



Celebrating 20 years of providing safe and happy homes

Financial Statements 2023 - 2024



Valleys to Coast
celebrating 20 years

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Principal Activities

Valleys to Coast Housing Limited, referred to as the Company, is a not-for-profit organisation, operating with charitable rules under the Co-operative and Community Benefit Societies Act 2014. It is registered as a Registered Society and governed by a remunerated Board.

This year Valleys to Coast has celebrated its 20th birthday, having become the first Welsh housing association to be established as part of a large-scale voluntary transfer of local authority housing stock in 2003 from Bridgend County Borough Council (BCBC).

Today, the Company provides management, maintenance and enhancement services to 6,072 homes of different types, including general needs housing (5,827), intermediate rentals (46) and supported housing (199). The Company also has 13 homes that people have bought at a lower cost known as our low-cost home ownership properties.

The Company also provides management services for 688 leasehold flats, 818 garages, 42 shops and 8 community buildings accommodating community groups like Scouts, Mountain Rescue and Air Cadets, which help support communities and our firm commitment to placemaking.



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Our Purpose

**Providing homes
and places where
people feel safe
and happy.**

Our Vision

**Helping build a
better Bridgend
and Wales.**

Our Values

Value people:

We see the potential in people, those we work with and those we are here to serve.

Think differently:

We try new things to improve people's lives and careers.

Courage to see things through:

We want the best for ourselves, our colleagues, and our customers, so we speak, work and act with conviction, strength and determination.

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Foreword

As we celebrated our 20th birthday at Valleys to Coast, it's a fitting moment to both reflect on our journey and look ahead. It's an exciting time to welcome Amanda Davies as our new Chair of the Board. Joining us at this milestone marks not only a time of celebration but also a unique opportunity to envision and shape the future of Valleys to Coast.



Building Our Future | Celebrating 20 Years and Beyond

Our vision for the next phase is clear: we aim to improve the safety and quality of life for our customers and communities. A significant part of this will involve increased investment in technology, making our services more accessible and ensuring that customer voices are heard and valued at the Board table. This will allow us to confidently deliver on the priorities that matter most.

Listening to our colleagues is equally important in achieving our ambitions. Our new property repairs and maintenance company Llanw has shown us the power of collaborative efforts, where both customers and colleagues have come together to improve services. The successful launch of Llanw highlighted the strong support from our customers and our commitment to delivering a better repairs and maintenance service. We have big plans to build on this foundation.

Setting priorities is not always straightforward, which is why we strive for a shared endeavour. The Board, the executive team, our colleagues, and our customers all have a part to play in achieving a better Bridgend and Wales. Together, inside our organisation and with our partners, we can achieve great things.

We are excited about what lies ahead and look forward to working together to realise our ambitions.

Warm regards,



Jo Oak
Group Chief Executive



Amanda Davies
Chair of the Board

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233 families
from Bridgend's housing
list were housed



733
complaints
were resolved



£1.4 million in
financial benefits
was received by
our customers



43
new homes
were built



£21 million
invested in building and
improving our homes



28,317 repairs
were completed
in our homes



99.2% of
our homes
remain gas compliant



99.5% of
our homes
remain electrically
compliant



£8,273.91 invested
in our communities
through community benefits



£21,106 in external
grant funding
was received to improve
our neighbourhoods



500,000 sqm
of green spaces
has been maintained



£184,648 invested
in colleagues' learning
and development



29% of colleagues
are locally employed



New job opportunities
have been offered over the year

What our customers are saying

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"What lovely workmen I had here this afternoon. I phoned yesterday in regards to a repair on my kitchen worktop. Had a call today to see if someone could attend today. He came out and was such a lovely person."

"Litter picker who was in the area yesterday has done a fantastic job."

"The Surveyor who called out this morning had a very nice mannerism about him and he made me feel at ease as I don't usually like people in my home."

"Thank you to the Estates Team for the excellent job they have done cutting and clearing the grass away outside my property. It looks great!"

"I received great service from my Housing Partner when I called into the office for advice on Housing Jigsaw. I felt listened to and she was very patient with me."

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To celebrate our 20th birthday we collaborated with local schools to design a special birthday card which we sent to customers as part of their newsletter and shared it with colleagues on our big day.

We also connected with our customers and heard their stories about their experiences living in our homes and the changes they've seen unfold over the years. Their insights and ideas were incredibly valuable as we plan for the future to make their living experience even better. Here's what they had to say about us:

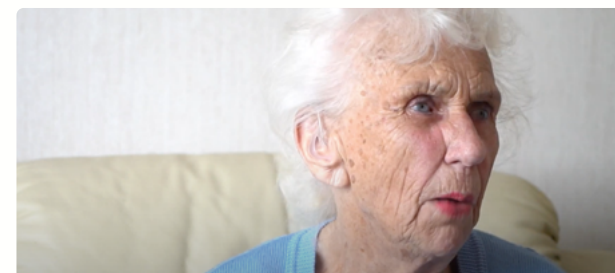


What home means to...



Laurence in Porthcawl

▶ Click to view



Dorothy in Cefn Cribwr

▶ Click to view



JJ in Pencoed

▶ Click to view

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Introducing Llanw Property Services: Our new repairs and maintenance company

In April 2024, we launched Llanw, a property repairs and maintenance company. Llanw, which translates to "tidal" in Welsh, shows our commitment to adaptability and responsiveness, mirroring the ever-changing needs of our customers.

Operating independently as a separate entity, Llanw marks a significant step forward. By expanding our working hours to a standard 40-hour week, we're in a position to tackle more repair jobs efficiently. This means greater convenience for our customers, with flexible appointment times, including evenings to accommodate their work hours.

Investing in a new IT system shows our dedication to efficiency. This system enhances our ability to track, record, and schedule repair jobs, reducing travel times and ensuring timely completion. Improved communication means customers are kept informed about their appointments, showing transparency and trust.

We restructured our customer service team, establishing a specialised repairs hub. Equipped with enhanced training and tools, this team excels in diagnosing and monitoring repairs throughout the day, ensuring accuracy and quicker resolutions.



As part of the Valleys to Coast Group, Llanw is more than just a service provider. It's a promise of reliable, refreshing and consistent services to customers living in our 6,000 homes. Under the leadership of Managing Director Paul Price, Llanw prioritises customer feedback, tailoring services to meet their needs.

Discover more at www.llanw.wales.

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Gathering customer information on equality, diversity and inclusion.

Our team went door-to-door throughout Bridgend, asking customers important equality, diversity and inclusion questions so we can better support them to live safely and happily in their homes now and in the future.



Here's what we found:

- We discovered that some customers communicate solely through British Sign Language, showing the importance of enhancing support for those with hearing loss. We have a couple of colleagues already on BSL training and have recently used their newly acquired sign language skills to communicate with deaf customers. Their actions will have made a positive and lasting impact.
- We identified customers who primarily speak Polish and are committed to improving communication to better serve them.
- The largest demographic in our community is the 55-64 age group. We're keen to understand how they prefer to receive our services to meet their needs more effectively.

We're not just building homes; we're building a community where everyone can thrive, regardless of their background or circumstances and we plan to build on this even further next year.

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Promoting inclusivity and safety

Throughout the year we reinforced our commitment to equality, diversity, and inclusion by partnering with South Wales Police to provide hate crime training. This training equips us with the knowledge and skills to identify and respond to hate crimes effectively.

As part of our roles, which involve interacting with customers and communities, recognising and addressing hate crimes is crucial for ensuring safety and well-being. By understanding what constitutes a hate crime and knowing how to handle such situations, we can offer support to victims and hold perpetrators accountable.



Happy 100th Birthday!

Our colleague noticed that our customer Marian was turning 100 years old, so we surprised her with some flowers and popped along to wish her a happy birthday - she even showed us her special birthday card from the King!

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Secure, attractive and well-maintained homes have never been more desired given our national housing crisis environment. It is important to us that we provide homes that are warm, safe and affordable to run. Here are some that we have been working on:



[43 new homes for those in need in Bridgend](#)

43 new homes for those in need in Bridgend

In the past year, we have delivered 43 new homes, with a significant portion achieving an EPC A rating—a testament to our commitment to sustainability. Among these developments are:

Ffordd Melin Ddwr, Waterton: This project features a mix of flats and houses, totalling six two-bedroom flats, eighteen two-bedroom houses, and one four-bedroom house. Constructed by Hale Construction, this development was completed in June 2023.

