

Report and Financial Statements

31st March 2025



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Association Information

Board and Committee

Mark Chadwick	Chair of Group Remuneration and Nominations Committee	
Robert Cooper		(Appointed 24 September 2024)
Kath Coughlin	Chair of Group Audit & Assurance Committee	
Catherine Dass		
Stuart Haynes		(Appointed 24 September 2024)
Trevor Henderson		(Resigned 12 December 2024)
Bill Hunt		(Resigned 23 September 2024)
Elizabeth Ruth James		
Peter Parry		(Resigned 23 September 2024)
Helen Pittaway	Chair of Board effective	
Kay Redhead		
Simon Reynolds		(Appointed 24 September 2024)

Co-opted Board & Committee Members

Robert Cooper	Cartrefi Conwy Board Co-optee	(Resigned 23 September 2024)
Elinor Corbett-Jones	Group Remuneration & Nominations Committee	
Gareth Dwyer	Tenant Services Committee	(Resigned 23 September 2024)
Angie O'Grady	Tenant Services Committee Co-optee	(Appointed 24 September 2024)
Joan Edwards	Group Audit & Assurance Committee Co-optee	(Appointed 1 February 2025)
Stuart Haynes	Group Audit & Assurance Committee	(Resigned 23 September 2024)
Gwyn Llyn Parry	Group Audit & Assurance Committee	(Resigned 30 March 2025)
Amanda Wiggan	Cartrefi Conwy Board Co-optee	(Appointed 24 September 2024)

Executive Officers

Andrew Bowden	Group Chief Executive	(Resigned 31 March 2025)
Adrian Johnson	Group Chief Executive	(Appointed 1 April 2025)
	Group Deputy Chief Executive	(up to 31 March 2025)
Peter Lewis	Group Director of Resources	
Dan Hall	Executive Director of Customer & Communities	(Appointed 1 December 2024)

Company Secretary

Amy Garner

Head Office & Registered Office

Morfa Gele, North Wales Business Park, Cae Eithin, Abergele. LL22 8LJ

Legal Status

Registered with the Welsh Government Number: L148

Incorporated as a Community Benefit Society: IP030457R - The Association is a Charitable Housing Association

External Auditors

RSM UK Audit LLP

Landmark, St. Peter's Square, 1 Oxford Street
Manchester M1 4BP

Internal Auditors

Forvis Mazars LLP

Two Chamberlain Square
Birmingham B3 3AX

Panel of Solicitors (on legal services framework)

Anthony Collins Solicitors LLP

134 Edmund Street
Birmingham B3 2ES

Blake Morgan LLP

New Kings Court
Tollgate, Chandler's Ford
Eastleigh
Hampshire SO53 3LG

Capital Law Limited

Capital Building
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Cardiff CF10 4AZ

Devonshires Solicitors LLP

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London EC2M 7DT

Hugh James

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Weightmans LLP

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Conwy County Borough Council

Legal Services Dept.
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Conwy LL29 0GG

Funders and Bankers

Barclays Commercial Bank

Midlands Service Centre
PO Box 333, One Snowhill
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Birmingham B3 2WN

BAE Systems Pension Funds Investment

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Lloyds Bank plc

Lending Operations
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Edinburgh
EH3 9BN

Funding Advisers

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3 Lombard Street
London
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Surveyors & Valuers

Savills (L&P) Limited
33 Margaret Street
London
W1G 0JD

Strategic Report

The Board is pleased to present its Annual Report and the audited Financial Statements for the Group and Association, for the year ended 31 March 2025.

The Group comprises of the association Cartrefi Conwy Cyfyngedig and two wholly owned subsidiaries Creating Enterprise, a Community Interest Company (CIC) and Cartrefi Developments Limited. Creating Enterprise and Cartrefi Developments Limited both have a 50% stake in a property development partnership called Calon Homes LLP. The group also has a 50/50 joint venture with Clwyd Alyn in a company called Onnen Limited which was set up in April 2023.

