Financial Statements 2025/26

Rooted in communities, building for the future.

valleystocoast.wales

Cymoedd i'r Arfordir
Valleys to Coast

Llanw

Cymoedd i'r Arfordir
Valleys to Coast

Contents

About Us

Principal Activities

The Valleys to Coast Group brings together the operations of Valleys to Coast Housing Limited, Llanw Property Services Limited, and Sylfaen Developments Limited (dormant 2025-2026).

We operate as a group with a shared purpose, with each part of the organisation playing a distinct role in providing homes and supporting the communities we serve - bringing development, maintenance and long-term responsibility into one coordinated system.

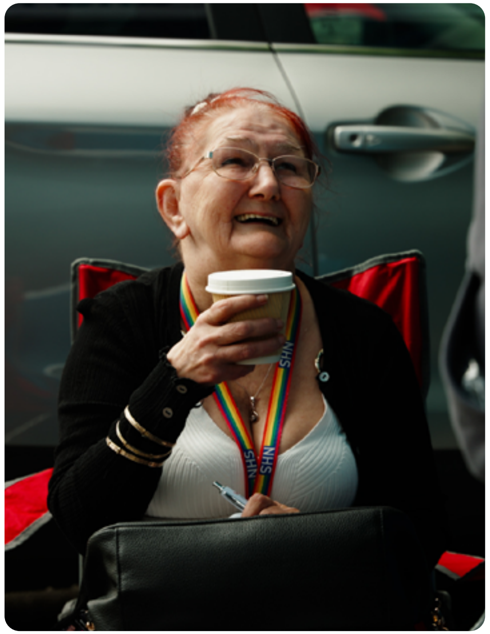
Valleys to Coast Housing Limited is a not-for-profit organisation, operating with charitable rules under the Co-operative and Community Benefit Societies Act 2014, referred to as the Company. It is registered as a Registered Society and governed by a remunerated Board.

Llanw Property Services Ltd is a private company, limited by shares, registered in England and Wales. The principal activity of the company is that of repairs and maintenance services.

As well as managing and maintaining 6,200 assets across Bridgend and Rhondda Cynon Taf, the Group plays a key role in supporting and regenerating communities through placemaking. Our stock includes:

- **5,955** general needs housing units
- **180** sheltered housing flats
- **100** supported living units
- **46** intermediate rental properties
- **636** leasehold property portfolios
- **788** communal garages
- **49** commercial buildings

One group. One purpose. Shared responsibility.



Cymoedd i'r Arfordir
Valleys to Coast

Our Purpose, Vision and Values

We are a housing association rooted in communities and building for the future.
We provide homes, invest in places and deliver services that help people feel safe, supported and proud of where they live.

Our Purpose

To provide homes and invest in the places and communities we serve.

Our Vision

Building homes and strengthening communities — for today and for generations.

Our Values

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

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

We have 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.

Message from our Group Chief Executive and Chair

Foreword

Hello,

We're proud that 2025-2026 has been a year of progress. Following some challenging years navigating the rising cost of living, our growth phase is now well underway, and we remain in a strong financial position to expand our services, reinvest in our homes, and better support our customers.

Transformation has defined our past year. Over the last 12 months, we have turned ambition into action:

- **Housing more people:** We have provided an additional 200 customers with a safe, warm, and dry home.
- **Delivered at scale:** We have completed more than 29,000 repairs and built 43 new homes.
- **Amplified voices:** We launched our new customer voice campaign, 'I'm In', transforming customer and community feedback into tailored insight opportunities.
- **Modernised and driven forward:** We upgraded our core software, shaped our upcoming move to Wyndham House, and launched the brand identity for Sylfaen - our new development subsidiary.

Needless to say, it's been a year of transformation, and we're grateful to our colleagues for persevering, supporting each other though times of change, and continuing to deliver efficient and attentive services to our customers.

As always, the satisfaction of our colleagues and customers is at the heart of what we do. Our STAR survey results show a unanimous upward trend, with satisfaction rising across all 11 surveyed areas throughout the financial year. Most notably, 12% more customers now recognise our commitment to 'listen and act' on their feedback. Additionally, customer satisfaction with repairs rose by 11%, and satisfaction with our decision-making by 8%.

But our work is about people, not percentages. We have invested time and energy into upskilling our colleagues to truly care for our customers.

When a trade colleague noticed a customer struggling with hoarding, he didn't look the other way. He engaged our safeguarding team and social services, completely turning that customer's life around. As she told us: *"If it wasn't for you, I don't know where I'd be."* This is just one tangible example of how our colleagues are supporting real people in our communities to improve their quality of life.

Message from our Group Chief Executive and Chair

Looking ahead, our focus is clear: improving and investing in our existing stock. Everyone deserves a home that is safe, warm, and dry, which is why we are investing £172 million over the next 10 years to meet Welsh Housing Quality Standards. And we've already made good progress in areas like Maesteg, where we're delivering major improvements to homes to ensure they're energy efficient and fit for the future.

We also mark an exciting new chapter of our Corporate Plan for 2026–2031, highlighting our strategic shift in three core areas:

- **From Service to Impact:** Shifting from reactive maintenance to a data-driven, whole-home approach to deliver future-ready, carbon-neutral homes.
- **From Traditional to Progressive:** Strengthening internal culture and leveraging AI and automation to streamline administration and improve customer responses.
- **From Local Provider to Regional Partner:** Expanding beyond our roots in Bridgend to form regional partnerships and adopt a development-led approach across South Wales.

Central to our growth is our new independent commercial subsidiary Sylfaen, designed to drive development across the South Wales M4 corridor by building mixed-tenure and open-market homes. Its purpose isn't simply to build new homes, but to be a driving force behind our financial stability and growth with vital income from open market sales that we can reinvest directly into our existing homes.

And finally, we look forward to moving to our new home at Wyndham House, in the heart of Bridgend town centre. We will be anchoring our presence firmly within our community by creating a vibrant, collaborative hub for our colleagues and visitors, while adding eight new apartments, commercial units, and a community space - further boosting our asset portfolio and strengthening our financial borrowing power to fund ongoing improvements to our homes.

We're proud to be finishing another financial year in a strong position, with exciting projects on the horizon. By building for the future, we are reinforcing the foundations of our existing communities, ensuring that everyone has the support they need to thrive.

Warm regards,

Jo Oak
Group Chief Executive

Amanda Davies
Chair of the Board

Cymoedd i'r Arfordir
Valleys to Coast

The year at a glance

Homes and Communities

14 new homes were built (all to EPC A standard) and **29 Acquired.**

£25.3m spent on building and purchasing homes and **£15.5m** investing in our current homes.

More than 29,000 repairs were completed in our homes.

99.25% of our homes remain gas compliant.

99.35% of our homes remain electricity compliant.

66.36% of our homes have an EPC certificate.

We facilitated **£29k** worth of help for local projects, not just in cash but through labour, professional work and donated supplies.

We secured **£240k** from The Woodland Investment Grant, The Heritage Lottery and Welsh Government to regenerate Coed Bach Dimbath in Blackmill.

We secured **£18k** from The National Forest for Wales Trail, (Welsh Government) to provide enhancements to the woodland.

We secured **£40k** worth of funding from Earthwatch Europe via Admiral Insurance to provide a Tiny Forest in Lower Llansantfriadd Sarn.

We secured **£20k** (from UK Shared Prosperity Fund) to conduct a feasibility report into a potential Smart Local Energy System for Wildmill Precinct.

550,000 sqm of green spaces have been maintained.

People and Culture

23.4% of Valleys to Coast and **23.5% Llanw** colleagues live locally (with a CF31 postcode).

We welcomed **41 new colleagues** to Valleys to Coast and **38** to Llanw.

Llanw welcomed **3 apprentices.**

4 Valleys to Coast colleagues and **5** Llanw colleagues progressed to a new role.

Customer Experience

200 people and families were given a safe home.

860 complaints were resolved.

What our customers are saying

"Carl was the best gas man I've ever had, I'm very pleased with how **efficient** he was."

"I'm so pleased with the whole house decoration work you are carrying out. **You've worked your socks off** – thank you!"

"Thank you for repairing the guttering, what a lovely pair of workmen you are. Very **polite."**

"Thank you to the workmen for their service today, they were professional and they made me and my wife feel very **comfortable** having them in our home."

"David completed a repair for me today. He was polite and simply **marvellous."**

"I'd like to thank the roofers and electrician for the work they have done this morning at our home. They were all very professional and **approachable,** explained each process of the job, and left our home spotless."

Building trust. Empowering communities. Delivering excellence.

By putting our customers' voices first, we are building trust and more resilient communities.

Customer satisfaction improvements

Our service improvements are delivering measurable results. Independent surveys conducted by Acuity between April 2025 and April 2026 (based on 900 customer interviews) demonstrate clear satisfaction growth across every core STAR area:

- Overall satisfaction **- 68% (+4)**
- Feeling safe and secure **- 82% (+4)**
- Quality of home **- 75% (+7)**
- Overall repairs **- 65% (+11)**
- Approach to ASB **- 65% (+9)**
- Listens and acts **- 62% (+12)**
- Services managed **- 64% (+9)**
- Value for money **- 78% (+4)**

These metrics validate our strategic direction and identify areas for continued focus as we drive further improvements.

Here are some of the ways we've been putting our customers at the heart of our work in the past year.

Launching our Commitment to Customer and Community Voice

We've driven over 1,200 direct customer interactions through our award-winning 'I'm In!' campaign.

This initiative is the cornerstone of our commitment to customer and community voice, ensuring every customer has an opportunity to influence our future. Our results are clear: customers now score us 21% higher for our willingness to 'listen and act'.

We've made significant improvements to our services based on customer insight, including:

- Introducing a 'track our trade' feature to our repairs appointments, so customers know when we're on our way to their homes.
- Holding regular estate clear ups in the community to tackle fly-tipping and litter.
- Creating a new suite of information leaflets, including a leaflet that signposts to local organisations that provide mental health, financial wellbeing and domestic abuse support.
- Organising rent roadshows for customers to drop in and receive tailored financial advice in a warm and comfortable environment.

In their own words, here's what our customers love about "I'm In!":

"I have felt very included. I'm partially deaf and you've made an effort to include me in everything."
- Gaynor

"Today was my first meeting and it was brilliant. I have come away with information that I can pass to other tenants. I feel included."
- Martha

We were proud to be joined by some of our engaged tenants to pick up the Best Campaign Award for "I'm In!" at the 2025 Welsh Housing Awards in December.

More ways for customers to have their say

"I'm In!" is about empowering customers to get involved. We recognised the need to expand the menu of ways customers share their views with us in order to give everyone a fair opportunity to influence our decisions.

So far, we have created a **Customer Panel** with a small group of customers representing their communities, meeting bi-monthly to feed-in insight on key topics to support our decision-making.

We launched an **Equal Voices Group** to offer underrepresented customers a safe space to meet new people, share their experiences, and improve our services by removing barriers to participation.