The Malthouse, Pencoed: Refurbished by D&M, this site offers four one-bedroom flats and two two-bedroom flats. We completed this in February 2024.

Additionally, we're excited about our future projects, with **approximately 250 new homes in various stages of construction or planning**. These developments are spread across different locations, with the majority expected to achieve an EPC A rating.

Some of the sites under construction or in the pipeline during 2023-24 included **Heol y Groes in Pencoed**, **Old Station Road in Porthcawl**, **Glanyrafon Care Home in Ynysawdre**, **Oxford Court in Nantymoel**, **City Road in Bettws**, **Bettws Social Club**, and the **Former YMCA in Porth**.

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Investment of £21 million into our homes

Over the past year, we invested £21 million to enhance our housing stock, ensuring our homes are safe, warm, and dry while improving living conditions for our customers. This investment facilitated the development of new, affordable, and sustainable homes in Bridgend and funded upgrades to our existing homes.

Key improvements include installing 158 new roofs, completing 100 electrical projects, and fitting 172 new kitchens. We also replaced 178 internal doors, installed 105 fire safety doors, and fitted 196 new boilers to keep homes warm.

Additionally, we provided 99 new bathrooms and made 53 significant adaptations along with 198 smaller modifications, such as handrails, to better meet our customers' needs and enhance their overall comfort.



Closure of older person accommodation

Following a period of consultation and engagement with our customers, we decided to decommission Dinam Close, Nantymoel, as a provision of older person accommodation.

Discussions have started with Bridgend County Borough Council and other partners to explore options for redeveloping the site for new social housing, depending on funding, site investigations, planning, and community engagement.

The decommissioning process was conducted with care and support for all customers, ensuring they were financially compensated for the loss of their home and assisted in moving and settling into another home.

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We have an important role to play in our communities. We want to be placemakers, working with people to ensure neighbourhoods are safe, attractive and connected.

We want to ensure that we engage with our customers so we can make the greatest impact. Here are a few of the great projects we've been working on:



Making the most of our Green Spaces

To help protect our environment and enhance our local green areas, we've reached out to the Bridgend community to gather ideas and feedback on how we can better utilise these spaces.

Here are some of the ideas we're considering:

- **Growing fresh food and orchards:** Picking apples or harvesting vegetables from a community garden right here in Bridgend.
- **Creating tiny forests:** Transforming small green areas into mini-forests with pathways and learning spaces where people can discover the wonders of nature.
- **Planting native shrubs and trees:** Introducing more native plants to support local wildlife and create a thriving ecosystem.
- **Establishing allotments and food gardens:** Making it easier for residents to grow their food with raised beds and sheds.

We believe that the best projects involve the community's input and participation. Once we have gathered feedback, we will identify funding opportunities to breathe life into these initiatives and ensure they thrive.

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Supporting our communities at Christmas

In December we were thrilled to have been part of three successful local initiatives aimed at making a positive impact in our community:

- **Bridgend Council Santa Appeal:** We collected cash donations and new, unwrapped gifts to ensure every child in Bridgend received a present on Christmas morning.
- **Age Cymru Gift Box Appeal:** We gathered shoe boxes filled with thoughtful gifts, which were delivered by Age Cymru to brighten the holidays for older community members.
- **Bridgend Food Bank Collection:** Continuing our support for Bridgend Food Bank, we collected non-perishable food items, festive extras, and non-food items to assist those in need during the festive season.

Enhancing local connectivity

Thanks to a joint effort between Caerau Skyline, The Green Valleys, ourselves, and EU funding of up to £15,000, we improved the footpath and connections of Cymmer Road, North Street, and Victoria Street in Caerau, Bridgend.

The footpath was extended and upgraded for convenience and safety, with added handrails for support. We also cleared obstructing shrubs and installed benches for residents to enjoy the stunning views of Llynfi Valley.

This collaboration reflects our commitment to investing in the communities we serve, making them more attractive places to live.



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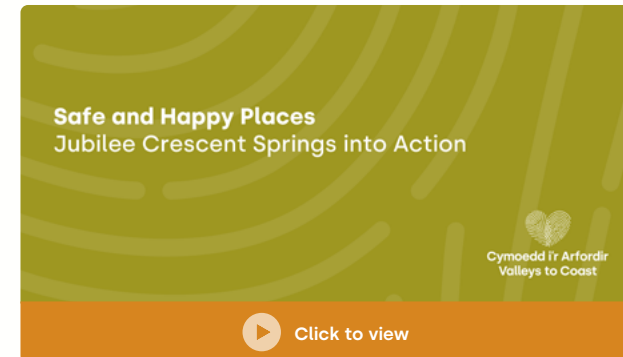
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Jubilee Crescent Community Gardens

The Jubilee Estate caught our attention because we received reports of fly-tipping and noticed more waste being dumped in open spaces. Residents, councillors, and our care taking team all raised concerns about the situation. With these reports coming in, it was clear we needed to step in and make improvements to the area.

We started by taking a careful look around Jubilee Crescent and Queens Avenue to see what needed fixing up. After that, we had some important talks with Bridgend Council about managing waste better, which led to our team taking proactive steps to tackle environmental issues and make everything tidier. Plus, we teamed up with residents to make plans and get things done together, which helped everyone feel more involved.

People in the community got involved through chats and events, and they liked seeing the progress we made. When we organised skip days, we managed to clear a lot of waste, showing that our efforts were making a real difference. By working together with different groups, we improved how the area looks and feels contributing to our bigger goal to make our communities better places to live.



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Recognising the importance of a supportive work environment, we have implemented new ways of working to ensure that flexibility remains a key part of our organisation.

New ways of working | Cultural roadmap

In our ever-evolving landscape, we're committed to not only enhancing our services for customers but also creating a modern and inclusive workplace. Recognising the importance of flexibility and work-life balance, we've implemented innovative practices to attract diverse talent and create a thriving environment for our team.

To adapt to the needs of our workforce, we've introduced "early finish Fridays" for our trade colleagues and a "nine-day fortnight" for office-based colleagues. These initiatives maintain the same number of working hours per week but offer extended days to allow for more time to recharge and enjoy personal pursuits.

By embracing modern working practices, we aim to not only attract top talent from diverse backgrounds but also establish ourselves as an employer of choice, dedicated to providing a fulfilling and supportive workplace for all.



20th birthday conference

At our birthday conference, we had the chance to celebrate not just our 20 years of success, but more importantly, the incredible contributions of our colleagues. Without them, none of our achievements would have been possible. They are truly our greatest assets, driving us forward every step of the way.

The conference wasn't just about looking back; it was also a pivotal moment to launch our EDI journey. We believe in equality, diversity, and inclusion, and we're committed to creating an environment where every voice is heard and valued.

So, as we celebrated our past accomplishments, we also looked ahead with excitement, knowing that with our dedicated colleagues leading the way, there's no limit to what we can achieve in the future.

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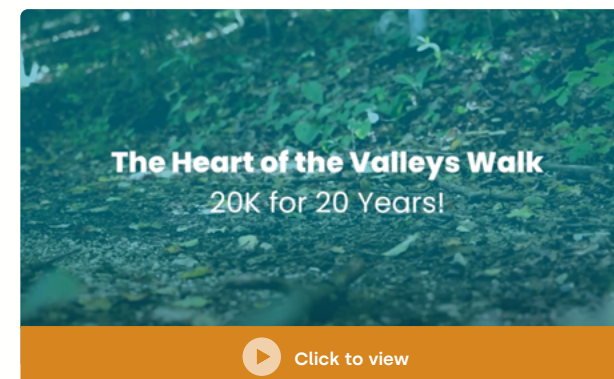
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Double shortlist at the Welsh Housing Awards

We were thrilled that our efforts were recognised with two shortlisted nominations at the Welsh Housing Awards 2023.

We were shortlisted for the Supporting Communities Award, recognising our outstanding work on the Jubilee Crescent Community Action Plan project. Through this initiative, we've seen remarkable improvements in our community, including cleaner surroundings, improved waste recycling, and increased resident engagement.

Additionally, our graduate Joe Stockley was shortlisted for the Young Achiever in Housing Award. Joe's contributions have been invaluable, particularly in advancing sustainability projects and promoting best practices in customer engagement for de-carbonisation.



We walked 20km to mark 20 years!