Cartrefi Conwy Cyfyngedig is a Co-Operative and Community Benefit Society administered by a Board of Management comprising of no less than 5 and up to 10 members.

The Group and Association's principal activities are the provision and management of affordable housing and the development of new affordable homes.

Cartrefi Conwy owns 4,209 homes. Of the homes we provide and manage:

76% are for general needs households

24% are for supported housing

Supported housing is mainly sheltered housing accommodation.

Cartrefi Conwy is a stock transfer association and has provided homes and worked closely with communities since 2008 following the transfer of the housing stock from Conwy County Borough Council.

The principal activity of Creating Enterprise C.I.C. is the provision of housing and property related services to the Association, other social landlords and local authorities. Through these activities it works to maximise social value for our communities. The principal activity of Cartrefi Developments is the development of new affordable properties on behalf of Cartrefi Conwy. Calon Homes LLP's principal activity is the development of new homes with a particular focus on the county of Conwy.

Cartrefi Conwy, is a co-owner of Onnen, a joint venture with ClwydAlyn. Onnen Limited has been established to support in the decarbonisation of homes. Cartrefi Conwy holds a 50% share in the organisation.

Our Vision and Mission

Cartrefi Conwy's vision is of “**creating communities to be proud of**” and our mission is “**to provide sustainable, affordable, quality homes and services for local communities, actively encouraging the participation of everyone and respecting the needs of all**”.

During 2024/25, in collaboration with colleagues across the Group, we revised our organisational values to create a set of Cartrefi Commitments.

How we work together, with our tenants, our colleagues and our partners is important to us. Having an inclusive and collaborative culture where our values and behaviours align helps guide us to provide the best customer experience we can. Together our Cartrefi Commitments are;

We Do the Right Thing

We always aim to do the right thing, even when no one is watching. We **are brave with** our decision making, and **we take ownership** for our actions. If we make mistakes, we acknowledge, learn, and make them right. We treat everyone fairly and with respect. **We show integrity in every action.**

We Lead By Example

We display leadership in everything we do. We are proactive, solution-focused and take **personal responsibility** for our actions. We do what we say we will do by being curious, resourceful and persistent in finding the right solution. **We deliver on our promises.**

We Are Stronger Together

We work as **one team**. We communicate openly and effectively, supporting each other and ensuring we're all on the same page. **We treat everyone with respect**, and we acknowledge and value each person's contributions. We foster an inclusive environment where everyone can bring their true selves to work. **Together, we achieve more.**

Financial and Operational Review

Funding

During 2024/25 we completed our refinancing and have secured new funding of £25 million with a new lender Danske Bank as well as a further £5 million of Revolving Credit Facilities (RCF) with our existing funder, Barclays Bank. This funding will support and enable us to deliver our development ambitions providing much needed homes as well as providing operational capacity to deliver quality housing and related services.

The RCFs with both Lloyds Bank and Barclays Bank (existing RCF) include potential interest rate reductions if specified Environmental, Social and Governance targets are achieved. The commitment to these targets aligns with a number of our Business Plan objectives.

Cash Flow

The free cash position is based on the surplus cash generated from operations after accounting for capital expenditures, which can be used for debt repayment, reinvestment, or reserves.

The As at 31 March 2025 Cartrefi Conwy's Free Cash Flow Position is set out below:

	2025 £'000	2024 £'000
Net Free Cash Inflow from operating activities	13,564	2,085
Interest received	198	116
Adjustments for reinvestment in existing properties;		
Component replacements	(4,184)	(2,754)
Major works	(3,618)	(4,843)
Purchase of tangible & intangible fixed assets	(173)	(606)
Component grant received	911	431
Free cash (consumed)/generated before loan repayments	6,698	(5,571)
Loan repayments	(1,304)	-
Free cash (consumed)/generated after loan repayments	5,394	(5,571)

Full details of the Group cash flow are provided in the cash flow statement on page 37 and note 25 to the financial statements.