So far, customers have had the opportunity to shape our Code of Conduct for contractors, while making meaningful connections with other tenants.

Presence matters. Our **'Walkabout Wednesdays'** put our Executive Team on the ground, engaging directly with residents. These sessions provide invaluable insight and have been recognised with a first-place award at the 2025 TPAS Cymru Best Practice Awards.

Supporting customers and communities

While 78% of customers value our rent as fair (Q4 Acuity survey responses), we know financial anxiety persists. Our targeted Rent Roadshows in Wildmill, Bettws, Sarn, and Bryntirion provided direct support on rent, finances, and benefits. We also partnered with 'Money Ready' to offer accredited money management courses and proactive financial signposting.

Sometimes, our customers need a helping hand to support them through an emergency situation and when their tenancy is under immediate threat. So our £36,000 **Emergency Hardship Fund** is a vital safety net.

Whether clearing homes to facilitate essential repairs, topping up energy accounts, or providing white goods and food to families in crisis, this fund ensures our customers remain safe and supported. In some cases, these costs are recoverable, and this year we recovered around £12,000 through our recharge policy.

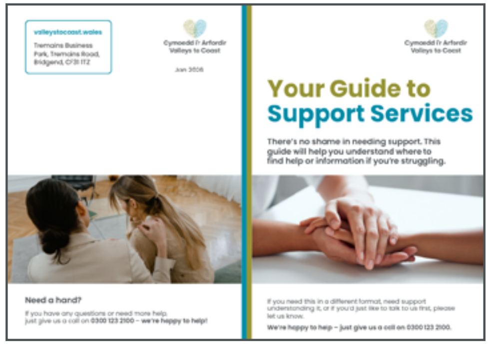
We also invested nearly £5,000 into budgeting courses and community food drives to build long-term financial resilience including:

- 'Money Ready' budgeting courses to help people manage their money;
- Slow cooker cooking sessions to help them feed their families on a budget;
- And a vegetable and toy drive to support customers during the festive season, distributing 120 bags of food to customers and providing a free toy to an estimated 30 families at each event.

Not only do these events help ease customers' financial worries, they also reduce waste at a time of year when around 30% more waste is generated, contributing to our wider sustainability goals.

Improving how we communicate

We're transforming how we communicate. We've created a suite of accessible, digital-first **information leaflets** providing customers with information on keeping their homes safe, reporting repairs, and raising complaints. One customer asked us to create a leaflet signposting to local support services, and was impressed with the result. He told us *"it looks fantastic. I'm really happy with the speed and interest taken by everyone to produce this."*



We knew customers were frustrated with the communications they received about repairs, receiving comments like *"I want to know exactly what time you're coming"* and *"don't just turn up".*

So we launched a 'Track Our Trade' service, giving customers more information about their repairs appointments, and helping them plan their day around our visit. We now text customers a link so they can track the driver and get an estimated time of arrival.

Improving our community spaces

Great places aren't just about buildings - they are about communities that thrive. We focus on revitalising shared spaces and collaborating with local partners to tackle antisocial behaviour and champion community initiatives, ensuring everyone has a place they are proud to call home.

Our commitment to vibrant neighbourhoods is visible on our streets. Last year, we delivered 16 **estate clear-ups**, transforming areas like Wildmill and Oakwood. By partnering with customers and contractors like Countrywide Grounds Maintenance, we've tackled everything from litter and overgrown shrubs to essential tree maintenance, making our shared spaces safer, cleaner, and more accessible.

Fly-tipping is a blight on our communities, and we are meeting the challenge head-on. Beyond the £168,000 we invest annually in removal we are strengthening our collective approach to fly-tipping in our communities. Through our Waste Action Group and partnerships with FlyTipping Action Wales and Keep Wales Tidy, we are removing the physical barriers to proper disposal and empowering residents to recycle, keeping our estates clean and tidy.

Last year, we were proud to secure funding to support a second phase of **Growth for Good** - our long-term commitment to woodland regeneration, food growing, and community involvement. In phase one, we planted two tiny forests and created three community gardens, which residents continue to use to grow fresh produce. One customer told us *"if you walk past the garden, you will often hear laughter. It's our happy place!"*

Knowing what a difference these open spaces are making to our customers, we are now expanding this vision with the regeneration of Blackmill Woodland, working with residents to create 'Coed Bach Dimbath' - a new sanctuary featuring nature trails, tree nurseries, and protected oak seeds that will serve as a lasting legacy for the National Forest of Wales Trail.

We were delighted to win a second place in the 2025 TPAS Cymru Best Practice Awards in the Engaging Tenants in Environmental Initiatives/Projects category with this project.

Safety is the bedrock of our communities. We were proud to receive a South Wales Police Partnership Award, a testament to our relentless focus on **collaborative partnership** and **community safety.** Working in partnership with local police, we've driven a 62% reduction in anti-social behaviour in Wildmill. Through proactive intelligence sharing, joint visits, and clearer communication, we are building communities that are secure, supportive, and resilient.

We've also worked with Bridgend Council to erect signage across Wildmill encouraging residents to report concerns to Crimestoppers. The signage will help more residents understand how they can report concerns safely and anonymously.

We're making reporting **anti-social behaviour (ASB)** simpler and more accessible. During ASB Awareness Week, we hosted community drop-in sessions, providing a direct platform for customers to engage with our teams.

We maintained this momentum through our National Hate Crime Awareness Week campaign, clearly differentiating between ASB and hate crime. Through targeted social media and our new support leaflet, we've ensured every resident has the clarity and resources needed to report concerns confidently.

Driving growth, building futures

We are building financial strength today to invest in homes and communities for future generations.

Between April 2025 and March 2026, we delivered 43 new homes, providing families with the foundation to put down roots and thrive.

Blaenllynfi

In September, we welcomed the first of the residents moving into our new development in Blaenllynfi, comprising 14 one-bed flats and six two-four bedroom homes.

On move in day, it was heartwarming to hear residents share what their new home means:

Victoria, living with arthritis, struggled in a painful, top-floor bedsit. This move has finally provided her with the stability and dignity she deserves. She told us: *"It means the world to now have somewhere safe where my family can come and visit me. The first thing I did was get all my furniture in so it feels like home."*

John's experience in temporary accommodation and stair-heavy housing took a significant toll. This new, accessible home has restored his independence. He said: *"I'm so happy and so chuffed to have a home that's mine. I don't have to worry about stairs anymore, and I can just enjoy life again."*

A safe home is the foundation of wellbeing, so we were proud to hear about the sense of security our customers felt when moving into their new homes.

Cymoedd i'r Arfordir
Valleys to Coast

Driving growth, building futures

Llanilid

We partnered with Persimmon Homes to deliver another 20 two-four bedroom homes at Parc Llanilid, doubling our affordable homes there to 40.

This site is a blueprint for modern living, integrating a new primary school, village centre, and active transport routes. It was a pleasure to welcome our first customers in February, and we look forward to growing this vibrant community further.

More new developments in the pipeline

We are accelerating our development programme, breaking ground on key sites including Glan Yr Afon and a significant scheme at Ewenny Road in Maesteg. We are doing more than building homes - we are creating foundations where communities can live, work, and thrive.

...First glance at Glan Yr Afon

Our £8.2 million sustainable development will provide 35 new homes - 24 one-bedroom flats and 11 houses. Our commitment extends to the local area, with £16,000-worth of Community Benefit Funding committed to local initiatives.

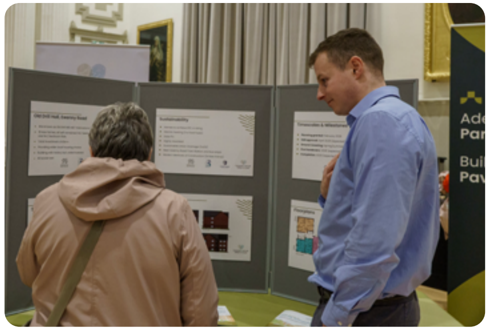
Driving growth, building futures

...First glance at Ewenny Road

We're transforming the disused Revlon factory site into a vibrant new community. Our largest development to date, this £41.8million project delivers 193 homes tailored to local needs, ranging from social and affordable rent to low-cost home ownership and open market properties, and we're pledging over £100,000 to support local projects during construction.

In addition to our homes on Ewenny Road, we're building 31 apartments nearby, located at **Old Drill Hall** and **Maesteg Campus.**

In February, we engaged directly with 40 customers, community members, and councillors at Maesteg Town Hall, outlining our vision for the 220 homes now in development.



Investing in our homes, sustaining our future

Delivering safe, warm, and dry homes that are fit for the future.

As Llanw marks its second anniversary, we're reflecting on a year of transformative progress in our repairs service.

Our **'Feedback Fridays'** have been pivotal, keeping us closely connected to our customers - a collaborative approach that has driven our post-repair satisfaction to an impressive 93.49%.

This dedication to service excellence was also celebrated with a second-place award at the 2025 TPAS Cymru Best Practice Awards. Most importantly, we've delivered over 29,000 repairs this year, cutting completion times from 19 days to 12.8.

This improvement reflects strong planning, more capacity, and a focus on getting things right early on.

Last October, we announced a programme of **major improvement works** focused on ensuring our existing homes are safe, warm and dry.

Our commitment to safe, warm, dry homes is unwavering. Last year alone, we invested £14.4 million into our existing stock. This includes high-impact retrofitting in Maesteg, part-funded by the Welsh Government's Transitional Accommodation Capital Plan, ensuring homes are ready for new customers.

But this is just a snapshot. Overall last year, we invested £10.9 million in improving our existing homes.

Key improvements include delivering 176 new roofs, 12 electrical rewires, 43 new kitchens or bathrooms, 93 fire doors, and two passenger lifts. To keep our homes warm and dry, we installed new boilers and added external wall insulation to reduce customers' energy bills.

We believe our homes should adapt to people, not the other way around. Our investment of £743,037 in **empowering independent living** (supported with £575,560 of grant funding). This year, we've empowered 126 residents to remain safe, comfortable, and independent in the homes they love by making adaptations, investing:

- £217,840 on installing/maintaining level access showers
- £80,562 on installing/maintaining stairlifts
- £35,038 on installing/maintaining specialist toilets

Our People and Culture

Empowering our people to deliver excellent outcomes for our customers.

Our strength lies in our people. As a leading employer in Bridgend, we are growing our team to better serve our communities. This year, we welcomed 79 new colleagues across Valleys to Coast and Llanw, including three new apprentices starting their career journey with us.

Our new home

Supported by a £1.7million Transforming Towns Grant, we completed the purchase of our **new home** at Wyndham House.

Expected to be ready by summer 2027, it will bring our 300-plus colleagues right into the heart of Bridgend Town Centre, with a welcoming reception and meeting space for our customers and visitors; three commercial units, and eight one-bedroom apartments.

Whilst contributing to wider regeneration efforts our new office will also create greater financial stability for Valleys to Coast by providing additional income and more borrowing power to support planned investments in our homes - one of the many ways we are thinking differently to strengthen communities and improve people's lives, for today, and for future generations.