We kicked off our 20th birthday celebrations with a charitable 20-kilometre walk as part of the national Hiking for Housing challenge. The event involved 12 Welsh housing associations, aiming to raise funds for various Welsh charities and causes.

Our colleagues trekked from Ogmore Valley to Bridgend town to support our charity of the year, Y Bwthyn Newydd, a specialised palliative care service situated on the grounds of the Princess of Wales Hospital in Bridgend.

The event was supported by Community Housing Cymru. We raised an impressive £3,500 and were able to hand over the donation to the charity at our Birthday Conference in September.

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Recognition at TPAS Cymru Good Practice Awards

We are proud of our success at the TPAS Cymru Good Practice Awards, where our Community Engagement Team secured second place in the 'Communication and Engagement Approach' category for their innovative 'Pop Up' engagement approach. This initiative facilitated open conversations and improved communication with the local community.

Additionally, two of our dedicated customer volunteers, Debbie and Sarah, were honoured with the prestigious 'Judges Special Recognition Award' for their efforts in running Wildmill Youth Club, providing a safe and supportive space for young people in the community. These achievements highlight our commitment to meaningful engagement and making a positive impact in our communities.



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We're committed to sustainability because we believe it's crucial for our community and the planet. We're working to become carbon neutral by 2030 and make Bridgend and Wales better places to live. Here is what we are doing to support these sustainability commitments:

Energy Efficiency and Carbon Reduction

- We participate in retrofitting existing homes to improve energy efficiency. This includes installing better insulation, energy-efficient windows, and upgrading heating systems.
- We integrate renewable energy technologies like solar panels into our homes to reduce reliance on fossil fuels and lower carbon emissions.

Streamlined Energy and Carbon Reporting (SECR)

UK Energy Use	Unit	2023/24
Electricity	KWh	48,449,963
Gas	Kwh	38,010,837
Transport	Kwh	1,001,526
Total	Kwh	87,462,326

Green house gases

Electricity	Tonnes CO ₂ (Scope 2 only)	8,718
Gas	Tonnes CO ₂ (Scope 1 only)	6,393
Transport	Tonnes CO ₂	306
Total	Tonnes CO₂	15,417
Intensity Ratio		38.17
GHG Emissions per £m of revenue	Tonnes CO ₂	403.9035892

Sustainable new developments

- We use modern methods of construction (MMC) in our new housing developments, which not only speeds up construction but also reduces waste and improves energy efficiency.
- All our new homes meet or exceed the energy efficiency standards set by the Welsh Government, ensuring long-term sustainability.

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Supporting community initiatives

- We support local community initiatives aimed at promoting sustainability, such as community gardens, recycling programs, and energy-saving workshops.
- We educate our customers about energy efficiency and sustainable living practices, helping to reduce energy consumption and improve environmental awareness.

Affordable and quality housing

- We are dedicated to providing affordable housing options that are also sustainable, aligning with the Welsh Government's goals for social and affordable housing.
- We ensure that our homes comply with WHQS, which includes high standards for energy efficiency, safety, and comfort.

Innovation and technology

- We incorporate smart home technologies to enhance energy efficiency and provide residents with greater control over their energy usage.
- We pilot projects aimed at testing and implementing innovative sustainability solutions in housing.

Local development and planning

- We work closely with Bridgend County Borough Council and other local authorities to align

housing developments with local sustainability goals and their Local Development Plan (LDP).

- We support initiatives like the district heat network in Bridgend, which provides low-carbon heating solutions to homes.

Examples of our initiatives

- **Bridgend Energy Pathfinder project:** Our involvement in this project aims to make homes more energy-efficient through retrofitting and the use of renewable energy sources.
- **De-carbonisation Projects:** We have undertaken projects specifically aimed at reducing carbon emissions from our housing stock, contributing to Wales' goal of net-zero carbon by 2050.

Our office commitments

We have implemented various sustainability measures within our offices to support our broader environmental commitments. These actions include upgrading to energy-efficient LED lighting and enhancing insulation to improve energy efficiency. We have introduced comprehensive recycling programs, promoted a paperless office environment, and used eco-friendly office supplies. We encourage remote working and the use of public transport to reduce commuting emissions.

Our efforts align with broader goals of reducing carbon emissions, improving energy efficiency, and providing sustainable, affordable housing.

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The Company adopts the Community Housing Cymru (CHC) Code of Governance 2021. The Association's compliance with the code is monitored on an ongoing basis and formally reported to the Board annually. The most recent review of compliance with the 2021 Code of Governance, considered by the Board at its meeting in November 2023, indicated that the organisation, in all material respects, remained compliant with the principal recommendations of the Code of Governance.

With regards to the Regulatory Framework, the most recent regulatory judgement for Valleys to Coast was issued by the Welsh Government in December 2022. Valleys to Coast received a rating of 'green' compliant indicating that the association meets the regulatory standards and will receive routine regulatory oversight in respect of both governance (including service delivery) and financial viability. On the following pages, the Board reports on how it seeks to continue to achieve effective housing association governance.



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The Board comprised of ten non-executive members, as of March 2024, and they are collectively responsible for managing the affairs of the Company. The Board meets at least four times per year for regular business and also meets to discuss strategic direction, undertake in-depth reviews, 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 Group Chief Executive and other members of the Executive Team who meet regularly and who also attend Board meetings.

Meet the Team

Board Members (who held office throughout the year and to the signing of the Annual report and Accounts).

Independent Board members

Amanda Davies - Chair¹
 Anthony Whittaker - Chair²
 Joanne Smith - Vice Chair
 Mark Doubler³
 Derek Hobbs
 Richard Jenkins⁴
 Caroline Jones
 Tara King
 Sharon Lee
 Gill Lewis⁵
 Joy Ogeh-Hutfield
 Sophie Taylor⁶
 Andrew Wallbridge
 Mark Woloshak

The Executive Team

As of 31 March 2024 were;

Joanne Oak - Group Chief Executive,

Darrin Davies - Executive Director of Development, Assets and Sustainability,

Emma Howells - Executive Director of Housing, Communities and Customers,

Huw Lewis - Executive Director of Finance and Corporate Services,

David Clapham - Executive Director of Finance and Corporate Services⁷.

¹ Amanda was appointed as a Board Member and Chair of the Board effective from 1st April 2024. ² Anthony Whittaker retired as Chair of the Board on 31st March 2024. ³ Mark Doubler was appointed to the Valleys to Coast Board on 17 July 2023 and resigned 19 June 2024. ⁴ Richard Jenkins was appointed to the Valleys to Coast Board on 17 July 2023 and as a Llanw Board Director on 1st April 2024. ⁵ Gill Lewis was appointed as a co-opted Member of the Board on 11 July 2024. ⁶ Sophie Taylor resigned on 24 June 2024. ⁷ David Clapham resigned on 14 October 2024.

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The Board is supported by a committee structure to support key areas and to advise on detailed areas of the business. The committees currently in place are an Audit and Risk Committee, a People and Remuneration Committee, and a Development and Assets Committee.

The Audit and Risk Committee comprises a minimum of four members, at least three of which must be Board members. The committee 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.

The People and Remuneration Committee comprises a minimum of four members, at least two of which must be Board members. The committee meets at least twice a year. It reviews the remuneration of all colleagues under the Company's reward policy.

The Development and Assets Committee comprises a minimum of four members, at least two of which must be Board members and up to two additional independent members.

The Board and its committees obtain external specialist advice when needed. The Company's business plans, and Corporate plan, establish the overall objectives and strategy with respect to risk management.

Risk appetite: The types and levels of risk that are considered acceptable. The Company's risk appetite is agreed upon for each 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 risk 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 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 Team and the Board.

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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 the overall context;
- Risks can be prioritised realistically to ensure resources are focussed on critical areas.

The Board's strategic risk analysis has identified several challenges over the next five years with the most significant including:

- Governance;
- Regulation;
- Treasury and cash management;
- Landlord health and safety;
- Inadequate investment into our existing homes;
- People and culture;
- Data integrity and protection;
- De-carbonisation;
- Establishment of a new wholly owned subsidiary which will deliver the responsive repairs service for Valleys to Coast;
- Unforeseen major incidents or events, and;
- IT resilience and cyber security.



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The Board is responsible for preparing the report and financial statements following applicable laws and regulations.

