Merthyr Tydfil Housing Association Limited

Annual report and financial statements
for the year ended 31 March 2026

Welsh Government Registered number: LO42

Co-operative & Community Benefit Societies Registered number: 2191

Tai Merthyr
Merthyr Housing

Board of Management

The following served on the Board of Management during the year:

Mrs A Batley	Chair
Ms M Garrett	Vice Chair
Mrs K Thorne	Chair of Audit and Risk Committee (resigned July 2025)
Ms J Bochel	Chair of Assets and Development Committee
Mr G Colston	Vice Chair of Assets and Development Committee
Ms J Fairley	Board Member (resigned July 2025)
Mr D Palmer-Lewis	Chair of People and Remuneration Committee
Mrs J Way	Chair of Audit and Risk Committee
Ms E Wilkins	Board Member
Ms N Applasamy	Vice Chair of Audit and Risk Committee
Mr A Huckin	Co-opted (November 2025)

Executive Officers

The following are Executive Officers of the Association:

Mrs K Courts	Chief Executive
Mr T Macdermott	Director of Operations (to 19 September 2025)
Mrs G Watkins	Director of Operations (from 20 September 2025)
Mrs H Beynon	Director of Corporate Services (to 15 August 2025)
Ms D Evans	Director of Corporate Services (from 15 October 2025)
Mrs J Lewis	Company Secretary

Registered Office	11/12 Lower High Street Merthyr Tydfil CF47 8EB
Auditors	Bevan Buckland Audit Ltd Ground Floor, Cardigan House Castle Court Swansea Enterprise Park Swansea SA7 9LA
Solicitors	Hugh James 2 Central Square Cardiff CF10 1FS
Bankers	Barclays Bank Plc Leicester Leicestershire LE87 2BB

Merthyr Tydfil Housing Association Limited
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Merthyr Tydfil Housing Association Limited
Board Report

The Board present their report on the affairs of the Association, together with the financial statements and auditor's report, for the year ended 31 March 2026.

Legal Status

Merthyr Tydfil Housing Association is authorised and regulated by the Financial Conduct Authority as a registered society under the Co-operative and Community Benefit Societies Act 2014. It is a Registered Social Landlord (RSL).

The organisation is owned by its members, holding one £1 share and includes Board members, residents, local community groups and business members of Merthyr Tydfil.

Objectives and Strategy to Achieve

During the year the Association reviewed and updated our Corporate Plan 2026-2029. We will continue to focus on delivering against our strategic priorities: Tenant Experience, People and Culture, Growth and Governance and Viability. These strategic priorities will be used to take us forward to achieve our vision and set out the key outcomes for each priority. We continue to follow a path of growth to support the delivery of affordable housing and economic regeneration of our communities, whilst improving and maintaining the quality of our services to achieve tenant satisfaction and ensuring that we can adapt to external changes and future challenges. We are committed to playing our part in cutting carbon emissions and increasing the energy efficiency of our homes. We will ensure that our staff are in the right roles, doing the right things in the right way and at the right time to achieve the Association's purpose. We will also protect the homes of our tenants and ensure that we remain well-governed and financially viable.

The purpose and vision of the Association is set out below:

Purpose	*Working with people to improve their lives*
Vision	*We will work with people within the borough of Merthyr Tydfil and provide sustainable tenancies in quality accommodation within vibrant communities*

Financial Performance

In the year to 31 March 2026 the Association generated a retained surplus of £1,164k (2025: £1,274k surplus). This includes £21k deficit (2025: £25k deficit) within Other Comprehensive Income which includes a £61k gain (2025: £85k gain) in respect of the defined benefit scheme and a £40k deficit in revaluation of investment reserves (2025:£110k gain).

In March 2026, the investment property Redhouse, was transferred to Merthyr Tydfil County Borough Council with a loss on disposal of £450k. There was an unrealised gain on other investment properties of £363k.

The net assets position as at 31 March 2026 was £14.7m (2025: £13.9m) and the Board considers this and the performance of the Association to be satisfactory.

Future Prospect

Through the Corporate Plan 2026 - 2029, the Association details a clear and ambitious priority for growth over the next three years. A number of development sites are in various stages of development, and this growth increases the asset base, provides additional good quality accommodation in the borough and by working effectively with key partners the Association becomes the development partner of choice.

The Tenants Experience priority will ensure that we focus on tenant satisfaction by involving tenants in shaping services, sustaining tenancies, collaborating with partners and gaining a better understanding of our tenants through good quality data. Our Rent Recovery and Community Development teams will continue to deliver support helping tenants to manage their finances together with the Tenancy Sustainability Officer.

Decarbonisation remains a key priority for the Association and WHQS 2023 will guide our approach to decarbonisation. We continue to work with our tenants to implement the requirements of WHQS23. We will implement innovative projects, including the Welsh Government funded Optimised Retrofit Programme (ORP), and we will ensure that

environmental, social and governance (ESG) activities are at the heart of our business, such as living rents and a strong and effective governance structure. We will continue our commitment to Equality, Diversity and Inclusion and continue to invest in our staff through our strategic priority for People and Culture.

Principal Risks & Uncertainties

The Association faces many challenges which could increase risk over the next few years, including the period of higher interest rates, high inflation, cost of living crisis and contractor failure that has been experienced in the sector adding to economic uncertainty. These challenges and the significant increase in the cost of materials for maintenance and development schemes form part of the 30-year business plan submitted to Welsh Government and other current and future uncertainties have been incorporated into the latest scenario modelling, with mitigation analysis used to increase resilience to shocks.