We know moving offices will be a big change for our colleagues, so we're working alongside our colleague engagement group and our office ambassadors to ensure the new office is designed with our colleagues in mind. You can keep an eye on our redevelopment work on our website.

We invest in our people so they can invest in our communities. This year, we transformed our Learning and Development programme, moving beyond standard compliance to professional empowerment, including:

- **Safety first:** All trade colleagues achieved Category B asbestos certification.
- **Inclusive culture:** Over 30 colleagues completed British Sign Language and Welsh language training.
- **Digital growth:** We invested in new systems to streamline operations and create efficiencies, training super users to mentor colleagues.
- **Professional growth:** We offered shadowing, mentoring and management training opportunities, leveraging external support to ensure that a substantial portion of the training was delivered on a part or fully-funded basis.

Corporate Governance

The Board is committed to upholding high standards of governance and regularly reviews its own effectiveness, in line with the Community Housing Cymru (CHC) Code of Governance, which we have adopted.

As shared in last year's Financial Statements, the 2024-25 Campbell Tickell independent review confirmed that our governance framework is appropriate and provides a sound basis for effective leadership, oversight, and regulatory compliance. However, it also identified a number of constructive recommendations designed to support the ongoing maturing of our governance framework. These include enhancements to Board and committee structures, succession planning, assurance and risk oversight, and Board development.

Good progress was made in addressing these recommendations during 2025-26 with the establishment of an improved committee structure, further Board recruitment (including the appointment of Co-Optees to further strengthen the Committees) and in implementing a revised risk management framework. Further work is ongoing to ensure this is fully embedded and operating effectively.

In line with requirements, as set out in the Regulatory Framework, the Board prepared and published its Annual Statement of Compliance and Continuous Improvement Plan in November 2025. Progress updates regarding the implementation of the respective actions set out in the continuous improvement plan were provided to the Regulator on a quarterly basis.

We were pleased that the Group has achieved a 'Green' regulatory judgement status for Governance and Service Delivery. Our Financial Viability was assessed as Yellow, meaning we are compliant with continued management of key risks.

The Board is responsible for ensuring the business operates effectively in achieving its objectives. It is the Board's overall responsibility to ensure that the organisation has a system in place that identifies and manages risks. This includes effective internal control systems and procedures to minimise the loss through fraud, corruption, errors and mismanagement.

The Audit and Risk Committee has an extensive agenda focusing on audit, risk and assurance and wider internal controls. The key features of the system of internal control include:

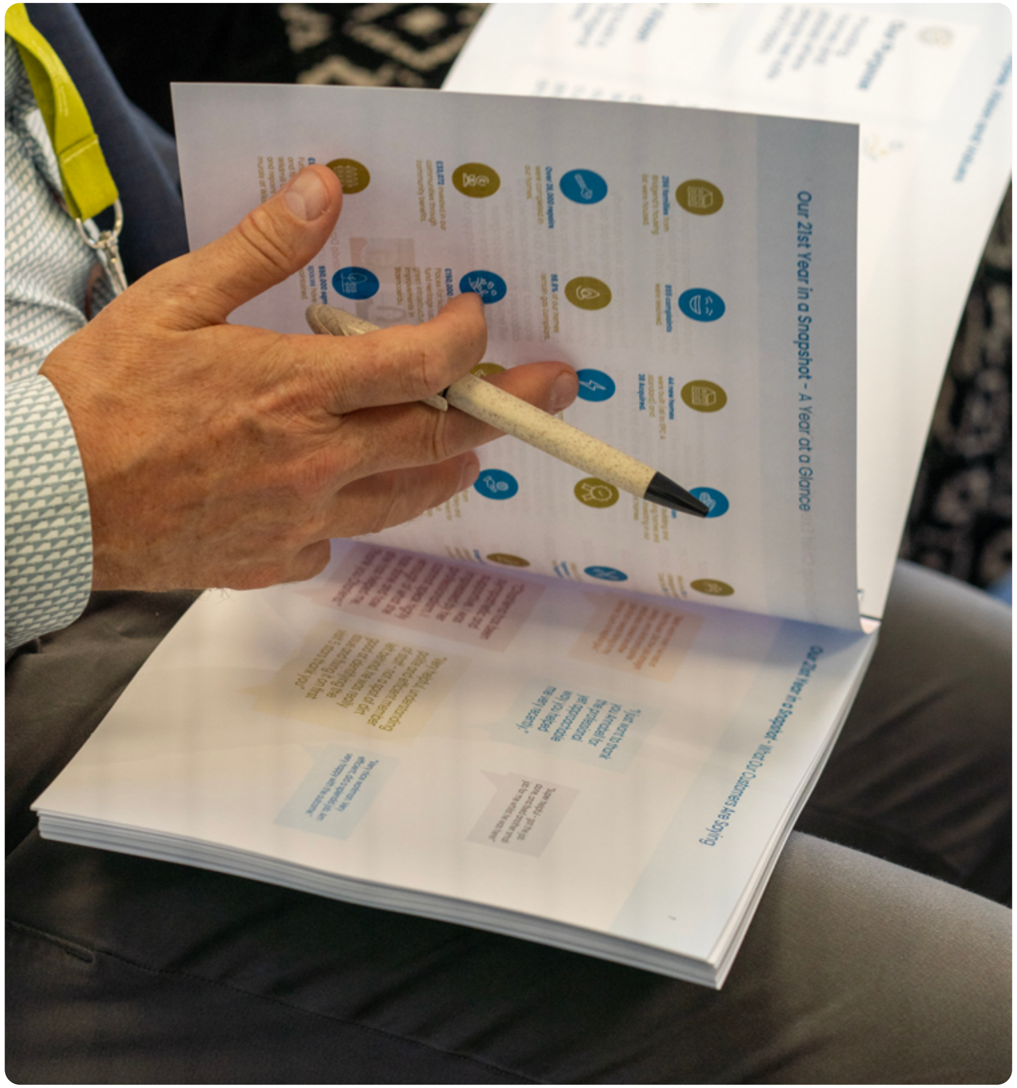
- The Audit and Risk Committee receives and reviews internal audit reports on all key internal controls to ensure they are working efficiently.
- Formal policies and procedures are in place which allow monitoring of controls.

Policies and procedures are in place that cover the prevention, detection and reporting of fraud, including cyber fraud and the recovery of assets.

Auditors

A resolution to reappoint Bevan Buckland Audit Limited as the Group's auditors will be proposed at the upcoming Annual General Meeting.

The auditor, Bevan Buckland, previously traded through the legal entity Bevan Buckland LLP. Following a restructure and regulatory changes, Bevan Buckland LLP ceased to hold an audit registration, and the engagement has transitioned to Bevan Buckland Audit Limited.



Cymoedd i'r Arfordir
Valleys to Coast

The Board

The Board comprises members who are collectively responsible for managing the affairs of the Group. The Board meets at least four times per year to discuss strategic direction, undertake focus sessions on specific aspects of the business and ensure the executive team, and by extension the rest of the business, is held to account for their outcomes.

The Board is responsible for the Group's strategy and a number of critical policies. 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 also attend Board meetings.

Meet the Team

Board Members who held office throughout the year.

Independent Board Members

Amanda Davies
Chair

Joanne Smith
Vice Chair
(Retired 03/09/2025)

Derek Hobbs

Richard Jenkins

Caroline Jones

Tara King

Sharon Lee

Joy Ogeh-Hutfield
(Retired 03/09/2025)

Andrew Wallbridge
(Retired 30/11/2025)

Mark Woloshak
(Retired 03/09/2025)

Peter Max
(Appointed 01/04/2025)

Ben Allwright
(Appointed 09/04/2025)

Andrew Rafferty
(Appointed 09/04/2025)

Leanne Richards
(Appointed 09/04/2025)

The Executive Team

Kathryn Innes
(Appointed 23/02/2026)

Joanne Oak
Group Chief Executive

Emma Howells
Executive Director of Housing, Communities and Customers

Huw Lewis
Executive Director of Finance and Corporate Services
(Resigned 15/04/2026)

James Griffiths
Managing Director of Development and Regeneration

Paul Price
Managing Director of Llanw

Committees

The Board is supported by a committee structure to support key areas and to advise on detailed areas of the business. The committees in place throughout the year were the Audit and Risk Committee, Remuneration and Nominations Committee, Investment Committee and the Performance and Standards Committee.

The Audit and Risk Committee comprises a minimum of four members, at least three of which must be non-executive 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 Remuneration and Nominations Committee comprises a minimum of four members, at least two of which must be non-executive Board members. The committee meets at least once a year. It reviews the remuneration of all colleagues under the Group's reward policy.

The Investment Committee comprises a minimum of five members, at least three of which must be non-executive Board members and Executive Director of Corporate Services and the Managing Director of the Development Subsidiary.

The Performance and Standards Committee comprises a minimum of five members, at least three of which must be non-executive Board members and Executive Director of Housing, Communities and Customers and the Managing Director of Llanw.

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

Risk Management and Internal Control

The Board retains overall responsibility for risk management and internal control, with day-to-day management of risks undertaken by 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.

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

- Board Members and colleagues undertaking the review are aware of the Group'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;
- Addressing risks can be prioritised realistically to ensure resources are focused on critical areas.

The Board operates a robust risk framework to ensure that strategic risks are fundamentally and comprehensively reviewed on an annual basis, ensuring that our risk profile reflects our evolving operating environment. A substantial focus of Board oversight is currently directed toward our strategic growth agenda, encompassing development and the risks associated with managing our pace of change. Alongside this longer-term view, the Board places significant emphasis on the delivery of the current year's budget, requiring early visibility and proactive tracking of any issues within the key programmes that support our financial targets.

Furthermore, the Board distinguishes between the ongoing requirements of cyber security and IT resilience from the broader strategic importance of data and IT transformation, recognising the latter as a standalone priority critical to our organisational evolution. Through this active and collective scrutiny, all Board members ensure that our risk management approach remains dynamic, thoroughly evaluated, and fully aligned with our five-year strategic objectives.

Performance of the Year

The Board reports a Group surplus for the year before actuarial gains of **£1,779k** (2025: £701k) as shown in the Statement of Comprehensive Income, and net assets of **£52.5m** (2025: £50.7m) as reported in the Statement of Financial Position.

During the year the Group invested £15.5m (2025: £11.8m) on planned repairs and improvement of housing properties. Details of changes to the Group's fixed assets are shown in notes 10, 11 and 12 to the financial statements.

During the 2025/26 financial year, we brought 43 new properties into management (2025: 82). Going forward we currently have 141 units (2025: 96) on-site and 421 units (2025: 337) in the pipeline which we plan to develop over the coming years.

Responsibilities

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 Group 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 Group 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 Group 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 Group 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 Group'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 9 September 2026.

This statement was approved by the Board on 8 July 2026 and signed on its behalf by:

Amanda Davies
Chair of the Board

Our Finances

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. Our fixed rate funding exceeds the 70% minimum value as set by the Board, and we have sufficient liquidity to fund our cash flow requirements to meet our minimum 18 month liquidity rule.