Registered Social Landlord (RSL) legislation requires the Board to prepare financial statements for each financial year. Under that law, the Executive Team has elected to prepare the financial statements following the 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 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 judgements and accounting estimates that are reasonable and prudent Practice (SORP) Accounting by Registered Social Housing Providers (SORP 2018), have been followed, subject to any material departures disclosed and explained in the financial statements;

Prepare the financial statements on a 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 statement complies 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 the safeguarding of 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.

The Annual General Meeting will be held on:
22nd August 2024.

This statement was approved by the Board on 5th August 2024 and signed on behalf of the Board by:




Amanda Davies
Chair of the Board

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The Board reports a surplus for the year before actuarial gains of £2.065m as shown in the statement of comprehensive income, and net assets of £49.3m as reported in the statement of financial position.

During the year the Company invested £7.89m (2023: £5.69m) on planned repairs and improvement of housing homes. Details of changes to the Company's fixed assets are shown in notes 10, 11 and 12 to the financial statements.

During the 2023/4 financial year, we brought 43 new homes into management. Going forward we currently have 79 homes on-site and 157 homes in the pipeline which we hope to develop over the coming years.



Liquidity

Liquidity continues to be strong, and we don't expect to break any loan covenants in the next five years. These are monitored in line with the company's treasury management policy, incorporating 'Golden Rules' set by the Board.

In 2021, we worked with Centrus Treasury Advisors to refinance. The Board approved this project, and after careful negotiation, the Company reduced its Weighted Average Cost of Capital (WACC) from 4.53% in April 2021 to an average of 3.43% post-refinance and ensured that ongoing liquidity targets were met. The WACC on 31st March 2024 was 3.375% our overall borrowing costs, which helps us keep enough money available for our operations.

During the financial year 2023/24 we secured additional long term funding from the Welsh Government of £5m at a rate of 3% over 30 years. The additional funding will support the development of an additional 44 homes of accommodation and also contribute to environmental improvement works over the next 5 years.

As of the balance sheet date, our Executive Team believes that the steps we've taken are enough to protect the company from any big risks in the long term.

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Key Accounting Policies

The principal accounting policies are set out in Note 1 of these financial statements. In preparing the financial statements on a concern basis, the Board and management team looked at the budgets, business plans, money situation, and financial predictions for the company.

Based on this review, the Board considers it appropriate to draw up the financial statements on a going-concern basis. Further analysis on this is provided in Note 1 to the financial statement on page 45 .

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 Team and other senior colleagues. Basic salaries are set having regard to issues of affordability, the external market, CPI inflation and pay levels for comparable positions.

Service contracts

The Executive Team are appointed on permanent contracts with six months of notice.

Pensions

All members of the Executive Team were ordinary members of a defined contribution SHPS pension scheme as of 31st March 2024. The Executive Team participates in the scheme on the same terms as all other eligible colleagues. The company contributes to the schemes on behalf of its employees.

Other benefits

The Operational Management Team are not entitled to other benefits such as the provision of a car allowance. Full details of the Executive Team's remuneration packages are included in note 9 to these audited financial statements.

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We recognise the importance of Value for Money (VFM) in all our activities, not just in terms of managing costs but also in achieving sustainable value for stakeholders and building balance sheet strength and financial robustness. We monitor VFM performance every month, and it forms an integral strand of our Corporate Strategy for 2021-2031.

Our VFM goals are to:

- Improve our operating margin and achieve better operating efficiencies.
- Continuously develop new development and treasury strategies to improve our housing stock and support a fair share of the sector's ambition to build 20,000 new homes in Wales. Our ambition is to develop 1,000 new homes by 2034.
- Have sufficient resources available to adequately invest in our asset management and technology improvement strategies.

To do this we will:

- Procure effectively.
- Project manage effectively.
- Develop better management information, business data and customer insight.
- Closely monitor future forecasts and financial plans.

We will also consider:

- How we allocate resources across the business.
- The social return on our investment.
- Seeking a better understanding of business performance compared to our peers.
- How we meet the challenges and opportunities presented by welfare reform, the Affordable Housing Review and tenure reform.

We will engage in sector initiatives relating to VFM and transparency as they develop. Finally, a strong cultural focus on our customers and their needs, both internal and external, will also be an essential element to achieving VFM across the organisation.

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Our suppliers

Our suppliers are fundamental to the quality of the services we provide to our customers and in ensuring we get value for our money. Whilst we have a limited number of large national suppliers, our primary supply base is locally based SMEs.

We use Sell2Wales and eTenderWales to advertise and tender our requirements and regularly engage with local suppliers through meet-the-buyer and pre-market engagement events. Our tenders are targeted at the types of suppliers we want to reach, resulting in more effective processes and contract negotiations, and the best suppliers being appointed.

We regularly include community benefit questions and clauses as part of our tenders and contracts. We also engage directly with high-spend suppliers to establish what additional benefits they may be able to offer our communities.

We have engaged a local procurement company, 2Buy2, to review our materials procurement processes and further strengthen them from a sustainability and corporate social responsibility perspective. Feedback is also part of the process for all suppliers who respond to our tenders, and those at the end of their contracts.



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As reported either to the Welsh Government or internally, are set out in the following table:

	2023/24 Actual	2023/24 Target	2022/23 Actual	2021/22 Actual
Arrears	2.63%	2.67%	2.55%	2.54%
Empty homes loss percentage (%)	1.78%	1.43%	2.20%	2.90%
Annual housing management cost per home	£1,945	£2,413	£1,460	£631
Annual total cost of maintenance per home (revenue)	£2,005	£1,691	£1,491	£1,936
Annual total cost of planned maintenance and improvements per home (capital)	£1,392	£1,499	£943	£868
Total maintenance and improvement costs per home (revenue and capital)	£3,303	£3,190	£2,435	£2,804

- 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 2.63% are lower than the target of 2.67%.
- Empty homes loss percentage** – The cumulative value of void loss as a percentage of the annual rent debit – Losses from empty homes at 1.78% is higher than the target of 1.43%.

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- **Annual housing management cost per home** – The housing management cost per home 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 service costs. The actual cost per home at £1,945 is broadly in line with the budget assumption for the year. The reason for the large change compared with previous years is due to mapping and classification changes.

The total cost also includes the cost of administration and management of the maintenance functions of the Company.

- **Annual total cost of maintenance per home (revenue and capital)** – The total cost of maintenance per home provides a measure of the level of investment required to maintain our stock. It includes all routine and cyclical maintenance and the cost of major repairs and improvements, charged to the Income and Expenditure Account (revenue) or charged to the Balance Sheet (capital). The total maintenance cost (revenue and capital) per home at £3,303 is slightly higher than the budget assumption for the year and reflects the receipt of grant funding which has allowed for a higher level of expenditure.



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Statement of financial position and debt

The Company's financial instruments include 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 use medium and long-term loans to fund them. As of March 31st 2024, the total loan facility was £86million, consisting of:

- A £15million variable rate revolving credit facility (RCF) from Lloyds Bank. We can borrow, repay, and borrow again until November 2026. There's an option to extend it for two more years. This loan is linked to ESG (Environment, Social, Governance) goals, showing our commitment to making our organisation better through our financial choices.
- A £25million fixed-rate Note Purchase Agreement with M&G Investments, which must be fully paid back by March 2045.
- A £10million fixed-rate Note Purchase Agreement with M&G Investments, which must be fully paid back by March 2052.
- A £1million Interest-Free Loan from the Welsh Government, due to be repaid in March 2025.
- A £35million fixed-rate bond issue (bLEND) through THFC, maturing in May 2054 and due to be repaid in March 2054.

Treasury management

Our Finance Team operates a treasury function, which handles tasks like managing cash, funding, investments, and financial risks. This includes risks related to interest rate changes and the creditworthiness of other parties. We see treasury management as overseeing cash flows, banking, and investments while controlling associated risks to achieve the best performance.

We measure the success of our treasury management by how well we identify, monitor, and control risks. Our focus is on understanding the risks and their implications.

We believe effective treasury management supports our business goals. We're committed to getting the best value from our treasury activities while managing risks effectively. Our treasury function isn't meant to make a profit, and we don't engage in speculative transactions.

The Board reviews and approves our treasury policies annually. We may use derivative instruments to manage interest rate risks, but only if approved by the Welsh Government.

Our policy aims for a balanced mix of fixed and variable-rate borrowings. Currently, none of our £71 million in drawn loan facilities are at a variable rate.