Key Performance Indicators ("KPIs")

The Association uses a number of KPIs to assess the success of operations. The most important of these are the covenant KPIs imposed by the lenders, being Interest Cover and Gearing.

Internally, the Association uses a number of detailed KPIs and PIs including maintenance costs per unit, average rent per unit and non-financial indicators such as monitoring the number of sick days. These are monitored at six weekly Board meetings and by line managers within the Association and have been reset under the new Corporate Plan 2026-2029 to ensure that the objectives will be achieved.

Governance

The Board has reviewed its strengths and weaknesses against the Community Housing Cymru (CHC) Code of Governance and for the majority of aspects the Board is compliant with the Code. Any areas for improvement form part of the overall Board Development Plan which is designed to ensure that the Board offers excellence in its governance of the Association through a mix of skills, strengths and expertise.

All decisions are approved at Board meetings, there are three sub-committees that meet during the financial year: Audit and Risk Committee (ARC), People and Remuneration Committee and the Assets and Development Committee.

The Audit and Risk Committee is responsible for reviewing and monitoring the internal control environment and receiving and approving internal audit reports and recommendations. The People and Remuneration Committee is responsible for reviewing and making recommendations to the Board regarding the remuneration policy of the Association. The Assets and Development Committee is responsible for considering and reporting to Board for approval all matters relating to the asset management of the Association. This includes property and land services, development and acquisitions, capital investment, asset business information and intelligence and decarbonisation.

Responsibility for the day-to-day operations is delegated to the Chief Executive and the two executive directors, who report to the Board, thus leaving the Board itself with the work of reviewing strategic and policy matters.

Financial Risk Management Objectives and Policies

The Association's activities expose it to a number of financial risks which include cash flow risk, credit risk, liquidity risk as well as risks resulting from a period of high inflation and interest rates, the cost-of-living crisis and contractor failure.

Cash Flow Risk

The Association's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing liabilities are held at a mixture of fixed and variable rates to balance the exposure in relation to future interest charges and cashflows.

Credit Risk

The Association's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Association's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Association has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Association uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Going Concern

The Association's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to credit, liquidity and cash flow risk are described above.

The Association has considerable financial resources and, as a consequence, the Board believes that the Association is well placed to manage its business risks successfully despite current uncertainties in the social housing sector and the economic climate.

The Board have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Board Members' Responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for registered social housing providers (SORP 2018 update) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice for Registered Social Housing Providers 2018.

Financial statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Board members' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Disclosure of Information to Auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Association's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

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

A resolution to appoint an independent auditor will be proposed at the Annual General Meeting.

Internal Control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable, but not absolute, assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Association's assets and interests. The processes adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

a) Corporate Governance

The Board focuses on decision-making, strategic planning and corporate risk management. There are eight meetings per year of the Board and Executive Leadership Team to review strategic direction and risks, and performance against the Corporate Plan and key organisational objectives. The Corporate Plan was approved by the Board in March 2026, with Key Performance Indicators (KPIs) and Performance Indicators (PIs) being agreed. KPIs will be monitored by Board quarterly and PIs monitored monthly by the Executive Leadership Team.

The Audit and Risk Committee (ARC) has responsibility for managing detailed reviews and the self-evaluation process which is an integral part of the Regulatory Standards for Registered Social Landlords in Wales. A regulatory opinion will be provided for all associations in Wales by Welsh Government. The Association was assessed during 2024/25 and our Regulatory Judgement was issued in February 2025, stating that the Association is compliant on both Governance and Tenants Services and Financial Viability.

The Association has a well-defined reporting structure in place with established lines of reporting. The key internal regulatory documents establish the high-level internal control framework, embedded within banking and IT systems where possible.

The Board of Management continue to develop their approach to self-evaluation and has completed a series of reviews in line with the regulatory outcomes and consulted with the Tenants Voice. The Association published its latest Self-Evaluation report for tenants and stakeholders in March 2026.

b) Risk Management

All audit and risk matters are managed on behalf of the Board, by the Audit and Risk Committee (ARC). In meeting its responsibilities to the Board, ARC have adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. The Association has a documented Risk Management Strategy that outlines the Association's approach to risk management, and which concentrates on the process of risk identification and evaluation, the identification of suitable controls and the monitoring of those controls. Key risks facing the Association are recorded in the risk register. The register is monitored by ARC quarterly and is cross-referenced to the Association's Corporate Plan. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. Procedures include a risk evaluation section including the likelihood, impact and risk status for each strategic risk.

Individual risk assessments are undertaken by managers for all operational areas, e.g., safe working practices, stress, VDU equipment and working with young people. An Anti-Fraud and Anti-Bribery Policy and Procedure is in place.

c) Performance Management

The Corporate Plan has a suite of aligned KPIs and PIs to ensure that ongoing progress against the key priorities is being assessed on a regular basis. These indicators are used to assess the Association's progress over time internally and are also benchmarked against other housing associations in Wales.

Continuous improvement is well embedded throughout the organisation and ongoing improvements are monitored through the self-evaluation framework. The Association is committed to consulting and listening to staff to ensure involvement and empowerment. We recognise that good practice in leadership and management and developing the relevant skills is integral to improved organisational performance and recognition in the external environment.