Development and Performance

The detailed results for the year are set out in the Consolidated and the Association's Statement of Comprehensive Income on pages 32 and the notes to the financial statements on pages 38 to 82.

The following table provides a summary of the Group's Consolidated results:

For the year ended 31 March	2025 £'000	2024 £'000
Turnover	33,982	31,214
Operating Expenditure	(29,233)	(29,143)
Net surplus on sale of fixed assets	575	222
Operating Surplus	5,324	2,293
Fair value gain on investment properties	121	157
Joint venture undertakings	83	2
Net interest charges	(3,137)	(2,525)
Taxation	(-)	(-)
Net (loss)/surplus for the year	2,391	(73)
Actuarial (loss)/gain in respect of pension schemes	(307)	(6,371)
Total comprehensive income for the year	2,084	(6,444)

Turnover has increased from the previous year, mainly as a result of the annual rent increase. Operating costs have been managed in line with the pressures globally and the continuation of the cost of living crisis as well as the challenges we face as a housing provider.

The results reflect that during the year we completed £4.2 million of improvements to our homes which were capitalised. There was investment in housing stock of £5.357m (2024: £6.828m) in Major Repairs expensed and Planned Maintenance. This increased investment is to ensure continued compliance with the Renting Homes Wales Act, the Welsh Housing Quality Standard and to ensure our homes are safe, secure and affordable.

The surplus from property sales of £0.58m is a result of a small number of voluntary sales of uneconomic properties through the Association's asset management strategy.

The Fair Value of commercial properties has increased from £4.721m to £4.842m which is due mainly to the addition of a new market investment property into the portfolio.

Net interest charges are £3.137m (2024: £2.525m) and were incurred servicing our drawn loans to support delivery of our planned development programme. The average rate of interest paid in the year was 4.13% (2024: 4.00%). This includes the variable rate borrowing from the revolving credit facilities which were utilised during the year. Rates have been fixed on the majority of debt to provide certainty over interest payable.

The net surplus for the year is £2.391m (2023: £0.073m loss) prior to actuarial losses on defined benefit pension schemes of £0.307m (2023: £6.371m loss). Despite on-going uncertainty in the UK and global economy, demand for affordable housing remains strong and our performance

has delivered additional investment in both our existing properties and in our development of new homes through our subsidiary Calon Homes. Delivery of 121 new homes is now progressing providing much needed homes in the county of Conwy. The year-end actuarial position includes an adjustment to the Local Government Pension Scheme (LGPS), by way of a restriction on the Asset value recognised in the accounts. The asset ceiling restriction in place reduces the pension asset to recognise that a surplus is not recoverable via a refund or future reductions (after taking into consideration the minimum funding requirements) to the plan and therefore there is no economic benefit. This is in accordance with FRS102 requirements.

Creating Enterprise continued to expand with turnover increasing to £15.287m (2024: £12.862m). This growth reflects the investment generated within the new build division. Its purpose and core functions continue to support our customers and wider residents.

The Creating Futures team within Creating Enterprise continues to provide training and supports the development needs for a range of stakeholders. The team strengthens communities by delivering social value that directly improves lives. Over the last year the team has engaged with over 500 individuals supporting them to attain employment and develop skills and we continue to work with local businesses and partnership with government agencies to facilitate this. Our 'second chance' furniture donation service assisted 68 families during the year, and 20 dedicated volunteers contributed more than 2,000 hours of service, supported by meaningful opportunities to help make a difference.

Cartrefi Developments is now in its second year of trading and continues to provide services across a number of development projects for the group. The work programme is increasing in line with our development programme and schemes include our new scheme in Towyn which will see the delivery of 128 new homes over the next four years.

The Consolidated and Association Statements of Financial Position are provided on page 34 and the Consolidated and Association Statements of Changes in Reserves on pages 35 to 36 with supporting details found in the notes to the financial statements on pages 38 to 82. The following table provides a summary of the key elements of the Consolidated Statement of Financial Position.