We don't have significant exposure to risks like price changes, credit issues, or cash flow problems from our trading activities. While we don't trade financial instruments, we use interest rate hedging to fix rates for at least 70% of our expected loan needs over the next five years.

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Corporate Governance

In addition to our audit on the financial statements for the year ended 31st March 2024, we have reviewed the Board's statement of Valleys to Coast Housing Limited ('the association') compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ('the Circular').

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

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



Opinion

With respect to the Board's statement on internal controls assurance on page 26, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.

Bevan Buckland

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House,
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date: August 22nd, 2024

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Opinion

We have audited the financial statements of Valleys to Coast Housing Limited for the year ended 31st March 2024 which comprise the association's Statements of Comprehensive Income, the association's Statements of Financial Position, the association's Statements of Changes in Reserves, the Statement of Cash Flows and related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and 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 31st March 2024 and of the association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the

Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Conclusions relating to going concern

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 test significant doubt about the association's ability to continue to adopt the going

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- 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 strategic report and the report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 26, 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

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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.

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

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

Identifying and assessing potential risks related to irregularities

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

- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the association's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - the recognition of development and maintenance expenditure in the correct period;
 - the rationale of any major fund flows during the period;
 - the potential of rent fraud arising as a result of collusion between the asset and housing teams.

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- Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Association, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

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

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

- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House, Castle Court,
Swansea Enterprise Park Swansea
SA7 9LA

Date: August 22nd, 2024

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Our Registered Office

Tremains Business Park
Tremains Road
Bridgend
CF31 1TZ

Welsh Government registration number: **L137**

Company registration number is: **30205R**

Company secretary: **Claire McDougall**

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SA7 9LA

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Our Bankers

Lloyds Banking Group

Commercial Banking
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Our Solicitors

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Blake Morgan LLP

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Hugh James

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Our Funders

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Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 - £'000	2023 - £'000
Turnover	3a	38,170	34,462
Operating Costs	3a	(35,050)	(30,569)
Surplus on Disposal of Property, Plant and Equipment	4	212	376
Operating Surplus	3a	3,332	4,269
Interest Receivable		614	120
Interest and Financing Costs	5	(1,869)	(2,106)
Surplus for the year on ordinary activities before TAX		2,077	2,283
Taxation on surplus for the year	6	(12)	(33)
Surplus for the year after TAX		2,065	2,250
Total Actuarial Losses	24	(1,030)	(541)
Total comprehensive income for the year		1,035	1,709
The company's turnover and expenses all relate to continuing operations			

Statement of Changes in Reserves at 31 March 2024

Statement of changes in reserves at March 2024	Revenue/Reserve - £'000
At 31 March 2023	48,232
Surplus for the year	2,065
Total Actuarial Losses	(1,030)
At 31 March 2024	49,267


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Statement of financial position at 31 March 2024

	Note	2024 - £'000	2023 - £'000
Fixed Assets			
Intangible Assets	10	595	337
Housing Properties	11	164,411	150,217
Other Property, Plant and Equipment	12	459	505
Investments - Homebuy Loans Receivable	13	766	706
		166,231	151,765
Current Assets			
Inventories	14	62	373
Trade and Other Debtors	15	5,818	5,622
Cash and Cash Equivalents	23	15,724	18,879
		21,604	24,874
Creditors: Amounts falling due within one year	16	(10,269)	(9,714)
Net Current Assets		11,335	15,160
Total Assets Less Current Liabilities		177,566	166,925
Creditors: Amounts falling due after more than one year	17	(72,797)	(73,847)
Social Housing and other government grants	18	(54,507)	(43,986)
SHPS Pension Liability	24	(995)	(860)
Net Assets		49,267	48,232
Capital and Reserves			
Non-equity Share Capital	20	-	-
Comprehensive Income Account		49,267	48,232
		49,267	48,232

 Amanda Davies
Chair of the Board

 Joanne Smith
Board Member

 Claire McDougall
Company Secretary

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Cash flow statement for the year ended 31 March 2024

	Note	£'000	2024 - £'000	£'000	2023 - £'000
Net cash generated from operating activities	21		8,478		8,705
Cash Flows from investing activities					
Purchase of intangible assets	10	(583)		(301)	
Acquisition, construction and improvement of housing properties	11	(21,061)		(16,201)	
Purchase of other Property, Plant and Equipment	12	(48)		(31)	
Proceeds from sale of housing properties	4	212		376	
Grants received	18	11,627		13,023	
Interest received		614		120	
Net Cash Flows from investing activities			(9,239)		(3,014)
Cash Flows from financing activities					
Repayment of loans	22	-		(1,000)	
New secured loans	22	-		10,000	
bLend Bond Premium	17	-		1,649	
Loan arrangement and brokerage costs paid		-		(2)	
Interest paid		(2,394)		(2,208)	
Net Cash Flows from financing activities			(2,394)		8,439
Net increase in cash and cash equivalents	23		(3,155)		14,130
Cash and cash equivalents at 1 April 2023	23		18,879		4,749
Cash and cash equivalents at 31 March 2024	23		15,724		18,879

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Cash flow statement for the year ended 31 March 2024

Free Cash Flow	Note	2024 - £'000	2023 - £'000
Net cash generated from operating activities	21	8,478	8,705
Interest paid	5	(2,394)	(2,208)
Interest received		614	120
Adjustment for reinvestment in existing properties			
Component replacements	11	(7,311)	(5,395)
Free cash generated before loan repayments		(613)	1,222
Loans repaid (excluding refinancing)		-	(1,000)
Free cash generated after loan repayments		(613)	222

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Notes to the financial statements for the year ended 31 March 2024

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 January 2022 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard. There was no material effect on the amounts recognised in these financial statements as a result of adopting these amendments.

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 2024, these financial statements are showing a net current asset position of £11,335k (2023: net current liabilities of £15,160k). The Board are comfortable that the business has sufficient funds in place to cover its liabilities as they fall due and believe that the net current asset position supports 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 continue to maintain the net current asset position during 2024-2025.

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.

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The board recognises the additional pressures on affordability due to rising costs of energy and other household essentials. Rent arrears levels are being monitored on a weekly basis and additional resources have been allocated to supporting our customers during this difficult time.

The sector is experiencing price escalation for raw materials and sub-contract labour. The business continues to leverage best value for money through its procurement practices and whilst there is uncertainty regarding the duration of this heated economic environment 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 12 months after the date on which the report and financial statements are signed. Accordingly, the Board considers 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, subject to prorate for opening and closing positions in the financial year. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. 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. Capitalised interest was charged at a WACC of 3.83%.

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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 and air source heat pumps)	25 years
External wall Insulation	25 years
External and retaining walls	50 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.

Enhancements are depreciated over the remaining useful life of the associated component.

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.

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g) 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 31 March 2024 and it is felt that the properties are not impaired.

h) Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historical 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 and fittings	10%
Computers and office equipment	20%
Plant and 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 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 income is received as a contribution towards revenue expenditure, it is included in turnover.

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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.

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 24.

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 24 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

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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.

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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.

Termination costs are recognised as an expense in the period when we have agreed a contractual termination date.

u) Reserves

Reserves represent the retained distributable earnings of Valleys to Coast housing association.

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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.

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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 24 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.

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 15 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 home 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(f) 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 18.

