension expense recognised in surplus for the year	234

23 Pension Obligations (Continued)

SHPS Scheme - Amounts recognised in Other Comprehensive Income

	2020 £'000
Experience on plan assets	258
Experience gains and losses arising on the plan liabilities - gain / (loss)	(338)
Effects of changes in the underlying demographic assumptions	63
Effects of changes in the underlying financial assumptions	957
Total amount recognised in Other Comprehensive Income - gain / (loss)	940

SHPS Scheme - Assets

	2020 £'000	2019 £'000
Global Equity	870	950
Absolute Return	310	489
Distressed Opportunities	115	103
Credit Relative Value	163	103
Alternative Risk Premia	416	326
Fund of Hedge Funds	3	25
Emerging Markets Debt	180	195
Risk Sharing	201	171
Insurance-Linked Securities	183	162
Property	131	127
Infrastructure	442	296
Private Debt	120	76
Opportunistic Illiquid Credit	144	-
Corporate Bond Fund	339	264
Liquid Credit	2	-
Long Lease Property	103	83
Secured Income	226	202
Liability driven Investment	1,973	2,066
Net Current Assets	25	11
Fair value of assets	5,946	5,649

23 Pension Obligations (Continued)

SHPS Scheme - Principal Financial Assumptions

The principal assumptions used for FRS 102 purposes were:

	2020 % p.a.	2019 % p.a.
Discount Rate	2.31	2.80
Inflation (RPI)	2.47	3.19
Inflation (CPI)	1.47	2.19
Salary Growth	2.47	3.19
Allowance for commutation of pension for cash at retirement (Maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	(Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2039	22.9
Female retiring in 2039	24.5

2019 Actuarial Valuation

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf County Borough Council Pension Fund which is part of the Local Government Pension Scheme (LGPS Fund) and is a defined benefit scheme.

The employer contributions paid for the year were £359,262 (2019 - £373,000).

These results allow for the 2019 Actuarial Valuation of the Fund. The effect of allowing for this is shown in the 'Liability gains/(losses) arising during the period' and the 'Asset gains/(losses) arising during the period' and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those used for the 2019 Actuarial Valuation. These changes may have had a negative effect on the balance sheet position.

Asset Returns

Asset returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening in the balance sheet position before allowance for the 2019 Actuarial Valuation.

23 Pension Obligations (Continued)

LGPS Fund - Principal Financial Assumptions

The principal assumptions used by the actuary in updating the latest valuations of the LGPS Fund for FRS 102 purposes were:

	2020 % p.a.	2019 % p.a.
Discount Rate	2.30	2.40
Rate of inflation (CPI)	2.00	2.20
Pension increases	2.00	2.20
Pension accounts revaluation rate	2.00	2.20
Rate of general increase in salaries	3.25	3.45

The approximate split of assets for the LGPS Fund as a whole (based on the data supplied by the Fund Administering Authority) is shown in the table below.

	2020 Asset Split %	2019 Asset Split %
Equities	63.7	64.5
Property	8.6	6.9
Government Bonds	13.8	13.5
Corporate Bonds	13.0	11.6
Cash	0.9	3.5
	100.0	**100.0**

LGPS Fund - Mortality Assumptions

The mortality assumptions at the accounting date are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation, and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

Post Retirement Mortality	**2020**	**2019**
Males		
Pensioner member aged 65 at accounting date	21.7	22.2
Active member aged 45 at accounting date	22.7	23.9

Post Retirement Mortality	**2020**	**2019**
Females		
Pensioner member aged 65 at accounting date	24.0	24.1
Active member aged 45 at accounting date	25.5	25.9

23 Pension Obligations (Continued)

LGPS Fund - Reconciliation of funded status to the Statement of Financial Position

	2020 £'000	2019 £'000
Fair value of assets	32,450	34,330
Present value of funded liabilities	(34,010)	(35,520)
Funded Status	(1,560)	(1,190)
Provision for the impact of GMP and the McCloud judgement	-	(402)
Net pension liability	(1,560)	(1,592)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	48%
Deferred Pensioners	15%
Pensioners	37%

LGPS Fund - Amounts recognised in the Statement of Comprehensive Income

	2020 £'000	2019 £'000
Operating cost		
Current service cost	660	700
Past service cost	170	-
Provision for the impact of GMP and the McCloud judgement	-	402
Financing cost		
Interest on net defined liability	30	60
Pension expense recognised in surplus for the year	860	1,162