The Association has retained the Tai Pawb Quality in Equality and Diversity Award in 2025, signed up to the Deeds not Words 2.0 pledge to end racial inequality in housing and have achieved the QED (Quality in Equality and Diversity) award demonstrating our commitment to creating an inclusive and diverse workplace.

d) Controls & Monitoring

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury management strategy and new investment projects. It is supported by a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, staff handbook and fraud prevention and detection. Line managers and staff have responsibility for developing, supporting and operating within the internal control framework.

The Tenants Voice (TV) aims to meet on a monthly basis to discuss the monitoring and evaluation of our service standards and to provide a customer led focus to help improve performance. This ensures that the tenants' voice is heard and acted upon.

With the importance of interaction between tenants and Board, there is more regular collaboration between the Executive Leadership Team, Board and TV to help inform strategic direction by adding a tenant's perspective. In addition TV and Board away days are held.

The Association outsources several functions such as IT and Health & Safety advice. During 2025, the IT Services Contract was competitively tendered, resulting in a change in provider demonstrating the Association's commitment to secure value for money on outsourced contracts where the evaluation was based on a cost and quality basis. The service delivery standards and budgets are agreed in contracts and performance against the standards are monitored by regular meetings and feedback sessions.

e) Information & Financial Reporting Systems

From a controls perspective, all IT systems are password protected and are backed up on a regular basis, and staff comply with a signed IT User Policy. A cyber audit was undertaken in 2026, by PureCyber to assess the security of our systems and to ensure that we stay ahead of emerging threats.

The Board of Management approves the Annual Budget and the Corporate Plan of the Association, and monitors performance against budgets, via quarterly Management Accounts, KPIs and the 6 monthly Operations report. Financial reporting procedures include a detailed budget for the year ahead and 30-year business plans. The key documents of the Association concerning the internal financial control systems are reviewed annually.

Astari provide our Internal Audit services and their audit approach, comprising of a mix of compliance testing on a regular basis together with more strategic detailed reviews, has helped the Association to feel confident in its systems and controls. They have undertaken an audit needs assessment and are delivering audits against a three-year strategic audit plan. This has formed the basis for an annual plan each year in the light of current needs and as identified by the self-evaluation framework. Internal Audit has provided a number of reports in the year which has provided opinions on assurance regarding the adequacy of the controls considered. The reports include their independent opinion on the adequacy and effectiveness of the Association's internal controls together with recommendations for improvement where necessary. Independent assurance concerning controls, the safeguarding of assets and the integrity of accounting and financial reporting systems is provided by the External Auditor.

The Association will always continue to develop its system of internal control to ensure continual improvement, to respond to evolving best practice and to respond to changes in the business environment.

Merthyr Tydfil Housing Association Limited
Board Report

The Board of Management has reviewed the Association's system of internal control for the period from 1 April 2025 to 23 June 2026, the date of this report.

Approved by the Board and signed on its behalf by:

Chair

Date 23 June 2026

Merthyr Tydfil Housing Association Limited
Independent auditor's report to the members of Merthyr Tydfil Housing Association Limited
For the year ended 31 March 2026

In addition to our audit on the financial statements for the year ended 31 March 2026, we have reviewed the Board's statement of Merthyr Tydfil Housing Association ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

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

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

Opinion
With respect to the Board's statement on internal financial control on pages 6 to 8, 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 in the financial statements.

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

Date 23 June 2026

Merthyr Tydfil Housing Association Limited
Independent auditor's report to the members of Merthyr Tydfil Housing Association Limited
For the year ended 31 March 2026

Opinion

We have audited the financial statements of Merthyr Tydfil Housing Association Limited ("the Association") for the year ended 31 March 2026 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 5), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 Association's policies and procedures relating to:
  - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance.
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
  - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas.
  - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value.
  - The recognition of development and maintenance expenditure in the correct period.
  - The rationale of any major fund flows during the period.
  - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the organisation 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 organisation.

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 Auditor.

Use of our report

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

Merthyr Tydfil Housing Association Limited
Independent auditor's report to the members of Merthyr Tydfil Housing Association Limited
For the year ended 31 March 2026

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

Date 23 June 2026

Merthyr Tydfil Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2026

	Note	2026 £	2025 £
Turnover	3	8,172,370	7,838,862
Operating expenditure	3	(6,271,024)	(6,087,148)
(Loss) on disposal of housing properties	4	(497,317)	(22,570)
Operating surplus	7	1,404,029	1,729,144
Interest receivable	5	186,653	442,441
Interest and financing costs	6	(851,264)	(872,857)
Surplus for the year		739,418	1,298,728
Unrealised gain / (loss) on investment properties revaluation	12	363,358	(110,000)
Actuarial gain in respect of pension scheme	19	61,000	85,000
Total comprehensive income for the year		1,163,776	1,273,728

All activities relate to continuing operations.

The notes on pages 18 to 37 form part of these financial statements.