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3a. Turnover, operating costs and operating surplus

	Turnover £'000	Operating Costs £'000	2024 Operating surplus £'000	Turnover £'000	Operating Costs £'000	2023 Operating surplus £'000
Income and Expenditure from lettings						
General Needs Housing Accommodation	36,052	(32,733)	3,319	32,086	(29,459)	2,627
Supported, Sheltered and Extra-Care Housing Accommodation	756	(1,701)	(945)	1,557	(722)	835
Fully Rented Housing Accommodation	36,808	(34,434)	2,374	33,643	(30,181)	3,462
Commercial Property	212	(21)	191	178	(84)	94
Garages and Garage Bases	176	-	176	186	(10)	176
Development costs not capitalised	-	(62)	(62)	-	(66)	(66)
Total from lettings	37,196	(34,517)	2,679	34,007	(30,341)	3,666
Leaseholders	486	(514)	(28)	101	(96)	5
Other activities	488	(19)	469	354	(132)	222
	38,170	(35,050)	3,120	34,462	(30,569)	3,893
Surplus on disposal of Property, Plant and Equipment	-	-	212	-	-	376
	38,170	(35,050)	3,332	34,462	(30,569)	4,269

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3b. Income and expenditure from social housing lettings

	General Needs Housing Accommodation £'000	Supported, Sheltered and Extra-Care Housing Accommodation £'000	2024 Total £'000	2023 Total £'000
Income				
Rent receivable	33,337	257	33,594	31,101
Service charges receivable	1,233	499	1,732	1,508
Grant for supported housing	-	-	-	-
Physical Adaptation Grant	319	-	319	-
Tenant Recharges	175	-	175	90
Welsh Government Housing Finance	59	-	59	126
Amortisation of social housing and other government grants	929	-	929	818
Turnover from social housing lettings	36,052	756	36,808	33,643

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3b. Income and expenditure from social housing lettings

	General Needs Housing Accommodation £'000	Supported, Sheltered and Extra-Care Housing Accommodation £'000	2024 Total £'000	2023 Total £'000
Costs				
Housing management	11,814	-	11,814	8,744
Housing services	1,867	701	2,568	2,079
Maintenance - reactive	11,501	647	12,148	7,186
Maintenance - cyclical	27	-	27	1,423
Physical Adaptations	256	-	256	495
Planned maintenance and major repairs	571	-	571	3,388
Depreciation of housing properties	5,890	353	6,243	6,093
Depreciation of other fixed assets	419	-	419	522
Rent loss from bad debts	388	-	388	251
Operating costs on social housing	32,733	1,701	34,434	30,181
Operating surplus on social housing	3,319	(945)	2,374	3,462
Rent loss due to voids (memorandum note)	(653)	(15)	(668)	(732)

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4. Sales of housing properties and other fixed assets

	2024 - £'000	2023 - £'000
Sales proceeds	224	397
Cost of sales	(12)	(21)
Surplus on disposal	212	376

5. Interest and financing costs

	2024 - £'000	2023 - £'000
Loans and bank overdrafts	2,394	2,208
Net interests on defined benefit liability (note 24)	(525)	(102)
	1,869	2,106

6. Tax on surplus on ordinary activities

Current tax	2024 - £'000	2023 - £'000
UK Corporation Tax on surplus for the year	12	33
Adjustment in respect of prior years	-	-
Total tax on results on ordinary activities	12	33

The rate of corporation tax in the UK changed from 19% to 25% on 1 April 2023. The differences are explained as follows:

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Total tax reconciliation	2024 - £'000	2023 - £'000
Surplus on taxable activities before tax	63	174
Theoretical tax at UK corporation tax rate 25%	16	33
Income not taxable	-	-
Non-deductible expenditure	-	-
Changing tax rates	-4	-
Total tax on taxable activities	12	33

7. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:	2024 Total £'000	2023 Total £'000
Costs		
Staff Costs	11,041	10,905
Operating lease payments	697	259
Depreciation of housing properties (Note 11)	6,243	6,092
Depreciation of intangible assets (Note 10)	325	382
Depreciation of other property, plant and equipment (Note 12)	94	140
Amortisation of government grants	(929)	(818)
Auditors' remuneration (Inclusive of VAT):		
In their capacity as auditors - current year	14	30
Prior year overrun fees		
In respect of other services - tax compliance	3	3

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8. Staff costs

Staff costs including directors:	2024 Total £'000	2023 Total £'000
Costs		
Wages and salaries	8,895	8,548
Social security costs	871	882
Other pension costs - Employer contributions	1,185	1,379
	10,951	10,809
In addition to the above were payments in respect of redundancy and discretionary rewards	90	97
Average number of persons expressed as full time equivalents:	2024 number	2023 Number
Management and administration	186	205
Scheme co-ordinators, community caretakers and cleaners	13	9
Housing Repair Service (operatives)	61	64
Total number of employees expressed as full time equivalents	260	278
Average number of employees during the year:		
Management and administration	195	197
Scheme co-ordinators, community caretakers and cleaners	15	8
Housing Repair Service (operatives)	62	62
Average total number of employees	272	267

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9. Directors' emoluments

	2024 - £'000	2023 - £'000
The remuneration paid to the directors and senior officers including the Chief Executive		
Emoluments (including employer's pension contributions)	673	693
The emoluments of directors and senior officers disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	150	127

Board members received remuneration totalling £59,665 (2023: £57,977) in the year.

Board members	2024 - £'000	2023 - £'000
Lisa Griffiths	-	1,270
Anthony Whittaker	9,000	9,000
Mark Woloshak	4,714	5,500
Joanne Smith	7,500	7,500
Caroline Jones	5,500	5,500
Sophie Taylor	5,542	5,540
Andrew Wallbridge	4,786	4,000
Tara King	4,000	4,000
Joy Ogeh-Hutfield	4,000	4,000
Derek Hobbs	4,044	4,000
Sharon Lee	4,000	4,000
Nicola Cole (Co-optee)	-	1,417
Philip Stokes (Co-optee)	897	2,250
Mark Doubler	2,841	-
Richard Jenkins	2,841	-
	59,665	57,977

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The full time equivalent number of directors and staff to whom emoluments were payable in excess of £60,000 (excluding pension contribution) fell within the bands:

	2024 Number	2023 Number
£60,001 - £70,000	10	2
£70,001 - £80,000	3	4
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	2	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£150,001 - £160,000	1	-
	18	8

Expenses paid during the year to Board Members amounted to £86 (2023: £41).

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10. Intangible assets

	Computer Software £'000
Cost	
At 1 April 2023	4,076
Additions	583
Disposals	-
At 31 March 2024	4,659
Depreciation	
At 1 April 2023	3,739
Charge for the year	325
Eliminated on disposals	-
At 31 March 2024	4,064
Net book value	
At 31 March 2024	595
At 31 March 2023	337

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11. Housing properties

	Housing Properties held for letting £'000	Housing Properties under construction £'000	Housing Properties Total £'000
Cost			
At 1 April 2023	211,496	8,307	219,803
Additions	8,984	12,077	21,061
Transferred on Completion	4,880	(4,880)	-
Write off prior year balance	-	-	-
Abortive Development Costs	-	-	-
Disposals	(1,570)	-	(1,570)
At 31 March 2024	223,790	15,504	239,294
Depreciation			
As at 1 April 2023	(69,586)	-	(69,586)
Charge for the year	(6,243)	-	(6,243)
Eliminated on disposals	946	-	946
At 31 March 2024	(74,883)	-	(74,883)
Net book value			
At 31 March 2024	148,907	15,504	164,411
At 31 March 2023	141,910	8,307	150,217

Housing and other properties held for letting comprise:

	2024 - £'000	2023 - £'000
Improvements to freehold land and buildings	81,710	86,790
Purchases of freehold properties and new development	67,197	55,120
	148,907	141,910

Capitalised interest costs of £100,418 (2023: £188,254) are included in Housing Properties.

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Major repairs and improvement expenditure on existing properties during the year amounted to £7,882,000 (2023: £5,686,000). This has been accounted for as follows:

	2024 - £'000	2023 - £'000
Planned maintenance and major repairs (revenue)	571	291
Improvements (capital)	7,311	5,395

12. 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 2023	780	388	1,212	81	9	2,470
Additions	-	-	47	1	-	48
Disposals	-	-	-	-	-	-
At 31 March 2024	780	388	1,259	82	9	2,518
Depreciation						
As at 1 April 2023	563	270	1,051	73	8	1,965
Charge for the year	7	16	68	3	-	94
Eliminated on disposals	-	-	-	-	-	-
At 31 March 2024	570	286	1,119	76	8	2,059
Net book value						
At 31 March 2024	210	102	140	6	1	459
At 31 March 2023	217	118	161	8	1	505

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13. Investments

	Grant £'000	Non-Grant £'000	Total £'000
Cost			
At 1 April 2023	-	706	706
Additions	-	60	60
Disposals	-	-	-
At 31 March 2024	-	766	766

All investments 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.