LGPS Fund - Amounts recognised in other comprehensive income

	2020 £'000	2019 £'000
Asset (losses)/gains arising during the year	(1,720)	2,340
Liability gains/(losses) arising during the period	1,850	(640)
Total amount recognised in other comprehensive income	130	1,700

23 Pension Obligations (Continued)

LGPS Fund - Changes to the present value of defined benefit obligations

	2020 £'000	2019 £'000
Opening defined benefit obligation	35,520	34,520
Current service cost	660	700
Interest expense on defined benefit obligation	840	880
Contributions by participants	110	140
Actuarial (gains)/losses on liabilities	(1,850)	640
Net benefits paid out	(1,440)	(1,360)
Past service cost	170	-
Closing defined benefit obligation	34,010	35,520

LGPS Fund - Changes to the fair value of assets

	2020 £'000	2019 £'000
Opening fair value of assets	34,330	**32,020**
Interest income on assets	810	820
Remeasurement (losses)/gains on assets	(1,720)	2,340
Contributions by the employer	360	370
Contributions by participants	110	140
Net benefits paid out	(1,440)	(1,360)
Closing fair value of assets	32,450	34,330

LGPS Fund - Actual return on assets

	2020 £'000	2019 £'000
Interest income on assets	810	820
Remeasurement (losses)/gains on assets	(1,720)	2,340
Actual return on assets	(910)	3,160

24 Capital Commitments

	2020 £'000	2019 £'000
Capital expenditure contracted but not provided for in the financial statements	4,404	7,948
Capital expenditure authorised by the Board but not contracted	23,318	6,320

Funding

The capital commitments above will be funded by existing loan facilities as detailed in note 18, and by Social Housing Grant (SHG).

25 Other Financial Commitments

At 31 March 2020 the total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 Land and buildings £'000	2020 Other £'000	2019 Land and buildings £'000	2019 Other £'000
Payments due:				
Within one year	167	318	230	335
Between one and five years	250	195	523	479
After five years	-	52	-	86
	417	565	753	900

26 Housing Stock

Number of units in management	2020 Number	2019 Number
Housing accommodation for letting:		
General housing – Social rents	5,642	5,645
General housing – Intermediate rents	46	36
General housing – Market rents	1	1
Supported, Sheltered and Extra-Care housing	199	220
Total rented	5,888	5,902
Other units:		
Home Buy	12	13
Right-to-buy leases	701	701
Garages	862	931
Commercial Property leases (less than 21 years)	29	29
Commercial Property leases (21 years or more)	21	21

27 Related Parties

Valleys to Coast is a member of Tai Pawb, a charity which promotes equality and social justice in housing in Wales. Sarah Prescott, CFO, is a Board member of Tai Pawb. Payments of £2,612 were made to Tai Pawb in the year. Valleys to Coast's membership of Tai Pawb predates the involvement of Sarah Prescott on their Board.

Valleys to Coast incurred no expenditure in relation to services provided by Bridgend College. Donna Baddeley, previous CEO, sat on the Board of Bridgend College, a key local organisation. All transactions were at arm's length and at market rates.

Sophie Taylor, a Board member, works as Head of Finance at Bron Afon Community Housing Ltd. Joanne Oak, who has been appointed Chief Executive in May 2020, is also a Board Member of Bron Afon Community Housing Ltd. There have been payments made to Bron Afon of £5,971 during the financial year.

Joanne Smith, a Valleys to Coast Board member, works for Coastal Housing Group Limited. There were no transactions between Valleys to Coast and Coastal Housing Group Limited in the year.

The Chair of Valleys to Coast, Anthony Whittaker, is married to the Chief Executive of Tai Tarian Ltd. Transactions between Valleys to Coast and Tai Tarian amounted to £18,717 in the financial year and were all at normal commercial terms.

One of the Board members who held office during the year is also a tenant. The tenancies are on normal commercial terms and the Board members cannot use their position to their advantage. None of the Board members who held office during the year are leaseholders.

One of the Board members who held office during the year is a Councillor of Bridgend County Borough Council (BCBC). Any transactions with BCBC are made at arm's length, on normal commercial terms and Council Board members cannot use their position to their advantage.