Merthyr Tydfil Housing Association Limited
Statement of Changes in Reserves
For the year ended 31 March 2026

	Income and expenditure reserve	Fair value reserve	Restricted reserve	Share capital	Total
	£	£	£	£	£
At 1 April 2024	10,229,906	1,455,696	894,050	23	12,579,675
Surplus for the year	1,298,728	-	-	-	1,298,728
Other comprehensive income	85,000	(110,000)	-	-	(25,000)
Transfer between reserves	-	-	-	-	-
Movement of share capital	(1)	-	-	1	-
At 31 March 2025	11,613,633	1,345,696	894,050	24	13,853,403
At 1 April 2025	11,613,633	1,345,696	894,050	24	13,853,403
Surplus for the year	739,418	100,000	-	-	839,418
Other comprehensive income	61,000	(40,001)	-	-	20,999
Transfer between reserves	363,358	(363,358)	-	-	-
Movement of share capital	-	-	-	3	3
At 31 March 2026	12,777,409	1,042,337	894,050	27	14,713,823

Merthyr Tydfil Housing Association Limited
Statement of Financial Position
At 31 March 2026

	Note	2026 £	2025 £
Fixed assets			
Tangible fixed assets - Housing properties	10	86,757,612	79,229,800
Other tangible fixed assets	11	546,513	534,387
Investment properties	12	7,375,000	7,765,000
Homebuy loans receivable	13	116,020	116,020
		94,795,145	87,645,207
Current assets			
Debtors	14	5,009,552	2,452,715
Cash and cash equivalents		4,319,722	6,109,209
		9,329,274	8,561,924
Creditors: amounts falling due within one year	15	(2,852,780)	(4,288,404)
Net current assets		6,476,494	4,273,520
Total assets less current liabilities		101,271,639	91,918,727
Creditors: amounts falling due after more than one year	16	(86,046,816)	(77,273,324)
Defined benefit pension liability	19	(511,000)	(792,000)
Total net assets		14,713,823	13,853,403
Capital and reserves			
Share capital	21	27	24
Income and expenditure reserve	20	12,777,409	11,613,633
Revaluation reserve		1,042,337	1,345,696
Restricted reserve		894,050	894,050
Total reserves		14,713,823	13,853,403

The financial statements on pages 14 to 37 were approved by the Board and signed on its behalf on 23 June 2026 by:

……	……..	……..
Board Member	Board Member	Secretary

Merthyr Tydfil Housing Association Limited
Statement of Cash Flows
At 31 March 2026

	Note	2026 £	2025 £
Net cash generated from operating activities	26	(736,487)	5,395,459
Cash flows from investing activities			
Purchase of tangible fixed assets - housing properties		(8,976,835)	(8,832,701)
Purchase of other tangible fixed assets		(72,665)	(14,162)
Grants received		8,397,431	2,935,224
Interest received		186,653	442,441
		(465,416)	(5,469,198)
Cash flows from financing activities			
Interest paid		(827,434)	(855,026)
New unsecured loans		2,000,000	-
Repayment of borrowings		(1,760,153)	(675,886)
Cancellation of shares		-	(1)
Proceeds on issue of shares		3	2
		(587,584)	(1,530,911)
Net increase in cash and cash equivalents		(1,789,487)	(1,604,650)
Cash and cash equivalents at beginning of year		6,109,209	7,713,859
Cash and cash equivalents at end of year		4,319,722	6,109,209

Free cash flow

	2026 £	2025 £
Net cash generated from operating activities	(736,487)	5,395,461
Interest paid	(827,434)	(855,026)
Interest received	186,653	442,441
Purchase of component replacement	(1,423,895)	(1,667,292)
Free cash generated before loan repayments	(2,801,163)	3,315,584
Loans repaid (excluding revolving credit and overdrafts)	(1,760,153)	(675,886)
Free cash generated after loan repayments	(4,561,316)	2,639,698

1. Accounting policies

The Association is incorporated under the Co-operative & Community Benefit Societies Act in the United Kingdom.

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

Going concern

After reviewing the Association's forecasts and projections, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future.

The Association therefore continues to adopt the going concern basis in preparing its financial statements.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) 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 Registered Social Landlords General Determination (Wales) 2015. Merthyr Tydfil Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Statement of compliance

The financial statements have been prepared in accordance with FRS102.

Property, plant and equipment - housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. Surpluses or deficits on sale of properties are recognised at the date a sale becomes certain. The surplus or deficit is the difference between the sale price and the aggregate of the depreciated cost and any allocated cost of disposal such as legal and valuation fees.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

New build	100 years

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years
Doors and windows	25 years
Bathrooms	25 years
Kitchens	15 years
Solar Panels	15 years
Heating systems	12 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

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 the Statement of Comprehensive Income.

Non-housing property, plant and equipment

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

Freehold offices	50 years
Furniture, fixtures & fittings	5 to 7 years
Motor Vehicles	7 years
Computer equipment	3 to 4 years

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value with any change recognised in the Statement of Comprehensive Income. Investment properties are revalued every three years.

Home buy option

Where the Association 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.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies and health authorities which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

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.

Grants relating to assets recognised at fair value are not amortised.

Grants received from non-government sources are recognised as revenue using the performance model.

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 derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure are included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made to or from the revenue reserve to the restricted reserve.

The Association's designated major repair reserve covers all property types (mixed and traditionally funded). The reserve is adjusted annually in line with the latest long term major repair programme. The balance on the reserve is based on the cost of all catch up repairs, plus a weighted average of the planned major repair expenditure for the first four years of the forward programme.

Fair value reserve

The fair value reserve takes into account any gain or loss from investment properties.

Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

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.

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.

Pensions

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme (SHPS)

The Association participates in an industry wide multi-employer defined benefit pension scheme, classed as a defined benefit scheme in the UK.

For financial year ending 31 March 2026, information is available for the Association to account for its obligations on a defined benefit basis.

The Association makes payments to the defined benefit pension scheme on behalf of its employees. The scheme is funded by contributions partly from the employees and partly by the Association at rates determined by independent actuaries. The scheme assets are invested separately from the Association's assets in independently administrated multi-employer funds. For more information see note 19.