The Weighted Average cost of Capital (our overall borrowing costs) on 31 March 2026 was 3.69% (2025: 3.33%), which helps us keep enough money available for our operations. During the financial year 2025/26, to support our development plans, we:

- Increased our Revolving Credit Facility from £15m to £45m
- Secured additional long term funding from the Welsh Government of £10m at a rate of 3%, of which £4.45m was drawn as at 31 March 2026, repayable in 2046.

We are currently working to secure additional long term financing to further support our long term growth and development ambitions.

Based on these proactive treasury measures and our robust 18-month liquidity position, the Executive Team has concluded that the Group is well-positioned and adequately protected against significant long-term financial and operational risks.

Key Accounting Polices

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

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 42.

Remuneration

Policy

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

The Remuneration and Nominations 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 generally set on independent benchmarking with annual pay uplifts agreed considering 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 31 March 2026. The Executive Team participates in the scheme on the same terms as all other eligible colleagues. The Group contributes to the schemes on behalf of its employees.

Other benefits

Full details of the Executive Team's remuneration packages are included in Note 9 to these audited financial statements.

Value for Money

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.

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 1,133 new homes by 2035.
- 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.

Our Finances

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.

Key performance indicators

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

	2025/26 Actual	2025/26 Target	2024/25 Actual	2024/25 Target
Arrears	**3.01%**	3.00%	2.02%	2.67%
Empty homes loss percentage (%)	**2.03%**	1.58%	1.59%	1.23%
Annual housing management cost per home	**£2,186**	£2,229	£2,218	£2,394
Annual total cost of maintenance per home (revenue)	**£2,221**	£2,049	£2,430	£2,255
Annual total cost of planned maintenance and improvements per home (capital)	**£2,322**	£1,956	£1,842	£1,513
Total maintenance and improvement costs per home (revenue and capital)	**£4,543**	£4,005	£4,272	£3,768

Our Finances

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 3.01%, which is almost in line with the target of 3.00%. The increase from prior year reflects migration of customers from legacy benefits onto Universal Credit, which involves a 5-6 week waiting period for the first payment, which impacts on rent collection rates.

Empty homes loss percentage

The cumulative value of void loss as a percentage of the annual rent debit – Losses from empty homes at 2.03% which is higher than the target of 1.58%, reflecting a backlog in bringing voids back into operation. By prioritising the turnaround of these properties, this will be resolved before the end of 2026-27.

Annual housing management cost per unit

The housing management cost per unit provides a measure of how efficient the Group is in terms of the management of the portfolio of tenanted properties. It includes all direct salary costs for housing management staff; cost of administration and management of the maintenance functions of the Group; a fair apportionment of overhead and office costs; and other costs such as insurance, tenant participation, costs of rent collection. The actual cost per unit at £2,186 is broadly in line with the budget assumption for the year.

Annual total cost of maintenance per home (revenue and capital)

The total cost of maintenance per unit 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 unit at £4,543 is slightly higher than the budget assumption for the year (and the prior year) and reflects our continued investment in our current homes along with the receipt of grant funding which has allowed for a higher level of expenditure.

Statement of Financial Position and Debt

The Group's Statement of Financial Position (SOFP) reflects a robust and resilient asset base positioned to support our long-term strategic growth and investment ambitions as our growth phase gets fully underway.

During the 2025/26 financial year, the Group continued its substantial capital programme to alleviate housing need, investing **£25.4 million** directly into building and purchasing new homes (achieving 14 new homes built and 29 acquired, with a further 141 units on-site and 421 in the pipeline). Alongside expanding our footprint in Bridgend and beyond, a further **£14.4 million** was invested as capital expenditure into enhancing, upgrading, and looking after our existing housing stock to ensure our homes remain safe, warm, and dry; with a further **£1.1 million** revenue expenditure on maintenance and repairs.

Our housing properties continue to be held at historical cost less depreciation in line with our core accounting policies. The net book value of these assets represents the bedrock foundation of our financial position and serves as the principal security underpinning our long-term borrowing facilities. The growth in our fixed asset base reflects our ongoing commitment to helping build a better Bridgend and Wales by delivering high-quality, safe, and happy places to live.

The expansion of the Group's balance sheet this year also reflects our proactive approach to commercial efficiency and regeneration, notably including the **£1.4 million** invested to date in the Wyndham House redevelopment, our new Head Office, and supported by the Transforming Towns Grant. This project brings our 300 colleagues into the heart of Bridgend Town Centre, integrating a customer reception, apartments and commercial units in addition to our office space. Crucially, this asset strategy creates greater financial stability for Valleys to Coast by providing additional income streams and expanding our borrowing power to support our planned investments. Furthermore, our balance sheet reflects the full operational consolidation of our repairs subsidiary, **Llanw Property Services Ltd,** which has now completed its second year of operations, with an expanded workforce, seeing repairs increased from 26,000 to 29,000, alongside measurable improvements in both our gas and electrical safety compliance.

Our long-term liabilities predominantly consist of bank loans and institutional debt facilities utilised to fund this multi-year development and regeneration pipeline, including high-value upcoming projects like **Ewenny Road, Glan Yr Afon** and **Maesteg** schemes. Total debt remains structured sustainably relative to the size of our asset base and our overall balance sheet reserves.

Treasury Management

Treasury management operations within the Valleys to Coast Group are governed under strict frameworks approved by the Board and managed by the Executive Team.

The primary objective of our treasury strategy is to ensure that the Group maintains access to adequate, securely structured funding to satisfy our day-to-day operational requirements, committed reinvestment targets, and long-term development programmes. The Board reviews and approves our treasury policies annually. Our treasury function operates purely to mitigate financial risk and support our business goals; it is not treated as a profit centre, and we do not engage in speculative transactions.

The Group manages its funding risks through a combination of traditional long-term bank debt, institutional Note Purchase Agreements, and capital market facilities. Our policy aims for a balanced mix of fixed and variable-rate borrowings to protect the Group against interest rate volatility.

As of 31 March 2026, the Group had **£112.1 million** in drawn loan facilities, of which **24.7% was held at a variable rate** (compared to 4% of £84 million drawn in 2025). Our Weighted Average Cost of Capital (WACC) at 31 March 2026 was **3.69%** (2025: 3.33%), which effectively shields our operations and supports our development planning. While we do not trade in complex financial instruments, we retain the option to use interest rate hedging to fix rates and may use derivative instruments to manage interest rate risks if specifically approved by the Welsh Government.

Capital Structure and Debt Facilities

Given that the improvement and provision of housing is a long-term business, our policy is to rely on robust medium and long-term loans. As of 31 March 2026, the Group's total available loan facility stood at **£135 million,** structured across a diversified portfolio of high-calibre funders:

- **Lloyds Bank:** A £45 million variable-rate Revolving Credit Facility (RCF) maturing in August 2030, with a two-year extension option. At 31 March 2026, £27.6 million was drawn. This facility is explicitly linked to ESG (Environmental, Social, and Governance) targets, aligning our financing choices with our organisational values.
- **M&G Investments:** A £25 million fixed-rate Note Purchase Agreement maturing in March 2045, alongside a further £10 million fixed-rate Note Purchase Agreement maturing in March 2052.
- **THFC (bLEND):** A £35 million fixed-rate bond issue maturing in May 2054 (with final repayment due in March 2054).
- **Welsh Government Development Loans:** Three fixed-rate (3%) development loans totalling £20 million, consisting of a £10 million facility (repayable March 2046), a £5 million facility (repayable March 2054), and a £5 million facility (repayable March 2055).

A critical metric of our treasury health is our absolute compliance with funder covenants. We are pleased to confirm that the Group functioned comfortably within all of its lending covenants—principally centred on interest cover thresholds, asset cover ratios, and gearing ratios — throughout the financial year.

To support our future development ambitions and fuel our multi-year investment strategy, we are actively in the process of receiving offers from funders to **increase our lending facilities by £80 million.** This exercise is expected to fully complete in October 2026, ensuring our upcoming pipelines are thoroughly capitalised.

Liquidity

In alignment with our risk management policies, the Group maintains a disciplined and strong approach to liquidity management, ensuring that we hold an appropriate mix of instantly accessible cash balances, short-term investments, and substantial undrawn committed borrowing facilities.

These positions are continuously monitored in line with the Company's treasury management policy, incorporating the 'Golden Rules' set by the Board. This liquidity buffer is precisely calibrated to ensure that our short-to-medium-term cash requirements are fully covered, protecting the organisation against unexpected macroeconomic shocks, timing mismatches in development expenditure, or shifting rent collection patterns. We confidently maintain sufficient liquidity to fund our cash flow requirements to meet our **minimum 18-month liquidity rule.** Backed by our robust regulatory status for financial viability, the Board remains entirely satisfied that the Group holds a secure liquidity runway to seamlessly fulfill its liabilities as they fall due.

Independent Auditor's Report on Corporate Governance

In addition to our audit on the financial statements for the year ended 31 March 2026, we have reviewed the Board's statement of Valleys to Coast Housing Limited and its subsidiary ("the Group") 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 Group's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal controls assurance on page 17-23, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.

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

Date: 23 July 2026

Independent Auditor's Report

Opinion

We have audited the financial statements of Valleys to Coast Housing Limited and its subsidiary for the year ended 31 March 2026 which comprise the Group and the parent Association Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Reserves, the Group 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 Group's affairs as at 31 March 2026 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Board 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.

Independent Auditor's Report on Corporate Governance

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 Group 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 23, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We discussed our audit independence complying with the Revised Ethical Standard 2024 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the Group'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;

Independent Auditor's Report on Corporate Governance

- 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.

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

Audit response to risks identified

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

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

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

Use of our report

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body for our audit work, for this report, or for the opinions we have formed.

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

Date: 23 July 2026

Our Registered Office

Our Registered Office

Tremains Business Park
Tremains Road
Bridgend
CF31 1TZ

Welsh Government registration number: **L137**
Company registration number is: **30205R**
Company secretary: **Tony Smith**

Our External Auditors

Bevan Buckland LLP
Cardigan House
Castle Court
Swansea Enterprise Park
Llansamlet, Swansea
SA7 9LA

Our Internal Auditors

Barcud Shared Services
2 Alexandra Gate
Ffordd Pengam
Cardiff
CF24 2SA

Our Bankers

Lloyds Banking Group
Commercial Banking
St William House
Tresilian Terrace
Cardiff
CF10 5BH

Our Solicitors

Capital Law
Tyndall Street
Cardiff
CF10 4AZ

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

Hugh James
Hodge House
114–116 St Mary Street
Cardiff
CF10 1DY

Acuity Law LLP
3 Assembly Square
Cardiff
CF10 4PL

Our Funders

Lloyds Bank Plc
3rd Floor
10 Gresham Street
London
EC2V 7AE

M&G Investments
10 Fenchurch Street
London
EC3M 5AG

bLEND
3rd Floor
17 St.Swithin's Lane
London
EC4N 8AL

Welsh Government
Crown Buildings
Cathays park
Cardiff
CF10 3NQ

Cymoedd i'r Arfordir
Valleys to Coast

Contact Us

Call us: 0300 123 2100

Email us: TheHub@v2c.org.uk

Visit our website: valleystocoast.wales

Follow us on our socials:

@valleystocoast

Supporting you with this document
If you want any information explained or translated, please let us know. If you find it easier for us to talk to you in your language, we can arrange for an interpreter to be present.