14. Inventories

	2024 - £'000	2023 - £'000
LCHO Stock for resale	-	305
Stock of materials	62	68
	62	373

15. Trade and other debtors

	2024 - £'000	2023 - £'000
Amounts falling due within one year:		
Gross rent and service charge arrears	2,413	1,980
Less: provision for bad debts	(1,140)	(1,173)
Net rent and service charge arrears	1,273	807
Other debtors	282	317
Prepayments and accrued income	4,263	4,498
	5,818	5,622

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16. Creditors: Amounts falling due within one year

	2024 - £'000	2023 - £'000
Loans (Note 19)	1,000	-
Trade creditors	3,942	3,363
Other taxation and social security costs	-	12
Rent and service charges received in advance	756	738
Retentions	645	607
Social Housing and Other Government Grants (Note 18)	1,184	1,014
bLEND Bond Premium Amortisation	133	133
Accruals and deferred income	2,609	3,847
	10,269	9,714

17. Creditors: Amounts falling after more than one year

	2024 - £'000	2023 - £'000
Loans due between 1 and 5 years	-	1,000
Loans due greater than 5 years	70,000	70,000
Less deferred loan arrangement fees	(1,162)	(1,245)
	68,838	69,755
bLEND Bond Premium	3,848	3,981
Recycled Capital Grant Fund	111	111
	72,797	73,847

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	2024 - £'000	2023 - £'000
Recycled Capital Grant Fund		
At 1 April 2023	111	89
Additions (Note 18)	-	22
Disposals	-	-
At 31 March 2024	111	111

18. Deferred income - Government grants

	2024 - £'000	2023 - £'000
At 1 April 2013	45,000	32,893
Grant Receivable	11,627	12,923
PAG Receivable	-	100
Amortisation to Statement of Comprehensive Income	(929)	(818)
Grant Disposals	(7)	(98)
Transferred to RCGF	-	-
At 31 March 2024	55,691	45,000
Due within one year	1,184	1,014
Due after one year	54,507	43,986
	55,691	45,000

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19. Debt analysis

	2024 - £'000	2023 - £'000
Housing Loans - due within one year		
Bank Loans	1,000	-
Housing Loans - due after more than one year		
Bank Loans - long term loan facility (Repayable within five years)	-	1,000
Bank Loans - long term loan facility (Repayable after five years)	70,000	70,000

The loans are secured by specific charges on the Company's housing properties and a fixed charge over the entire undertaking and are repayable as follows:

- A £25m fixed rate Note Purchase Agreement, facilitated by M&G Investments, which must be fully repaid by 31 March 2045;
- A £10m fixed rate Note Purchase Agreement, facilitated by M&G Investments, which must be fully repaid by 31 March 2052;
- An interest free loan of £1million, funded by Welsh Government, which is due to be paid in March 2025;
- A £35m bLEND Bond Issue, facilitated by THFC, which is due to mature in May 2054, with the repayment being due in March 2054.

At 31 March 2024, the Company had undrawn loan facilities of £15million (2023: £15million). Commitment fees also apply at a rate of 0.42% on £15million of the undrawn balance. The value of assets used to secure the above facilities was £119million.

20. Non-equity share capital

	2024 - £'000	2023 - £'000
Shares of £1 each fully paid and issued:		
At 1 April 2023	37	53
Issued during the year	2	1
Cancelled during the year	(1)	(17)
At 31 March 2024	38	37

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.

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21. Reconciliation of operating surplus to cash generated from operating activities

	2024 - £'000	2023 - £'000
Operating surplus for the year	3,332	4,269
Adjustments for non-cash items:		
Depreciation charges	6,662	6,615
Amortisation of Social Housing and Other Government Grants	(929)	(818)
Amortisation of bLEND Premium	(133)	(120)
Capitalised Interest Costs	(100)	(188)
Release of loan transaction fees	83	83
Net gain on the sale of fixed assets	(212)	(376)
Transfer to RCGF	-	22
Disposal of LCHO	-	24
Disposal of Fixed Assets	708	287
LCHO equity	(60)	(195)
Pension costs less contributions paid	(370)	-
Movement in bad debt provision	(33)	(281)
(Increase)/decrease in trade and other debtors	(163)	(2,794)
Increase/(Decrease) in trade and other creditors	(627)	2,138
Decrease/(Increase) in stock	311	23
Taxation liability	12	33
Other net movements	(3)	(17)
	8,478	8,705

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22. Reconciliation of net cash flow to movement in net debt

	2024 - £'000	2023 - £'000
Increase in cash	(3,155)	14,130
Cash outflow from repayment of debt	-	1,000
Cash inflow from increase in debt	-	(10,000)
Change in net debt resulting from cash flows	(3,155)	5,130
Movement in net debt in the year		
Net debt at 1 April 2023	(52,121)	(57,251)
Net debt at 31 March 2024	(55,276)	(52,121)

23. Analysis of changes in the net debt

	At 1 April 2023 £'000	Cash Flows £'000	At 31 March 2024 £'000
Cash at Bank and in hand	18,879	(3,155)	15,724
Loans - Long term loan facility	(71,000)	-	(71,000)
	(52,121)	(3,155)	(55,276)

24. Pension obligation

Up to 31 March 2008 the Company's employees were eligible to join either the Social Housing Pension Scheme (the SHPS Scheme) or the Rhondda Cynon Taf County Borough Council Pension Fund, which is part of the Local Government Pension Scheme (the LGPS Fund).

From 1 April 2008 the Company's employees, not already members of either Pension Scheme, were only eligible to join benefit structures under the SHPS Scheme, although the SHPS defined benefit scheme was closed to new entrants from July 2019.

Therefore, Valleys to Coast only actively participates in one defined benefit scheme, which is the LGPS pension scheme. Further information on the liabilities for both the LGPS and SHPS schemes is given below:

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Summary of Asset/(Liability):	2024 - £'000	2023 - £'000
LGPS	-	-
SHPS	(995)	(860)
Total Liability	(995)	(860)

SHPS - General information

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

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The Scheme is a defined benefit scheme in the UK. As at 31 March 2024 there were no active members of the Scheme employed by the Company (2023: 0).

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

	2024 - £'000	2023 - £'000
Fair value of plan assets	4,117	4,237
Present value of defined benefit obligation	(5,112)	(5,097)
Defined benefit liability to be recognised	(995)	(860)

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

	2024 - £'000	2023 - £'000
Opening defined benefit obligation	5,097	8,700
Current service cost	-	-
Expenses	13	13
Interest Expense	244	239
Member Contributions	-	-
Actuarial losses due to scheme experience	65	(544)
Actuarial gains due to changes in demographic assumptions	(49)	(10)
Actuarial gains due to changes in financial assumptions	(149)	(3,210)
Adjustment for prior year actuarial assumption change	-	-
Benefits paid out and expenses	(109)	(91)
Closing defined benefit obligation	5,112	5,097

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

	2024 - £'000
Opening fair value of assets	4,237
Interest income on assets	209
Experience on plan assets loss	(513)
Employer Contributions	293
Member Contributions	-
Benefits paid and expenses	(109)
Closing fair value of plan assets	4,117

SHPS Scheme - Amounts recognised in the statement of comprehensive income

	2024 - £'000
Operating cost	
Current service cost	-
Expenses	(13)
Financing Cost	
Interest on net defined liability	(35)
Pension expense recognised in surplus for the year (SoCi)	(48)

SHPS Scheme - Amounts recognised in other comprehensive income

	2024 - £'000
Experience on plan assets	(513)
Experience gains and losses arising on the plan liabilities - loss	(65)
Effects of changes in the underlying demographic assumptions - gain	49
Effects of changes in the underlying financial assumptions - gain	149
Total amount recognised in Other Comprehensive Income - loss	(380)

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SHPS Scheme - Assets

	2024 - £'000	2023 - £'000
Global Equity	410	79
Absolute Return	161	46
Distressed Opportunities	145	128
Credit Relative Value	135	160
Alternative Risk Premia	131	8
Fund of Hedge Funds	-	-
Emerging Markets Debt	53	23
Risk Sharing	241	312
Insurance-Linked Securities	21	107
Property	165	182
Infrastructure	416	484
Private Equity	3	-
Private Debt	162	189
Opportunistic Illiquid Credit	161	181
High Yield	1	15
Opportunistic Credit	-	-
Cash	81	31
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	27	128
Secured Income	123	194
Liability Driven Investment	1,676	1,951
Currency Hedging	(2)	8
Net Current Assets	7	11
Fair value of assets	4,117	4,237

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SHPS Scheme - Principal financial assumptions

The principal assumptions used for FRS 102 purposes were:

	2024 - % p.a.	2023 -% p.a.
Discount Rate	4.94	4.82
Inflation (RPI)	3.07	3.15
Inflation (CPI)	2.80	2.83
Salary Growth	3.80	3.83
Allowance for commutation of pension for cash at retirement (maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	(Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

LGPS - General information

LGPS asset returns

Asset returns over the accounting period have been higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position before allowance for the 2022 Actuarial Valuation.