Defined contribution scheme

The Association participates in a defined contribution scheme. The amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets together with revenue grants from local authorities and the Welsh Government amortisation of social housing and other grants and charitable fees and donations. Rent is recognised in line with occupation contracts and lease agreements. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Bad debt provision

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management as irrecoverable.

Supported housing and other managing agents

Where the Association has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Value Added Tax

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

Deferred service charge income

Service charge income is accounted for as a deferred service charge included within liabilities. Any service charge expenditure incurred is then charged against the deferred service charge account.

Taxation

The organisation is registered with charitable status and is a registered society under the Co-operative and Community Benefit Societies Act 2014. It benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fall within its charitable purposes and its funds are applied only for these purposes, no provision for corporation tax is made.

Concessionary loans

The Association receives loans at a subsidised rate from government. As the Association meets the definition of a public benefit entity, the Association initially measures these loans at the amount received and recognise them in the statement of financial position. Annually, the carrying amount of the loan is adjusted to reflect any accrued interest payable.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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.

Significant management judgements

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

Impairment of social housing properties

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

Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The pension accounting disclosure for this scheme is included in note 19. The scheme accounts for its obligation on a Defined Benefit basis (i.e., stating assets and obligations).

Categorisation of properties between Investment properties and Property, Plant and Equipment

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

Key sources of estimation uncertainty

The Association 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.

Depreciation

Tangible fixed assets, other than investment properties, are depreciated over their useful lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset.

For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful lives are assigned to these components.

Investment property valuation

Investment properties that were previously treated as housing properties have been valued by an independent qualified valuer.

The Association's largest investment property was valued professionally annually and as at the date of sale based on the rent yield and the historic and unique nature of the property.

Bad and Doubtful Debts

Provision is made against rent and service charges arrears for both current and former tenants and against sundry debts to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.

Defined Benefit Scheme

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

3. Turnover, operating costs and operating surplus

	2026			
	Turnover	Operating costs	Loss on disposal	Operating surplus
	£	£	£	£
Social housing lettings (Note 3a)	7,914,537	(6,002,613)	(47,317)	1,864,607
Other social housing activities	234,617	(163,785)	-	70,832
	8,149,154	(6,166,398)	(47,317)	1,935,439
Non - social housing activities	23,216	(104,626)	(450,000)	(531,410)
Total	8,172,370	(6,271,024)	(497,317)	1,404,029

	2025			
	Turnover	Operating costs	Loss on disposal	Operating surplus
	£	£		£
Social housing lettings (Note 3a)	7,519,008	(5,695,325)	(22,570)	1,801,113
Other social housing activities	269,916	(252,131)	-	17,785
	7,788,924	(5,947,456)	(22,570)	1,818,898
Non - social housing activities	49,938	(139,692)	-	(89,754)
Total	7,838,862	(6,087,148)	(22,570)	1,729,144

3a. Income and expenditure from social housing lettings

	General Needs Housing	Supported Housing	2026 Total	2025 Total
	£	£	£	£
Income				
Rent receivable	6,900,525	-	6,900,525	6,482,238
Service charges receivable	203,480	-	203,480	180,207
Amortised government grants	701,308	-	701,308	559,311
Insurance Income	31,409	-	31,409	(30,401)
Physical Adaptation grant	-	37,591	37,591	108,469
Other grant income	-	-	-	143,570
Other income	40,224	-	40,224	75,614
Turnover from social housing	7,876,946	37,591	7,914,537	7,519,008
Operating expenditure				
Management costs	1,650,339	-	1,650,339	1,550,000
Service charge costs	214,344	-	214,344	194,072
Routine maintenance	2,510,588	-	2,510,588	2,367,475
Rent losses from bad debts	130,377	-	130,377	111,927
Depreciation of housing properties	1,401,707	-	1,401,707	1,121,200
Other costs	57,667	37,591	95,258	350,651
Operating expenditure on social housing	5,965,022	37,591	6,002,613	5,695,325
Operating surplus on social housing	1,911,924	-	1,911,924	1,823,683

Rent loss due to voids (memorandum note)	36,026	-	36,026	32,333

4. (Loss) on disposal of fixed assets

	2026	2025
	£	£
Carrying value of investment properties	(450,000)	-
Carrying value of fixed assets	(47,317)	(22,570)
	(497,317)	(22,570)

Following the insolvency of Merthyr Tydfil Leisure Trust, the lessee of Redhouse (a commercial investment asset) disclaimed the lease and the building returned to the management of the Association on 12 November 2024 and the building closed. On the 24 July 2025 the Association received correspondence from Merthyr Tydfil County Borough Council advising on their shared aspiration to return Redhouse to council ownership. Redhouse was transferred to Merthyr Tydfil County Borough Council on the 27th March 2026 at nil value.

Redhouse was valued in January 2026 by Alder King LLP with a revaluation at £450,000 against the previous valuation of £490,000. In March 2026 Redhouse was valued at transfer date to the Council with the value remaining at £450,000. The carrying value of investment properties loss on disposal relates to Redhouse.