Financial Report for the Year Ended 31 March 2026

Financial Report for the Year Ended 31 March 2026

Statement of Comprehensive Income for the Year Ended 31 March 2026

		Group		Association	
	Note	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Turnover	3a	42,818	41,334	43,642	41,671
Operating Costs	3a	(38,801)	(39,024)	(39,693)	(39,398)
Surplus on Disposal of Property, Plant and Equipment	4	79	528	79	528
Operating Surplus		**4,096**	**2,838**	**4,028**	**2,801**
Interest Receivable		90	359	113	381
Interest and Financing Costs	5	(2,373)	(2,485)	(2,373)	(2,485)
Surplus for the year on ordinary activities before tax		**1,813**	**712**	**1,768**	**697**
Taxation on surplus for the year	6	(34)	(11)	(34)	(9)
Surplus for the year after tax		**1,779**	**701**	**1,734**	**688**
Actuarial gains SHPS	25	83	216	83	216
LGPS Settlement costs	25	-	(17,780)	-	(17,780)
LGPS Gain on previously unrecognised asset	25	-	18,290	-	18,290
Total comprehensive income for the year		**1,862**	**1,427**	**1,817**	**1,414**
The company's turnover and expenses all relate to continuing operations.					

Statement of Changes in Reserves at 31 March 2026

	Group	Association
	Revenue/Reserve - £'000	Revenue/Reserve - £'000
At 31 March 2025	50,694	50,681
Surplus for the year	1,779	1,734
Actuarial gains SHPS	83	83
Net adjustments relating to prior periods	(13)	-
At 31 March 2026	**52,543**	**52,498**

Financial Report for the Year Ended 31 March 2026

Statement of Financial Position at 31 March 2026

		Group		Association	
	Note	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Fixed Assets					
Intangible Assets	10	1,564	984	1,564	984
Housing Properties	11	220,204	187,647	220,204	187,647
Other Property, Plant and Equipment	12	1,952	487	1,952	487
Investments - Homebuy Loans Receivable	13	642	730	642	730
		224,362	**189,848**	**224,362**	**189,848**
Current Assets					
Inventories	14	6,739	88	6,653	-
Trade and Other Debtors	15	5,910	7,815	6,583	8,390
Assets Held for Sales	16	135	-	135	-
Cash and Cash Equivalents	24	15,414	15,819	14,324	15,169
		28,198	**23,722**	**27,695**	**23,559**
Creditors: Amounts falling due within one year	17	(16,420)	(15,166)	(15,962)	(15,016)
Net Current Assets		**11,778**	**8,556**	**11,733**	**8,543**
Total Assets Less Current Liabilities		**236,140**	**198,404**	**236,095**	**198,391**
Creditors: Amounts falling due after more than one year	18	(114,762)	(83,001)	(114,762)	(83,001)
Social Housing and other government grants	19	(68,609)	(64,184)	(68,609)	(64,184)
SHPS Pension Liability	25	(226)	(525)	(226)	(525)
Net Assets		**52,543**	**50,694**	**52,498**	**50,681**
Capital and Reserves					
Non-equity Share Capital	21	-	-	-	-
Comprehensive Income Account		52,543	50,694	52,498	50,681
		52,543	**50,694**	**52,498**	**50,681**

These Financial Statements were approved by the Board on 23 July 2026 and signed on its behalf by:

Amanda Davies
Chair of the Board

Jo Oak
Chief Executive Officer

Tony Smith
Company Secretary

Financial Report for the Year Ended 31 March 2026

Cash flow statement for the Year Ended 31 March 2026

Group	Note	2026 - £'000		2025 - £'000	
Net cash generated from operating activities	22		4,690		8,872
Cash Flows from investing activities					
Purchase of intangible assets	10	(1,232)		(818)	
Acquisition, construction and improvement of housing properties	11	(39,217)		(30,248)	
Purchase of other Property, Plant and Equipment	12	(1,569)		(122)	
Proceeds from sale of housing properties	4	111		528	
Proceeds from sale of investments	13	88		-	
Grants received	19	10,893		10,967	
Interest received		90		359	
Net Cash Flows from investing activities			**(30,836)**		**(19,334)**
Cash Flows from financing activities					
Repayment of loans	20	(1,000)		-	
New secured loans	20	29,090		13,000	
Interest paid	5	(2,349)		(2,443)	
Net Cash Flows from financing activities			**25,741**		**10,557**
Net increase in cash and cash equivalents			**(405)**		**95**
Cash and cash equivalents at 1 April 2025			**15,819**		**15,724**
Cash and cash equivalents at 31 March 2026			**15,414**		**15,819**

Free cash flow	Note	2026 - £'000	2025 - £'000
Net cash generated from operating activities	22	4,690	8,872
Interest paid	5	(2,349)	(2,443)
Interest received		90	359
Adjustment for reinvestment in existing properties			
Component replacements	11/19	**(12,753)**	**(11,036)**
Free cash generated before loan repayments		**(10,322)**	**(4,248)**
Loans repaid (excluding refinancing)	**20**	**(1,000)**	**-**
Free cash generated after loan repayments		**(11,322)**	**(4,248)**

Notes to the Financial Statements for the Year Ended 31 March 2026

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.

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 2026, these Group financial statements are showing a net current asset position of £11,778k (2025: net current assets of £8,556k). 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 2026-2027.

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

The 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 challenging 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 Group 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) Assets Held for Sale

Assets held for sale represent existing housing properties that are available for immediate sale and are being actively marketed at the balance sheet date. These assets are measured at the lower of their carrying amount (Net Book Value) and fair value less costs to sell. Depreciation is paused upon the classification of an asset as held for sale.

e) Sales of properties and fixed asset investments

Surpluses or deficits resulting from the sale of properties - including those previously classified as assets held for sale - and fixed asset investments are shown in the Statement of Comprehensive Income under surpluses/(deficits) on disposal of property, plant and equipment, and are shown within operating surplus. The surplus or deficit is calculated as the difference between the net disposal proceeds and the carrying amount (Net Book Value) of the asset at the date of sale. Revenue is recognised on the completion of sales.

f) 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%**

g) 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 an annual average WACC rate of 3.61%.

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/WC	25 years
Electrical systems and whole house rewires	25 years
Solar PV panels	25 years
Air source heat pumps	15 years
External wall insulation	40 years
External and retaining walls	50 years
External windows and doors	30 years
Fencing	15 years
Rainwater goods	15 years
Roofs	65 years
Disabled Adaptations	25 years
Extractor fans	10 years
Fire alarms	10 years
Fire safety equipment	5 years
Intelligent energy systems	15 years
Mechanical ventilation with heat recovery	20 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.

h) 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 2026 and it is felt that the properties are not impaired.

i) 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%

j) Investments - Homebuy loans receivable

Equity loans have been made, under low-cost home ownership arrangements, to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages. Equity loans are included in the Statement of Financial Position at historic cost. Valleys to Coast Housing Limited is entitled to a portion of the market value corresponding to the equity interest at a time when homeowners either dispose of their property or when they choose to repurchase some, or all, of the equity loan. Grants are recycled where they are deemed to be repayable. Included in investments are Homebuy loans which meet the definition of a public benefit entity concessionary loan and are therefore accounted for at cost.

k) Inventories

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

Properties developed for sale—including land held for outright private sale, alongside the first-tranche element of shared ownership and Low Cost Home Ownership (LCHO) units—are measured at the lower of cost and net realisable value. Cost includes land, infrastructure, materials, direct labour, and attributable overheads, including capitalised interest where applicable.

For shared ownership and LCHO schemes, the cost is split between current assets (stock) and tangible fixed assets based on the expected first-tranche sale percentage. Typically, this is 70% for shared ownership and LCHO units. The retained equity element is held within tangible fixed assets as housing properties.

Where a development comprises a mix of tenures (including Section 106 acquisitions), costs are allocated to the respective elements on a basis appropriate to the use of the site. At the initial stage of development, costs are allocated based on the number of units; as designs are finalised, this allocation is refined based on relative floor area or specific construction costs. Net realisable value is based on estimated selling price less further costs to completion and disposal.

l) 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.

m) 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.

n) Pension costs

The Company participates in three pension schemes:

i. 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 25..

ii. 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.

This defined benefit pension scheme was exited in September 2024.

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.

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

o) Interest payable

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

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

w) Reserves

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

2. Significant Management Judgements and Key Sources of Estimation Uncertainty

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

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

a) Significant management judgements

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

Impairment of social housing properties

The Company must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

b) Estimation uncertainty

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

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

Fair value measurement

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

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

Provisions

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

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Please see Note 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 the 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(d) 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 19.

3a. Turnover, operating costs and operating surplus

Group	Turnover £'000	Operating Costs £'000	2026 Operating Surplus £'000	Turnover £'000	Operating Costs £'000	2025 Operating Surplus £'000
Income and Expenditure from lettings						
General Needs Housing Accommodation	39,988	(37,476)	2,512	38,925	(37,453)	1,472
Supported, Sheltered and Extra-Care Housing Accommodation	746	(868)	(122)	695	(1,039)	(344)
Fully Rented Housing Accommodation	**40,734**	**(38,344)**	**2,390**	**39,620**	**(38,492)**	**1,128**
Commercial Property	189	(18)	171	216	(22)	194
Garages and Garage Bases	144	-	144	162	-	162
Development costs not capitalised	-	-	-	-	-	-
Total from lettings	**41,067**	**(38,362)**	**2,705**	**39,998**	**(38,514)**	**1,484**
Leaseholders	485	(416)	69	736	(486)	250
Other activities	1,266	(23)	1,243	600	(24)	576
	42,818	**(38,801)**	**4,017**	**41,334**	**(39,024)**	**2,310**
Surplus on disposal of Property, Plant and Equipment	-	79	79	-	528	528
	42,818	**(38,722)**	**4,096**	**41,334**	**(38,496)**	**2,838**