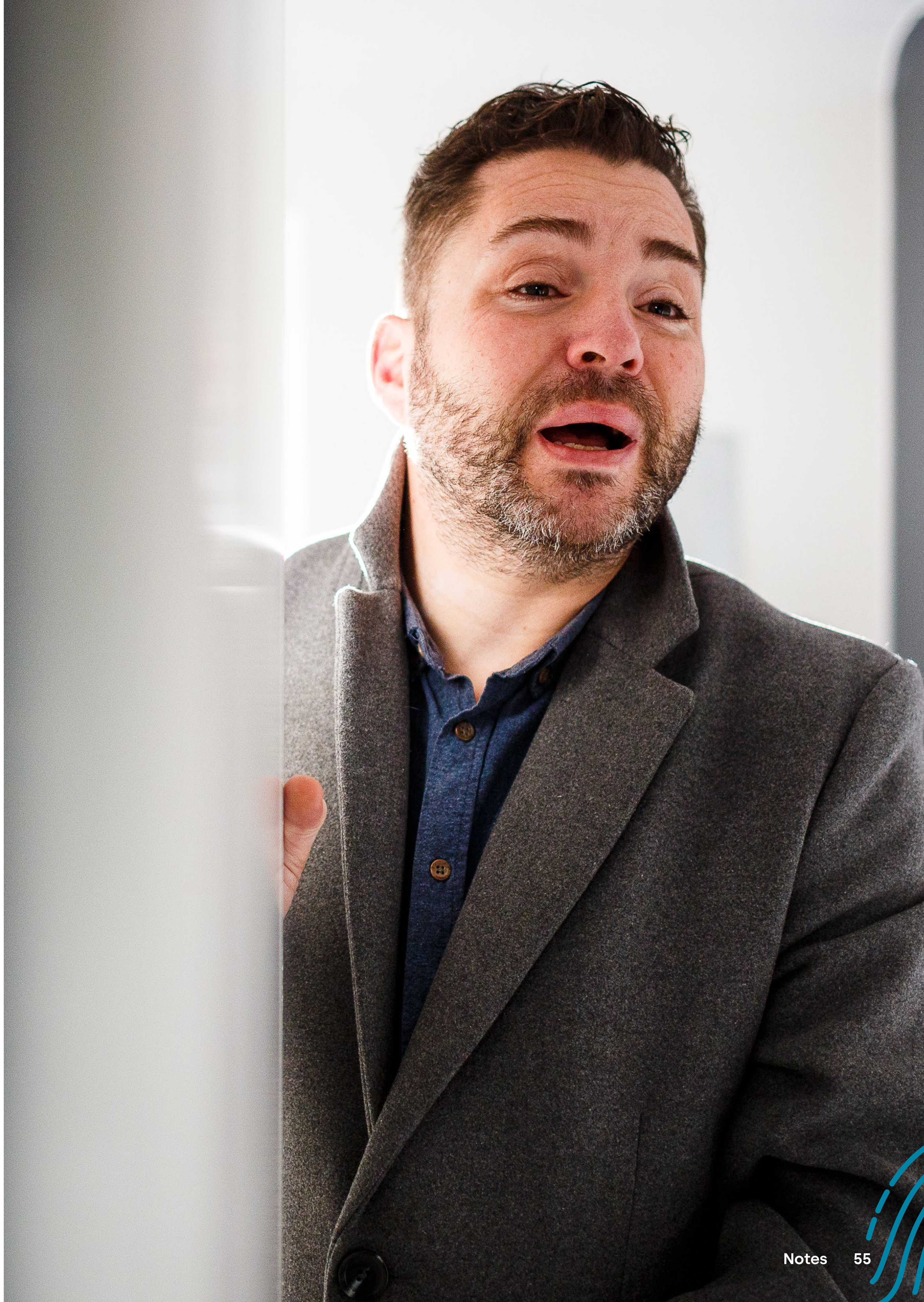
During the year, Valleys to Coast, along with Bron Afon Community Housing Ltd, Merthyr Valleys Homes Limited and Tai Tarian Limited entered into a Members Agreement with Barcud Shared Services Limited for the provision of internal audit services. The Members each own a 25% share in Barcud Shared Services Limited, which was incorporated on the 2nd of August 2019. It is overseen by a Board made up of the Company's Members and is also open to new Members. Sarah Prescott is a Director of Barcud Shared Services Limited and their subsidiary, Astari Limited. Transactions with these entities amounted to £30,099 during the financial year.