5. Other finance income

	2026	2025
	£	£
Interest receivable on current asset investments	135,474	389,753
Housing Finance grant receivable	51,179	52,688
	186,653	442,441

6. Interest and financing costs

	2026	2025
	£	£
Bank interest payable and similar charges	613,443	645,138
Loan charges	13,222	8,623
Non-utilisation fees	20,171	12,667
Unwinding of discounts on NPV	142,596	140,598
Defined benefit pension charge	38,000	48,000
Amortisation of deferred financing costs	23,832	17,831
	851,264	872,857

Bank loans and overdrafts include security and other fees payable. Non-utilisation fees relate to charges incurred on loan facilities not yet drawn.

In line with requirements of FRS102 the amortisation of deferred financing costs represents the allocation to the current year of arrangement fees for the loan facility combined with the effect of smoothing interest charges over the life of the loan using the effective interest rate method.

7. Operating surplus

The operating surplus for the year is stated after charging/(crediting):

	2026	2025
	£	£
Depreciation of property, plant and equipment	1,462,144	1,175,484
Amortisation of deferred government grants	(701,308)	(559,311)
Profit / (Loss) on disposal of tangible fixed assets	497,317	(22,570)
Auditor's remuneration (inclusive of VAT) - statutory audit fees	16,942	16,050
Rent losses from bad debts	55,122	59,509
Operating leases	3,076	3,076

8. Employee costs and numbers

	2026	2025
	£	£
Wages and salaries	1,724,121	1,560,829
Social security costs	222,147	157,628
Other pension costs	214,820	198,074
	2,161,088	1,916,531

Average number of employees expressed as full-time equivalents (calculated based on a standard working week of 35 hours):

	2026	2025
	no.	no.
Management and administration	10	10
Development	3	2
Housing	34	36
	47	48

The full-time equivalent number of staff who received remuneration, including pension contributions, greater than £60,000:

	2026	2025
	no.	no.
£60,000-£69,999	3	-
£70,000–£79,999	-	-
£80,000–£89,999	-	2
£90,000–£99,999	-	-
£100,000–£109,999	-	1
£110,000–£119,999	1	1

9a. Key management personnel

The aggregate remuneration for key management personnel, which includes the executive directors and other members of the senior management team, charged in the year is:

	2026	2025
	£	£
Wages and salaries	260,551	251,480
Social security costs	35,201	27,993
Other pension costs	21,349	27,523
	317,101	306,996

The Chief Executive is an ordinary member of the SHPS defined benefit pension scheme and no enhanced or special terms apply. The Association does not make any further contributions to any other fund for the Chief Executive.

The total emoluments of the highest paid senior executive excluding pension contributions and social security costs were £104,590 (2025: £96,920).

9b. Board members remuneration and benefits

There were no board members' remuneration or other benefits for the year ended 31 March 2026 nor for the year ended 31 March 2025.

	2026	2025
	£	£
Board member expenses	1,771	679

10. Tangible fixed assets – housing properties

	Social housing properties	Properties under construction	Total
	£	£	£
Cost or valuation			
At 1 April 2025	88,220,546	5,377,618	93,598,164
Additions	1,423,895	7,552,941	8,976,836
Schemes completed	8,237,263	(8,237,263)	-
Disposals of components	(176,063)	-	(176,063)
At 31 March 2026	97,705,641	4,693,296	102,398,937
Depreciation			
At 1 April 2025	14,368,364	-	14,368,364
Charge for the year	1,401,606	-	1,401,606
Disposals	(128,645)	-	(128,645)
At 31 March 2026	15,641,325	-	15,641,325
Net book value			
At 31 March 2026	82,064,316	4,693,296	86,757,612
At 31 March 2025	73,852,182	5,377,618	79,229,800

The net book value of housing properties comprises of:

	2026	2025
	£	£
Freehold	81,268,766	73,531,814
Short leasehold	795,550	320,368
	82,064,316	73,852,182

Freehold land and buildings with a carrying amount of £22.4m (2025: £23.4m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

11. Property, plant and equipment

	Freehold property	Plant and machinery	Motor vehicles	Service charged	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2025	631,725	249,360	175,814	11,820	1,068,719
Additions	-	72,664	-	-	72,664
At 31 March 2026	631,725	322,024	175,814	11,820	1,141,383
Depreciation					
At 1 April 2025	236,931	155,810	130,989	10,602	534,332
Charge for the year	11,635	29,817	19,086	-	60,538
At 31 March 2026	248,566	185,627	150,075	10,602	594,870
Net book value					
At 31 March 2026	383,159	136,397	25,739	1,218	546,513
At 31 March 2025	394,794	93,550	44,825	1,218	534,387

12. Investment Properties Valuation

	Total
	£
At 1 April 2025	7,765,000
Decrease in value	(390,000)
At 31 March 2026	**7,375,000**

One investment property, Redhouse, was valued to fair value at 27 March 2026, based on a valuation undertaken by Alder King LLP, an independent valuer with recent experience in the location and class of the investment property being valued. Redhouse was disposed of on the 27 March 2026 and transferred to Merthyr Tydfil County Borough Council.

Existing housing stock treated as investment properties, as rented at market prices, was valued on 31 March 2026 by an independent valuer, Apex, based on market sales information.

The decrease in value above includes £490,000 relating to the Redhouse property and £100,000 gain in other investment properties valuation.

The Board believe the carrying values of the investment properties are an accurate reflection of the current fair value of those properties as at 31 March 2026.