Financial Report for the Year Ended 31 March 2026

Association	Turnover £'000	Operating Costs £'000	2026 Operating Surplus £'000	Turnover £'000	Operating Costs £'000	2025 Operating Surplus £'000
Income and Expenditure from lettings						
General Needs Housing Accommodation	40,812	(38,368)	2,444	39,262	(37,827)	1,435
Supported, Sheltered and Extra-Care Housing Accommodation	746	(868)	(122)	695	(1,039)	(344)
Fully Rented Housing Accommodation	**41,558**	**(39,236)**	**2,322**	**39,957**	**(38,866)**	**1,091**
Commercial Property	189	(18)	171	216	(22)	194
Garages and Garage Bases	144	-	144	162	-	162
Development costs not capitalised	-	-	-	-	-	-
Total from lettings	**41,891**	**(39,254)**	**2,637**	**40,335**	**(38,888)**	**1,447**
Leaseholders	485	(416)	69	736	(486)	250
Other activities	1,266	(23)	1,243	600	(24)	576
	43,642	**(39,693)**	**3,949**	**41,671**	**(39,398)**	**2,273**
Surplus on disposal of Property, Plant and Equipment	-	79	79	-	528	528
	43,642	**(39,614)**	**4,028**	**41,671**	**(38,870)**	**2,801**

3b. Income and expenditure from social housing lettings

Group	General Needs Housing Accommodation £'000	Supported, Sheltered and Extra-Care Housing Accommodation £'000	2026 Total £'000	2025 Total £'000
Income				
Rent receivable	37,201	280	37,481	36,234
Service charges receivable	1,550	466	2,016	1,757
Grant for supported housing	-	-	-	-
Physical Adaptation Grant	576	-	576	418
Tenant Recharges	175	-	175	250
Welsh Government Housing Finance Grant (HFG) revenue receipt	59	-	59	202
Amortisation of social housing and other government grants	1,251	-	1,251	1,096
Turnover from social housing lettings	**40,812**	**746**	**41,558**	**39,957**

Financial Report for the Year Ended 31 March 2026

Group	General Needs Housing Accommodation £'000	Supported, Sheltered and Extra-Care Housing Accommodation £'000	2026 Total £'000	2025 Total £'000
Income				
Housing management	13,296	260	13,556	13,652
Housing services	1,577	400	1,977	1,955
Maintenance – reactive	13,770	-	13,770	14,954
Maintenance – cyclical	-	-	-	-
Physical Adaptations	302	-	302	276
Planned maintenance and major repairs	1,103	-	1,103	461
Depreciation of housing properties	6,937	208	7,145	6,658
Depreciation of other fixed assets	755	-	755	523
Rent loss from bad debts	628	-	628	387
Operating costs on social housing lettings	**38,368**	**868**	**39,236**	**38,866**
Operating surplus on social housing lettings	2,444	(122)	2,322	1,091
Rent loss due to voids (memorandum note)	**(778)**	**(5)**	**(783)**	**(593)**

Included within Housing management cost of £13,296,000 are exceptional items of £84,000 (prior year £484,000) relating to the exit of the LGPS pension scheme and legal fees incurred for the EICR project.

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

4. Sales of housing properties and other fixed assets

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Sales proceeds	111	530	111	530
Costs of sales	(32)	(2)	(32)	(2)
Surplus on disposal	**79**	**528**	**79**	**528**

5. Interest and financing costs

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Loans and bank overdrafts	2,349	2,443	2,349	2,443
Net interest on defined benefit liability (note 25)	24	42	24	42
	2,373	**2,485**	**2,373**	**2,485**

6. Tax on surplus on ordinary activities

	Group		Association	
Current tax	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
UK Corporation Tax on surplus for the year	34	8	34	6
Adjustment in respect of prior years	-	3	-	3
Total tax on results on ordinary activities	**34**	**11**	**34**	**9**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 25% (2025: 19%).
The differences are explained as follows:

	Group		Association	
Total tax reconciliation	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Surplus on taxable activities before tax	193	47	148	32
Theoretical tax at UK corporation tax rate 25% (2025: 19%)	48	8	37	6
Gift Aid relief	(11)	-	-	-
Adjustments to tax in respect of prior periods	-	3	-	3
Capital allowances	(3)	-	(3)	-
Total tax on taxable activities	**34**	**11**	**34**	**9**

7. Surplus on ordinary activities

	Group		Association	
Surplus on ordinary activities is stated after charging:	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Staff costs	15,513	13,256	9,993	9,181
Operating lease payments	983	890	285	338
Depreciation of housing properties (Note 11)	7,145	6,658	7,145	6,658
Depreciation of intangible assets (Note 10)	635	429	635	429
Depreciation of other property plant and equipment (Note 12)	97	94	97	94
Amortisation of government grants	**(1,194)**	**(1,096)**	**(1,194)**	**(1,096)**
Auditors' remuneration (inclusive of VAT):				
In their capacity as auditors - current year fees	46	39	33	24
Prior year overrun fees	-	-	-	-
In respect of other services - tax compliance	**2**	**3**	**2**	**3**

8. Staff costs

	Group		Association	
Staff costs including directors:	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Wages and salaries	12,573	10,485	7,999	7,054
Social security costs	1,566	1,086	1,018	737
Other pension costs – Employer's contributions	1,258	1,186	901	900
	15,397	**12,757**	**9,918**	**8,691**
In addition to the above were payments in respect of redundancy and discretionary rewards	116	499	75	490
Average number of persons expressed as full time equivalents:				
Management and administration	239	209	192	182
Scheme co-ordinators, community caretakers and cleaners	9	11	9	9
Housing Repair Service (operatives)	86	66	-	7
Total number of employees expressed as full time equivalents	**334**	**286**	**201**	**198**
Average number of employees during the year:				
Management and administration	248	219	200	188
Scheme co-ordinators, community caretakers and cleaners	10	11	10	9
Housing Repair Service (operatives)	86	68	-	6
Average total number of employees	**344**	**298**	**210**	**203**

Capitalised salaries of £2,580,427 are included in wages and salaries (2025: £1,830,535)
£116k was paid relating to redundancy and discretionary payments: £41k related to redundancy payments (Llanw Property Services Limited £11k and V2C £30k), £75k related to PILON (Llanw Property Services Limited £30k and V2C £45k).

9. Director's Emoluments

	Group		Association	
The remuneration paid to the directors and senior officers including the Chief Executive was:	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Emoluments (including employer's pension contributions)	770	973	608	805
Emoluments of Non-Exec Board Members	81	62	81	62
The emoluments of directors and senior officers disclosed above (excluding pension contributions) include amounts paid to:				
The highest paid director	153	152	153	152

Financial Report for the Year Ended 31 March 2026

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

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
£60,001 - £70,000	5	12	4	10
£70,001 - £80,000	4	9	4	9
£80,001 - £90,000	5	3	4	3
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	2	1	2	-
£110,001 - £120,000	1	2	1	2
£120,001 - £130,000	_	1	_	1
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	-	-	-	-
£150,001 - £160,000	1	1	1	1
	18	**29**	**16**	**26**

Expenses paid during the year to Non-Exec Board Members amounted to £2,768 (2025: £13).

10. Intangible assets

	Computer Software £'000	Computer Software in development £'000	Computer Software Total £'000
Cost			
At 1 April 2025	3,160	-	3,160
Additions	1,020	212	1,232
Disposals	(17)	-	(17)
Disposal of fully amortised assets	(1,406)	-	(1,406)
At 31 March 2026	**2,757**	**212**	**2,969**
Depreciation			
At 1 April 2025	2,176	-	2,176
Charge for the year	635	-	635
Eliminated on disposals	-	-	-
Disposal of fully amortised assets	(1,406)	-	(1,406)
At 31 March 2026	**1,405**		**1,405**
Net Book Value			
At 31 March 2026	**1,352**	**212**	**1,564**
At 31 March 2025	984	-	984

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

11. Housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Housing properties total £'000
Cost			
As at 1 April 2025	253,737	14,675	268,412
Additions	20,126	19,865	39,991
Transferred on Completion	3,907	(3,907)	-
Transferred to Assets Held for Sale	(135)	-	(135)
Write off prior year balance	-	-	-
Abortive Development Costs	-	-	-
Disposals	(633)	-	(633)
At 31 March 2026	**277,002**	**30,633**	**307,635**
Depreciation			
As at 1 April 2025	(80,765)	-	(80,765)
Charge for the year	(7,145)	-	(7,145)
Eliminated on disposals	479	-	479
At 31 March 2026	**(87,431)**	**-**	**(87,431)**
Net book value			
At 31 March 2026	**189,571**	**30,633**	**220,204**
At 31 March 2025	172,972	14,675	187,647

Financial Report for the Year Ended 31 March 2026

Housing and other properties held for letting comprise:

	2026 - £'000	2025 - £'000
Improvements to freehold land and buildings	84,401	87,667
Purchases of freehold properties and new development	105,170	85,305
	189,571	**172,972**

Capitalised interest costs of £774,322 (2025: £232,137) are included in Housing Properties.

Physical Adaptations of £441,364 (2025: £461,356) are included in Housing Properties held for letting.

Major repairs and improvement expenditure on existing properties during the year amounted to £15,502,000 (2025: £11,802,000). This has been accounted for as follows:

	2026 - £'000	2025 - £'000
Planned maintenance and major repairs (revenue)	1,103	461
Improvements (capital)	14,399	11,341
	15,502	**11,802**

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

12. Other property, plant and equipment

	Office Improvements £'000	Furniture, Fixtures & Fittings £'000	Computers & Office Equipment £'000	Plant & Tools £'000	Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost							
At 1 April 2025	780	464	1,305	82	9	-	2,640
Additions	-	-	155	-	-	1,414	1,569
Disposals	(562)	(203)	(1,070)	(82)	(1)	-	(1,918)
At 31 March 2026	**218**	**261**	**390**	**-**	**8**	**1,414**	**2,291**
Depreciation							
At 1 April 2025	576	310	1,180	79	8	-	2,153
Charge for the year	6	23	66	2	-	-	97
Eliminated on disposals	(559)	(202)	(1,069)	(81)	-	-	(1,911)
At 31 March 2026	**23**	**131**	**177**	**-**	**8**	**-**	**339**
Net book value							
At 31 March 2026	**195**	**130**	**213**	**-**	**-**	**1,414**	**1,952**
At 31 March 2025	204	154	125	3	1	-	487

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

13. Investments

	Grant £'000	Non-Grant £'000	Total £'000
Cost			
At 1 April 2025	(36)	766	730
Additions	36	-	36
Disposals	-	(124)	(124)
At 31 March 2026	**-**	**642**	**642**

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.

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

14. Inventories

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Stock of materials	86	88	-	-
Properties developed for sale	6,653	-	6,653	-
	6,739	**88**	**6,653**	**-**

Properties developed for sale represent the costs of land and initial infrastructure for schemes intended for outright market sale and the first-tranche element of shared ownership and Low Cost Home Ownership (LCHO) properties. As at 31 March 2026, the balance of £6,653k is comprised of:

- £3,816k relating to 118 units intended for private market sale.
- £2,464k representing the 70% first-tranche sale element of 64 Shared Ownership units.
- £373k representing the 70% first-tranche sale element of 39 S106 LCHO units.

All properties are stated at the lower of cost and net realisable value. There are currently nil active reservations across these schemes.