Financial assumptions

There has been a change to the financial assumptions over the period. The discount rate has increased by 0.1%, the CPI inflation assumption has reduced by 0.1% and the salary increase assumption has reduced by 0.1%. This has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

Net pension asset this year and surplus restriction

The FRS 102 balance sheet is showing a net pension asset before surplus restriction under paragraph 28 of FRS 102.

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Paragraph 28 states that "An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan."

We believe that the accounting surplus should be restricted and so the surplus of £15.95m has not been recognised on the Statement of Financial Position. The surplus has been partially offset by a deficit of £130k relating to unfunded scheme liabilities. Therefore the net surplus which is not being recognised in the Statement of Financial Position is £11.65m.

The employer contributions paid for the year were £327,529 (2023: £586,734).

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:

	2024 - % p.a.	2023 - % p.a.
Discount Rate	4.80	4.70
Rate of inflation (CPI)	2.60	2.70
Pension increases	2.60	2.70
Pension accounts revaluation rate	2.60	2.70
Rate of general increase in salaries	3.85	3.95

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

	2024 - Asset Split %	2023 - Asset Split %
Equities	65.5	69.2
Property	6.1	6.8
Government Bonds	11.5	10.3
Corporate Bonds	15.0	12.2
Multi Asset Credit	0	0
Cash	0.7	0.8
Other	1.2	0.7
	100.0	100.0

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LGPS Fund - Mortality assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 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	2024	2023
Males		
Pensioner member aged 65 at accounting date	21.0	21.6
Active member aged 45 at accounting date	22.3	22.9

Post Retirement Mortality	2024	2023
Females		
Pensioner member aged 65 at accounting date	23.8	24.2
Active member aged 45 at accounting date	25.2	25.7

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

	2024 - £'000	2023 - £'000
Fair value of assets	42,870	39,710
Present value of funded liabilities	(26,920)	(27,880)
Funded Status	15,950	11,830
Unrecognised asset	(15,950)	(11,830)
Net pension asset/(liability)	0	0

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

Active members	25%
Deferred members	17%
Pensioners	58%

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LGPS Fund - Amounts recognised in the Statement of Comprehensive Income

	2024 - £'000	2023 - £'000
Operating cost		
Current service cost	240	480
Past service cost	-	-
Provision for the impact of GMP and the McCloud judgement	-	-
Financing cost		
Interest on unrecognised asset	(560)	(120)
Pension expense recognised in surplus for the year	(320)	360

LGPS Fund - Amounts recognised in other Comprehensive Income

	2024 - £'000	2023 - £'000
Asset gains arising during the year	2,500	(3,140)
Liability gains arising during the period	14,850	14,850
Total amount recognised in other comprehensive income	17,350	11,710

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

	2024 - £'000	2023 - £'000
Opening defined benefit obligation	27,880	38,300
Current service cost	240	480
Interest expense on defined benefit obligation	1,280	1,020
Contributions by participants	70	70
Actuarial losses on liabilities	(970)	(10,660)

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Net benefits paid out	(1,580)	(1,330)
Past service cost	-	-
Closing defined benefit obligation	26,920	27,880

LGPS Fund - Changes to the fair value of assets

	2024 - £'000	2023 - £'000
Opening fair value of assets	39,710	42,380
Interest income on assets	1,840	1,140
Remeasurement gains on assets	2,500	(3,140)
Contributions by the employer	330	590
Contributions by participants	70	70
Net benefits paid out	(1,580)	(1,330)
Closing fair value of assets	42,870	39,710

LGPS Fund - Actual return on assets

	2024 - £'000	2023 - £'000
Interest income on assets	1,840	1,140
Remeasurement gains on assets	2,500	(3,140)
Actual return on assets	4,340	(2,000)

The results below relate to unfunded pension arrangements established by the Employer. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS.

No pension fund exists to meet these benefits.

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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:

	2024 - % p.a.	2023 - % p.a.
Discount Rate	4.80	4.70
Rate of inflation (CPI)	2.60	2.70
Pension increases	2.60	2.70

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 2022 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	2024	2023
Males		
Pensioner member aged 65 at accounting date	21.0	21.6

Post Retirement Mortality	2024	2023
Females		
Pensioner member aged 65 at accounting date	23.8	24.2

LGPS Fund - Reconciliation of defined benefit obligation to the Statement of Financial Position

	2024 - £'000	2023 - £'000
Present value of unfunded defined benefit obligation	180	180
Liability recognised on the Statement of Financial Position	180	180

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

	2024 - £'000
Opening defined benefit obligation	180
Current service cost	-
Interest expense on defined benefit obligation	10
Contributions by participants	-
Actuarial losses on liabilities	(50)
Net benefits paid out	(10)
Past service cost	-
Curtailment cost	-
Net increase in liabilities from disposals/acquisitions	-
Settlements	-
Closing defined benefit obligation	130

25. Capital commitments

	2024 - £'000	2023 - £'000
Capital expenditure contracted but not provided for in the financial statements	12,310	5,903
Capital expenditure authorised by the Board but not contracted	11,528	31,388

Funding

The capital commitments above relating to development will be funded by existing loan facilities as detailed in note 19, and by Social Housing Grant (SHG). Improvement works will be funded through rental receipts and Capital Grants.

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26. Other financial commitments

At 31 March 2024, the total future minimum lease payments under non-cancellable operating leases are as follows:

	2024 - Land and Buildings £'000	2024 - Other £'000	2023 - Land and Buildings £'000	2023 - Other £'000
Payments due:				
Within one year	176	526	176	517
Between one and five years	466	451	643	979
After five years	-	-	-	-
	642	977	819	1,496

27. Financial instruments

Financial Assets carried at amortised cost	2024 - £'000	2023 - £'000
Gross rent and service charge	2,413	1,980
Trade Debtors	282	317
Cash and cash equivalents	14,684	17,843
	17,379	20,140

Financial Liabilities carried at amortised cost	2024 - £'000	2023 - £'000
Trade Creditors	3,942	3,363
Other taxation and social security costs	-	12
Rent and service charges received in advance	756	738
Interest bearing loans	70,000	71,000
Loan transaction fees	(1,162)	(1,245)
	73,536	73,868

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28. Housing stock

Number of units in management	2024 - Number	2023 - Number
Housing accommodation for letting:		
General housing - Social rents	5,827	5,782
General housing - Intermediate rents	46	46
General housing - Market rents	-	1
Supported, Sheltered and Extra-Care housing	199	199
Total rented	6,072	6,028
Other units:		
Home Buy	13	12
Right-to-buy leases	688	688
Garages	818	815
Commercial Property leases (less than 21 years)	33	33
Commercial Property leases (21 years or more)	21	21

29. Related parties

Four of the Board Members work for other registered social landlords also operating within the sector in Wales. There were no financial transactions between Valleys to Coast and these RSLs.

A member of the Valleys to Coast management team sits on the Board of Bridgend College. All transactions with the organisation were at arm's length and at market rates. Valleys to Coast incurred £12,901 of expenditure in relation to services provided by Bridgend College. The balance at year end was £6,265.

A Valleys to Coast Board member works for Savills UK Limited. All transactions with the organisation were at arm's length and at market rates. Valleys to Coast incurred £20,400 of expenditure in relation to services provided by Savills UK Limited. The balance at year end was £0.

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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.

Valleys to Coast, along with Bron Afon Community Housing Ltd, Merthyr Valleys Homes Limited and Tai Tarian Limited participate in 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 is overseen by a Board made up of the Company's Members and is also open to new Members. Transactions with this entity amounted to £188,100 during the financial year. The balance at year end was £0.

30. 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).

31. Contingent liabilities

Social Housing Pension Scheme (SHPS)

Valleys to Coast has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest.

It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Renting Homes (Wales) Act 2016

In March 2024 the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting homes (Wales) Act 2016 (the "Act") and the Renting Homes (Fitness

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for Human Habitation) (Wales) Regulations 2022 (as amended)(the "Regulations") at the year end. On identification of the issue, immediate steps were taken to ensure compliance with legal obligations as the Association is currently able to understand them.

Following legal advice, Valleys to Coast along with a number of Registered Social Landlords have issued a claim to the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that have been heard by the High Court, with a decision pending, hence any final financial effect cannot currently be measured with sufficient reliability at this time.

Thank you for reading

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