13. Homebuy loans receivable

	2026	2025
	£	£
At 1 April	116,020	116,020
At 31 March	116,020	116,020

14. Debtors

	2026	2025
	£	£
Due within one year		
Rent arrears	358,306	364,895
Provision for bad debts	(224,966)	(226,601)
	133,340	138,294
Other debtors	3,371,511	803,410
Housing finance grants receivable	44,864	43,301
Prepayments and accrued income	130,302	93,310
	3,680,017	1,078,315
Due after one year		
Housing finance grants receivable	1,329,535	1,374,400
	5,009,552	2,452,715

Other debtors as at 31 March 2026 included social housing grants due of £2.8m.

15. Creditors: amounts falling due within one year

	2026	2025
	£	£
Bank loans and overdrafts (note 18)	666,762	1,669,122
Trade creditors	32,688	187,633
Other taxation and social security	62,130	59,139
Other creditors	646,036	750,177
Government grants (note 17)	762,236	575,930
Accruals and deferred income	682,928	1,046,403
	2,852,780	4,288,404

16. Creditors: amounts falling due after one year

	2026	2025
	£	£
Housing loans (note 18)	16,152,086	14,888,409
Concessionary loans (note 18)	4,000,000	4,000,000
Government grants (note 17)	61,775,834	58,384,915
Grants received in advance	4,118,896	-
	86,046,816	77,273,324

Loans are secured on 50% of freehold housing properties with interest payable on variable and fixed rates. Nominal fixed rates varied between 1.96% and 11.32% and variable rates were linked to Bank of England base rate during the period.

The Association has a £4m concessionary loan from Welsh Government for development at a rate 3% over 30 years.

As at 31 March 2026 the Association had undrawn facilities of £4.8m (2025: £6.8m) and had prepaid refinancing arrangement fees totalling £241k (2025: £193k).

17. Deferred government grants

	2026	2025
	£	£
At 1 April	58,960,845	56,662,162
Grants receivable	4,278,533	2,857,995
Amortisation to Statement of Comprehensive Income	(701,308)	(559,312)
At 31 March	62,538,070	58,960,845
Amounts to be released within one year	762,236	575,930
Amounts to be released in more than one year	61,775,834	58,384,915
	62,538,070	58,960,845

Grants released on reclassification of assets relate to non social housing grants fully amortised against impairment of properties.

18. Debt analysis

	2026	2025
	£	£
Due within one year	666,762	1,669,122
Due after one year		
Between one and two years	675,053	676,902
Between two and five years	1,802,455	1,694,704
After five years	17,674,579	16,516,803
	20,152,087	18,888,409
Total borrowings	20,818,849	20,557,531

Loans are secured by fixed charge over individual housing properties with the exception of a £4m 3% interest loan (repayable 31 March 2054) received from Welsh Government to be used for social housing development.

Financial liabilities excluding trade creditors – interest rate risk profile
The interest rate profile of the Association's financial liabilities at 31 March was:

	2026	2025
	£	£
Fixed rate	16,256,937	17,925,402
Floating rate	4,561,912	2,632,129
Total borrowings	20,818,849	20,557,531

The floating rate financial liabilities comprise bank loans that bear interest at rates based on SONIA.

The fixed rate financial liabilities have a weighted average interest rate of 2.81% (2025: 2.74%) and the weighted average period for which it is fixed is 18 years (2025: 17 years).

The Association has undrawn committed borrowing facilities. The facilities available at 31 March 2026 in respect of which all conditions precedent had been met were as follows:

	2026	2025
	£	£
Expiring in less than one year	2,000,000	2,000,000
Expiring between one and two years	2,826,659	4,826,659
Total undrawn committed facilities	4,826,659	6,826,659

19. Pension schemes

Defined contribution scheme - Social Housing Pension Scheme (SHPS)
The Association operates a defined contribution retirement benefit scheme for qualifying employees. During the year the Association changed the scheme to a salary exchange pension scheme. The total expense charged to Statement of Comprehensive Income in the year ended 31 March 2026 was £214,819 (2025: £197,730).

Defined benefit scheme - Social Housing Pension Scheme (SHPS)
The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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 £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

19. Pension schemes (continued)

The net defined benefit liability at the year ended 31 March 2026 is £511k (2025: £792k).

The amounts recognised in the Statement of Financial Position are as follows:

	2026	2025
	£000s	£000s
Present value of defined benefit obligation	(5,482)	(5,550)
Fair value of plan assets	4,971	4,758
(Deficit) in plan	(511)	(792)

Defined benefit obligation

	2026	2025
	£000s	£000s
At 1 April 2025	5,550	5,886
Current service cost	35	40
Expenses	8	6
Interest expense	317	285
Member contributions	-	-
Actuarial losses/(gains)	(143)	(479)
Benefits paid and expenses	(285)	(188)
At 31 March 2026	5,482	5,550

Fair value of scheme assets

	2026	2025
	£000s	£000s
At 1 April 2025	4,758	4,739
Interest income	279	237
Experience on plan assets – gain/(loss)	(82)	(394)
Employer contributions	301	364
Member contributions	-	-
Benefits paid and expenses	(285)	(188)
At 31 March 2026	4,971	4,758

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2025 to 31 March 2026 was £197k (2025: £157k).