15. Trade and other debtors

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Amounts falling due within one year:				
Gross rent and service charge arrears	1,870	2,071	1,870	2,071
Less: provision for bad debts	(870)	(1,028)	(870)	(1,028)
Net rent and service charge arrears	1,000	1,043	1,000	1,043
Other debtors	2,177	869	2,153	763
Amount due from group entities	-	-	697	681
LGPS exit credit	800	800	800	800
Prepayments and accrued income	**1,933**	**5,103**	**1,933**	**5,103**
	5,910	**7,815**	**6,583**	**8,390**

16. Assets Held for Sale

	2026 - £'000	2025 - £'000
Properties held for sale	135	-
	135	**-**

Assets held for sale represent 8 units of existing social housing stock that were actively marketed for sale on the open market at the balance sheet date. In accordance with FRS 102, these assets are measured at the lower of their carrying amount and fair value less costs to sell.

These properties remained in the ownership of the Company at 31 March 2026, with legal completions expected to occur within the 2026/27 financial year. The aggregate Net Book Value of these units is £134,901.

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

17. Creditors: Amount falling due within one year

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Amounts falling due within one year:				
Loans (Note 20)	-	4,000	-	4,000
Trade creditors	738	4,446	738	3,550
Other taxation and social security costs	369	168	258	168
Rent and service charges received in advance	911	847	911	847
Retentions	1,237	920	1,237	920
Social Housing and Other Government Grants (Note 19)	1,162	1,120	1,162	1,120
Grants received in advance (Note 19)	5,170	-	5,170	-
bLEND Bond Premium Amortisation	133	133	133	133
Accruals and deferred income	6,700	3,532	6,353	3,168
Amounts due to group entities	-	-	-	1,110
	16,420	**15,166**	**15,962**	**15,016**

18. Creditors: Amounts falling after more than one year

	2026 - £'000	2025 - £'000
Loans due between 1 and 5 years	27,640	-
Loans due greater than 5 years	84,450	80,000
Less deferred loan arrangement fees	(1,275)	(1,079)
	110,815	**78,921**
bLEND Bond Premium	3,583	3,716
Recycled Capital Grant Fund	364	364
	114,762	**83,001**

	2026 - £'000	2025 - £'000
Recycled Capital Grant Fund		
At 1 April 2025	364	111
Additions (Note 18)	-	253
Disposals	-	-
At 31 March 2026	364	364

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

19. Deferred income - Government grants

	2026 - £'000	2025 - £'000
At 1 April 2025	65,304	55,691
Grant Receivable	9,247	10,967
PAG Receivable	1,646	-
Amortisation to Statement of Comprehensive Income	(1,194)	(1,096)
Grant Disposals	(62)	(5)
Transferred to RCGF	-	(253)
At 31 March 2026	**74,941**	**65,304**
Due within one year	6,332	1,120
Due after one year	68,609	64,184
	74,941	**65,304**

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

20. Debt analysis

	2026 - £'000	2025 - £'000
Housing Loans – due within one year		
Bank Loans	-	4,000
Housing Loans – due after more than one year		
Bank Loans – long term loan facility (Repayable within five years)	27,640	-
Bank Loans – long term loan facility (Repayable after five years)	84,450	80,000
Total Housing Loans	**112,090**	**84,000**

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 £1m, funded by Welsh Government, which was repaid in April 2025.
- A £35m bLend Bond Issue, facilitated THFC, which is due to mature in May 2054, with the repayment being due in March 2054.
- A £5m development loan funded by Welsh Government, which is due to be repaid in March 2054.
- A £5m development loan funded by Welsh Government, which is due to be repaid in March 2055.
- A £10m development loan facility funded by the Welsh Ministers, of which £4.45m was drawn at year-end, which is due to be repaid in March 2046.
- A £45m revolving loan facility, arranged by Lloyds Bank plc, which is due for repayment in August 2030 with options to extend. Commitment fees apply at a rate of approximately 0.4% on the undrawn Lloyds balance.

At 31 March 2026, the Company had immediately available undrawn loan facilities of £17m (2025: £12m).

The Company has a further contractually committed £5.55m instalment from the 2026 Welsh Government development loan, available for drawdown by 14 March 2027.

The value of assets used to secure the above facilities was £181m.

There is no difference between the Group and Association results for this note. Therefore, one combined table has been presented.

21. Non-equity share capital

	2026 - £'000	2025 - £'000
Shares of £1 each fully paid and issued:		
At 1 April 2025	31	38
Issued during the year	5	-
Cancelled during the year	(10)	(7)
At 31 March 2026	**26**	**31**

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.

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

	Group	
	2026 - £'000	2025 - £'000
Operating surplus for the year	4,096	2,838
Adjustments for non-cash items:		
Depreciation and amortisation charges	7,900	7,181
Amortisation of social housing and other government grants	(1,194)	(1,096)
Amortisation of bLEND Premium	(133)	(133)
Capitalised Interest Costs	(774)	(232)
Release of loan transaction fees	148	83
Net gain on the sale of fixed assets	(79)	(528)
Transfer to RCGF	-	253
Disposal of Fixed Assets	116	349
Pension costs less contributions paid	(240)	214
Movement in bad debt provision	(158)	(112)
(Increase)/decrease in trade and other debtors	2,063	(1,885)
Increase/(Decrease) in trade and other creditors	19	1,961
Decrease/(Increase) in stock	(6,651)	(26)
Decrease/(Increase) in assets held for sale	(135)	-
Taxation liability	23	11
Other net movements	(311)	(6)
Cash generated from operating activities	**4,690**	**8,872**

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

	Group		Association	
	2026 - £'000	2025 - £'000	2026 - £'000	2025 - £'000
Increase in cash	(405)	95	(845)	(555)
Cash outflow from repayment of debt	(1,000)	-	(1,000)	-
Cash inflow from increase in debt	29,090	13,000	29,090	13,000
Change in net debt resulting from cash flows	27,685	13,095	27,245	12,445
Movement in net debt in the year				
Net debt at 1 April 2025	(42,831)	(55,276)	(42,831)	(55,276)
Net debt at 31 March 2026	**(15,146)**	**(42,181)**	**(15,586)**	**(42,831)**

24. Analysis of changes in the net debt

Group	At 31 March 2025 £'000	Cash Flows £'000	At 31 March 2026 £'000
Cash at Bank and in hand	15,819	(405)	15,414
Loans - Loan facilities	(84,000)	(28,090)	(112,090)
	(68,181)	**(28,495)**	**(96,676)**

Association	At 31 March 2025 £'000	Cash Flows £'000	At 31 March 2026 £'000
Cash at Bank and in hand	15,169	(845)	14,324
Loans - Long term loan facility	(84,000)	(28,090)	(112,090)
	(68,831)	**(28,935)**	**(97,766)**

25. 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.

On 30 September 2024 the Company exited the LGPS.

Therefore, Valleys to Coast does not actively participate in any defined benefit. Further information on the liabilities for both the LGPS and SHPS schemes is given below:

Summary of Asset/(Liability):	2026 - £'000	2025 - £'000
LGPS	-	-
SHPS	(226)	(525)
Total Liability	**(226)**	**(525)**

SHPS – General information

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 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 2023. This valuation revealed a deficit of £700m. A deficit recovery plan end date will be kept as 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 deficiton 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 2023. 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.

The Scheme is a defined benefit scheme in the UK. As at 31 March 2026 there were no active members of the Scheme employed by the Company (2025:0).

As at 30 September 2025, the Scheme Actuary confirmed that the Group's estimate debt on withdrawal from the Social Housing Pension Scheme was £1,298,209. This figure is calculated on a solvency (or 'buy-out') basis, representing the estimated pricing required to secure pension liabilities in full with an insurance company at that date. Management notes that the actual debt on withdrawal could differ markedly from this estimate depending on market conditions and the profile of active members at the actual date of any potential future withdrawal.

The Trustee of the Social Housing Pension Scheme has conducted a benefit review comparing the benefits provided to members with Scheme documentation. Due to legal uncertainties regarding the effect of historical benefit changes, the Trustee is seeking clarification from the Court to ensure proper administration. The outcome of this legal process may impact the Scheme's liabilities and future employer withdrawal valuations. At present, the financial impact, if any, cannot be reliably quantified.

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

	2026 - £'000	2025 - £'000
Fair value of plan assets	4,257	4,017
Present value of defined benefit obligation	(4,483)	(4,542)
Defined benefit liability to be recognised	**(226)**	**(525)**

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

	2026 - £'000	2025 - £'000
Opening defined benefit obligation	4,542	5,112
Current service cost	-	-
Expenses	18	13
Interest Expense	268	250
Member contributions	-	-
Actuarial losses due to scheme experience	(104)	250
Actuarial gains due to changes in demographic assumptions	34	-
Actuarial gains due to changes in financial assumptions	(169)	(963)
Benefits paid out and expenses	(106)	(120)
Closing defined benefit obligation	4,483	4,542

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

	2026 - £'000	2025 - £'000
Opening fair value of assets	4,017	4,117
Interest income on assets	244	208
Experience on plan assets loss	(156)	(497)
Employer Contributions	258	309
Member Contributions	-	-
Benefits paid and expenses	(106)	(20)
Closing fair value of plan assets	**4,257**	**4,117**

SHPS Scheme - Amounts recognised in the Statement of Comprehensive Income

	2026 - £'000	2025 - £'000
Operating cost		
Current service cost	-	-
Expenses	18	13
Financing Cost		
Interest on net defined liability	24	42
Pension expense recognised in surplus for the year (SoCI)	**42**	**55**

SHPS Scheme - Amounts recognised in Other Comprehensive Income

	2026 - £'000
Experience on plan assets - loss	156)
Experience gains and losses arising on the plan liabilities - gain	104
Effects of changes in the underlying demographic assumptions - loss	(34)
Effects of changes in the underlying financial assumptions - gain	169
Total actuarial gains and losses (before restriction due to some unrecognisable surplus)	**83**
Effects of changes in the amount of surplus that is not recoverable	-
Total amount recognised in Other Comprehensive Income - gain	**83**

SHPS Scheme - Assets

	2026 - £'000	2025 - £'000
Global Equity	472	450
Absolute Return	-	-
Distressed Opportunities	-	-
Credit Relative Value	-	-
Alternative Risk Premia	-	-
Liquid Alternatives	758	745
Emerging Markets Debt	-	-
Risk Sharing	-	-
Insurance-Linked Securities	6	12
Property	208	201
Infrastructure	-	1
Private Equity	9	4
Real Assets	401	481
Private Debt	-	-
Opportunistic Illiquid Credit	-	-
Private Credit	514	491
Credit	170	154
Investment Grade Credit	250	124
High Yield	-	-
Opportunistic Credit	-	-
Cash	1	55
Long Lease Property	-	1
Secured Income	129	67
Liability driven Investment	1,298	1,216
Currency Hedging	-	6
Net Current Assets	41	9
Fair value of assets	**4,257**	**4,017**

SHPS Scheme – Principal Financial Assumptions

The principal assumptions used for FRS 102 purposes were:

	2026 – % p.a.	2025 – % p.a.
Discount Rate	6.32	5.97
Inflation (RPI)	3.24	3.03
Inflation (CPI)	3.04	2.80
Salary Growth	4.04	3.80
Allowance for commutation of pension for cash at retirement (maximum allowance)	75%	75%

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

Life Expectancy at the age of 65	2026	2025
Male retiring in 2026	20.9	20.5
Female retiring in 2026	23.2	23.0
Male retiring in 2046	22.2	21.7
Female retiring in 2046	24.6	24.5

LGPS - General Information

Exit of the LGPS

On 30th September 2024, the Employer exited the LGPS and therefore has settled their Defined Benefit Obligation.