28 Establishment Of The Company

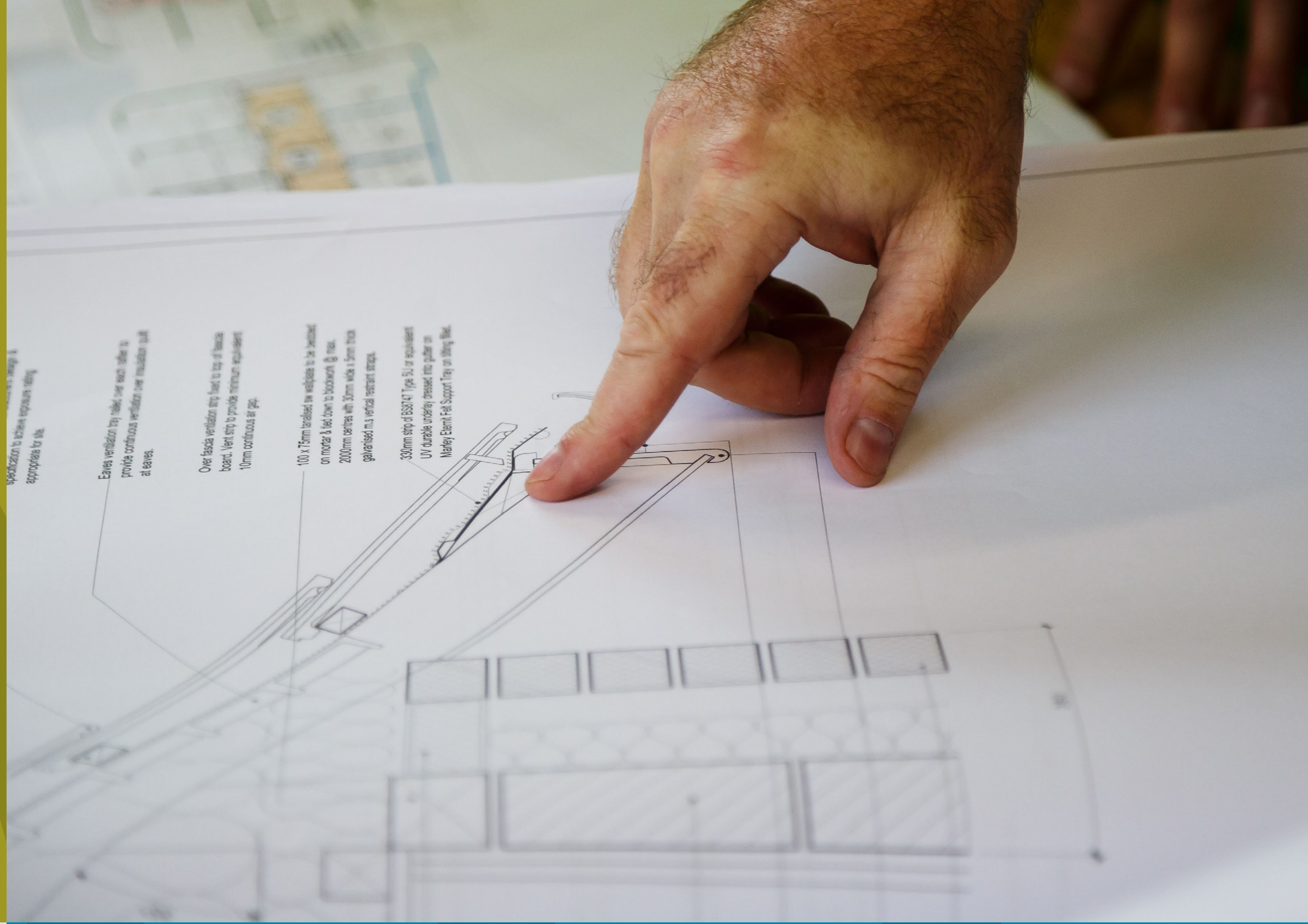
The Company is a Registered Society with charitable rules under the Co-operative and Community Benefit Societies Act 2014 (Registration Number 30205R). Its activities are regulated by the Welsh Government as a Registered Social Landlord under the Housing Association Act 1985 (Registration Number L137).

29 Contingent Liabilities

We are not aware of any contingent liabilities as at the balance sheet date.



Building belief



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