Amounts recognised in the Statement of Comprehensive Income

	2026	2025
	£000s	£000s
Current service cost	35	40
Expenses	8	6
Net interest expense	38	48
Costs recognised in the Statement of Comprehensive Income	81	94

19. Pension schemes (continued)

Amounts recognised in Other Comprehensive Income

	2026	2025
	£000s	£000s
Gain experience arising on plan assets	(82)	(394)
(Loss)/gain experience arising on plan liabilities	93	(297)
Gain/(loss) effect of changes in demographic assumptions	(44)	-
Gain/(loss) effect of changes in financial assumptions	94	776
	61	85

Defined Benefit Scheme Assets

	2026	2025
	£000s	£000s
Global Equity	551	533
Absolute Return	-	-
Distressed Opportunities	-	-
Credit Relative Value	-	-
Alternative Risk Premia	-	-
Liquid Alternatives	885	882
Emerging Markets Debt	-	-
Risk Sharing	-	-
Insurance-Linked Securities	7	15
Property	243	238
Infrastructure	-	1
Private Equity	11	4
Real Assets	468	570
Private Debt	-	-
Opportunistic Illiquid Credit	-	-
Private Credit	600	582
Credit	198	182
Investment Grade Credit	292	147
High Yield	-	-
Cash	1	65
Corporate Bond Fund	-	-
Long Lease Property	-	1
Secured Income	151	79
Liability Driven Investment	1516	1441
Currency Hedging	-	8
Net Current Assets	48	10
Total assets	4,971	4,758

19. Pension schemes (continued)

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

Key Assumptions

	2026 %p.a.	2025 %p.a.
Discount Rate	6.14%	5.85%
Inflation (RPI)	3.29%	3.09%
Inflation (CPI)	3.03%	2.79%
Salary Growth	4.03%	3.79%
Maximum allowance for commutation of pension for cash at retirement	75%	75%

The mortality assumptions adopted at each year end implied the following life expectancies at age 65:

	2026 (Years)	2025 (Years)
Male retiring in year	20.9	20.5
Female retiring in year	23.2	23.0
Male retiring in twenty years' time	22.2	21.7
Female retiring in twenty years' time	24.6	24.5

20. Income and expenditure reserve

	At 1 April 2025 £	Net movement in year £	At 31 March 2026 £
Income and expenditure reserve	11,452,383	1,325,026	12,777,409
Designated reserve	161,250	(161,250)	-
Total	11,613,633	1,163,776	12,777,409

The designated reserve represented monies allocated for future spend regarding anticipated repair costs of Redhouse which was disposed of in March 2026.

21. Share capital

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up and are not redeemable.

	2026 £	2025 £
At 1 April 2025	24	23
Issued during the year	3	2
Cancelled during the year	-	(1)
At 31 March 2026	27	24

22. Financial commitments

	2026	2025
	£	£
Contracted for but not provided for in the financial statements	19,718,066	4,806,383
Authorised but not contracted for in the financial statements	-	-
	19,718,066	4,806,383

All commitments relate to the development of new social housing properties and will be funded by new and existing financing arrangements and grant funding.

23. Operating Leases

The total future minimum lease payments under non-cancellable operating leases were as follows:

	2026	2025
	£	£
Within one year	3,076	3,076
Between one and five years	4,624	7,700
After five years	-	-
	7,700	10,776

24. Related party transactions

The Chief Executive Mrs K Courts served as a Director on the Board of the Big Heart of Merthyr Tydfil Ltd. There have been no financial transactions during the year, apart from the standard Business Improvement District (BID) levy payments of £650 (2025: £608).

Mrs J Way, a member of the board, is a Director of Drive charity. The charity manages three supported housing properties providing care and support services. During the year, Drive paid rent and service charges of £23.9k (2025: £22.8k) for these properties in line with the management agreement.

25. Housing stock: Owned and managed

	2026	2025
	Units	Units
General needs housing accommodation let at social rent	1166	1127
Housing accommodation let at intermediate rent	39	39
Supported housing accommodation	32	32
Housing accommodation let at market rent	51	51
Non-social housing accommodation	7	8
Total	1,295	1,257

26. Cash Flows from operating activities

	2026	2025
	£	£
Surplus for the year	739,418	1,298,728
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	1,462,144	1,175,484
Disposal of assets	537,418	-
Pension current service costs	35,000	40,000
Amortisation of grant funding	(701,308)	(559,311)
Working Capital movements:		
(Increase) / Decrease in debtors	(2,556,838)	3,356,009
(Decrease) in creditors	(619,570)	(21,866)
(Decrease) in defined benefit pension liability	(297,362)	(324,000)
Adjustment for investing or financing activities:		
Interest payable	851,265	872,857
Interest received	(186,651)	(442,441)
Movement of share capital	(3)	(1)
Net cash generated from operating activities	(736,487)	5,395,459

26a. Analysis of changes in net debt

	At 1 April 2025	Cashflows	At 31 March 2026
	£	£	£
Cash at bank and in hand	6,109,209	(1,789,487)	4,319,722
Bank loans due within one year	(1,669,122)	1,002,360	(666,762)
Bank loans due after one year	(18,888,409)	(1,263,678)	(20,152,087)
	(14,448,322)	(2,050,805)	(16,499,127)

27. Contingent Liability

The Trustee of the Pension Scheme notified us 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 is seeking clarification from the Court on these items, and this process is ongoing with the Court's judgement expected during 2026.

If the decision of the Court was that some historic benefit changes need to be applied differently, then benefits for some members would need to be increased, which would increase the value placed on Scheme liabilities.

Until the Court judgement is received, it is unknown whether any increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The Association amortises government grants over the useful life of the properties, as required by Housing SORP 2026. Although the Association has no current plans to sell its housing land and buildings, if it were to do so then government grants may become repayable. The total contingent liability as at 31 March 2026 is £10.2m (2025: £8.04m).