The defined benefit obligation as at 30 September 2024 (before settlement) has been calculated using a full valuation approach using the membership data supplied for the exit valuation of the Employer.

We understand the Administering Authority has determined that an exit credit will be paid of £0.80m, which we have therefore recognised within Note 15 of these financial statements.

LGPS Fund - Amounts recognised in the Statement of Comprehensive Income (for Comparison Purposes)

	Period ending 31/03/2026	Period ending 30/09/2024
	£'000	£'000
Operating cost		
Current service cost	-	180
Past service cost	-	170
Settlement Cost	-	17,430
Financing cost		
Interest on net defined benefit asset before restriction	-	(380)
Interest on unrecognised asset	-	380
Pension expense recognised in surplus for the year	-	17,780

LGPS Fund - Amounts recognised in other comprehensive income (for Comparison Purposes)

	Period ending 31/03/2026	Period ending 30/09/2024
	£'000	£'000
Asset losses arising during the year	-	(260)
Liability gains arising during the period	-	2,220
Adjustment gain due to restriction of surplus	-	16,330
Total amount recognised in other comprehensive income	-	18,290

26. Capital Commitments

	2026 - £'000	2025 - £'000
Capital expenditure contracted but not provided for in the financial statements	16,959	13,775
Capital expenditure authorised by the Board but not contracted	82,167	12,413

Funding

Capital expenditure authorised by the Board but not contracted of £82,167k relates to the Group's strategic development program, and significant investment in the existing housing stock.

Approximately £17,125k of this commitment is dedicated to major improvement and special works programs for existing properties, including energy efficiency measures, which will be funded through rental receipts and Capital Grants.

The remainder of the commitment represents the projected costs of the delivery of new affordable rental homes and the retained equity interests in home ownership schemes across the Group's development sites. This will be funded through new loan facilities and Social Housing Grant (SHG).

In accordance with the Group's accounting policies, capital commitments exclude expenditure related to properties developed specifically for outright sale or the first-tranche sale element of Shared Ownership/LCHO units.

27. Other financial commitments

At 31 March 2026 the total future minimum lease payments under non-cancellable operating leases are as follows:

	Group				Association			
	2026 - Land & Buildings £'000	2026 - Other £'000	2025 - Land & Buildings £'000	2025 - Other £'000	2026 - Land & Buildings £'000	2026 - Other £'000	2025 - Land & Buildings £'000	2025 - Other £'000
Payments due:								
Within one year	176	744	176	100	176	123	176	39
Between one and five years	115	475	291	243	115	259	291	243
After five years	-	12	-	-	-	12	-	-
	291	**1,231**	**467**	**343**	**291**	**394**	**467**	**282**

28. Financial instruments

	Group		Association	
Financial Assets carried at amortised cost	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Gross rent and service charge arrears	1,870	2,071	1,870	2,071
Trade Debtors debtors	2,177	869	2,153	763
Cash and cash equivalents	13,123	14,671	13,123	14,021
	17,170	**17,611**	**17,146**	**16,855**

	Group		Association	
Financial Liabilities carried at amortised cost	**2026 - £'000**	**2025 - £'000**	**2026 - £'000**	**2025 - £'000**
Trade Creditors	738	4,446	738	3,550
Other taxation and social security costs	369	168	258	168
Rent and service charges received in advance	911	847	911	847
Interest bearing loans	112,090	80,000	112,090	80,000
Loan transaction fees	(1,275)	(1,079)	(1,275)	(1,079)
	112,833	**84,382**	**112,722**	**83,486**

29. Housing stock

Number of units in management	2026 - Number	2025 - Number
Housing accommodation for letting:		
General housing – Social rents	5,955	5,909
General housing – Intermediate rents	46	46
General housing – Market rents	–	–
Supported, Sheltered and Extra-Care housing	199	199
Total rented	**6,200**	**6,154**
Other units:		
Home Buy	12	12
Right-to-buy leases	636	641
Garages	788	816
Commercial Property leases (less than 21 years)	28	28
Commercial Property leases (21 years or more)	21	21

30. Related Parties

A member of the Valleys to Coast Board sits on the board of Community Housing Cymru. All transactions with the organisation were at arm's length and at market rates. Valleys to Coast incurred £80,421 of expenditure in relation to services provided by Community Housing Cymru. The balance at year end was £nil.

Valleys to Coast, along with Bron Afon Community Housing Ltd, Cynon Taf Community Housing, 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 20% 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 £227,010 (2025: £199,364) during the financial year. The balance at year end was £nil (2025: £nil).

One of the Board members who held office during the year is a tenant customer of Valleys to Coast and resigned from the Board on 1 December 2025. The tenancy was held on normal standard commercial terms, and the Board member could not use their position to their advantage. Total rent charged during the period they held office in the year was £4,477 (2025: £6,667) with £nil outstanding.

Bridgend County Borough Council

A member of the Valleys to Coast Board performs contract work for Bridgend County Borough Council. All transactions with the organisation were at arm's length and at market rates:

- Valleys to Coast incurred £284,919 of expenditure in relation to services provided by Bridgend County Borough Council. The balance at year end was £2,750.
- Valleys to Coast receives rents from Bridgend County Borough Council to the sum of £147,586 during the year. The balance at year end was £1,684.
- Valleys to Coast received £8,030,584 from Bridgend County Borough Council in respect of housing benefit payments and housing support grant funding.

Llanw Property Services Limited

Llanw Property Services Limited is a wholly owned subsidiary of Valleys to Coast Housing Limited. The Association group undertakes normal commercial trading activities with its subsidiary. During the year ended 31 March 2026, the Association incurred total costs of £15,813,983 for property repair, maintenance, and compliance works performed by Llanw Property Services Limited. In turn, the Association recharged Llanw Property Services Limited a total of £823,812 for shared management services, overheads, and central administration costs.

At 31 March 2026, the total net inter-company balance outstanding and owed to the Association by Llanw Property Services Limited was £696,857, consisting of a corporate loan of £600,000 and operational recharges of £96,857. In addition, at 31 March 2026, a total of £489,745 was included within accrued expenditure in the Association's financial statements (and accrued income within the subsidiary's financial statements) representing uninvoiced works completed by Llanw Property Services Limited during the period.

Under an ongoing Deed of Covenant originally executed in 2024, Llanw Property Services Limited is obligated to distribute its taxable profits to the parent Association via Gift Aid. During the year ended 31 March 2026, a Gift Aid payment of £15,000 was transferred from Llanw Property Services Limited to the Association in settlement of the profits generated in the prior financial year ended 31 March 2025.

Sylfaen Homes Limited

Sylfaen Homes Limited (Company No. 16766733) was incorporated on 6 October 2025 as a wholly owned subsidiary of Valleys to Coast Housing Limited to support the Group's commercial property development and housing strategy. The company did not undertake any trading activities during the period ended 31 March 2026. At 31 March 2026, there were no transaction volumes or outstanding inter-company balances between the Association and Sylfaen Homes Limited.

HML Developments Limited (formerly Sylfaen Homes Limited)

HML Developments Limited (Company No. 16925564) was incorporated on 22 December 2025 under the name Sylfaen Homes Limited, subsequently changing its name on 22 January 2026. The entity shares a registered office address with the Association and is controlled by Huw Lewis, who served as a member of key management personnel during the period and resigned post year-end. The company did not trade with the Association group during the period ended 31 March 2026, and an application for voluntary strike-off was submitted in May 2026. There were no transaction volumes or outstanding balances at the year-end.

Sylfaen Developments Limited

Sylfaen Developments Limited (Company No. 16925637) was incorporated on 22 December 2025 and shares a registered office address with the Association. The entity was controlled by Huw Lewis on behalf of Valleys to Coast Housing Association Limited, a member of key management personnel during the period, until 14 April 2026. On 15 April 2026, Anthony Smith, the Group Company Secretary was appointed as Director. The company remained dormant and did not trade with the Association group during the period ended 31 March 2026.

There were no transaction volumes or outstanding balances at the year-end.

31. 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).

32. Contingent Liabilities

Social Housing Pension Scheme (SHPS)

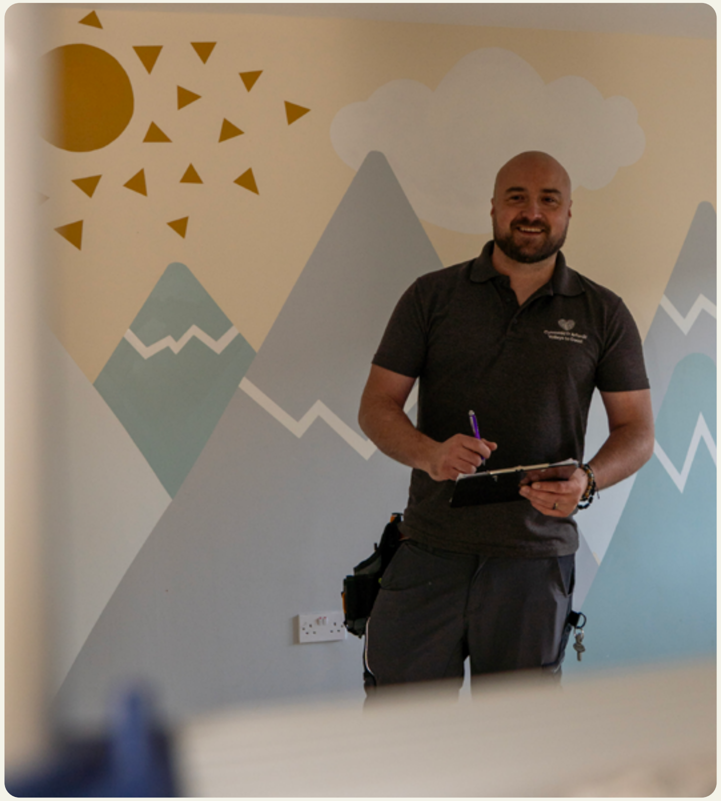
Valleys to Coast has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on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

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

LGPS Exit Credit

Valleys to Coast has been notified that following the exit of the LGPS pension fund, the fund was in surplus of £13.4m. Valleys to Coast has been granted £0.8m of this as an exit credit which is included within the financial statements at 31st March 2026 (2025: £0.8m). Valleys to Coast is appealing the decision to return only £0.8m. This will not be resolved until after the signing of the financial Statements.





Llanw

Thank you for reading.

valleystocoast.wales

Cymoedd i'r Arfordir
Valleys to Coast

Llanw