For the year ended 31 March	2025 £'000	2024 £'000
Fixed Assets (Net Book Value)	154,485	133,840
Net Current Assets	15,673	9,293
Total Assets less Current Liabilities	170,158	143,133
Creditors falling due after one year	(138,997)	(113,972)
Pension Asset/(Liability)	(114)	(198)
Total Net Assets	31,047	28,963

The Association continues to invest in new homes with our property assets increasing by £20.799m (2023: £8.563m). This continues Cartrefi Conwy's current development programme aspiration to deliver 1000 new homes.

As at 31 March 2025 Cartrefi Conwy's total drawn loan borrowings were £90.50m out of a loan facility of £133.35m.

Financial and Non-Financial Key Performance Indicators

The Association's performance during 2024/25 against key indicators and compared to previous years is set out in the table below:

For the year ended 31 March	2025	2024	2023	2022
Service Area				
Overall Tenant Satisfaction	80%	81%	82%	82%
% rent loss due to lettable properties being empty	1.34%	1.42%	1.34%	1.48%
Rent arrears (current arrears as a % of rent & service charges receivable)	5.73%	4.23%	4.34%	3.56%
Re-let time (calendar days)	34 days	42 days	31.8 days	37.5 days
% annual gas inspections completed	100%	100%	100%	100%

Our overall tenant satisfaction for the year finished at 80%. We review satisfaction results quarterly with key teams to ensure we're using our tenant's feedback to improve services. Over

the past year, we've focused on listening more closely and creating more opportunities for tenants to have their say. As a result, we are pleased that satisfaction with how we listen, and act finished above target at 71%, an increase of 4% from the previous year.

Following a challenging year shaped by the ongoing cost-of-living crisis, the transition to Universal Credit, and the removal of rent-free weeks within our internal rent setting policy, we ended the year with rent arrears at 5.73%. Encouragingly, our cash collection rate remained strong at 99%, consistent with last year's performance, and we have a detailed plan in place to reduce current rent arrears during 2025/26.

Our Money Support Team continued to play a vital role in helping tenants maximise their income. This year, the team supported tenants in securing over £887,000 in additional income and benefits, a significant increase from £729,000 the previous year.

For the fourth consecutive year, we are proud to report zero evictions. This achievement reflects the strength of our partnership working, which has been crucial in supporting tenants with high-level arrears and helping them sustain their tenancies.

The year-end void loss due to empty homes finished at 1.34%; this was impacted by a rise in properties needing major works before they could be re-let. In total, 193 lets were completed, a decrease of 46 compared to the previous year. However, tenant feedback remains positive, with 95% of respondents satisfied with the re-letting process. During the year 41% of the lets were made to people who were homeless or at risk of homelessness.

During the year 100% of our gas servicing compliance visits were completed and the importance of ensuring our tenants are safe in their homes is understood throughout the organisation. Although all visits were completed, access remains the biggest issue as we are seeing a significant increase in complex cases. This is an area of focus, and we continue to work collaboratively across the business and with external partners.

Health and Safety

This financial year saw the Group's number of accidents and incidents reduce from the previous year by 17 events, equating to a 24% reduction.

A working partnership has been established with Anwyl homes to allow further exposure of colleagues from both teams of site management as a Principal Contractor, as well as sharing good practices and solutions to common challenges on site.

We are tackling rising challenges such as the increase of verbal abuse/ aggressive behavior noted across the housing sector with a trial of body worn videos. These were received positively by both colleagues and tenants, have further increased our robust controls in managing lone working risk and have led to an extended year long trial due to take place in 2025.

Learning and development activities during the year has resulted in all Health & Safety (H&S) Advisors completing the NEBOSH Construction Certificate, providing Construction Design and Management Regulations (CDM) focused training for the team. All advisors also hold the NEBOSH National Diploma for occupational Health & Safety and will work towards obtaining chartered membership with IOSH. The Group Health & Safety Compliance Manager has also completed training provided by IOSH for Behavioral Science for Leadership in Safety.

Assurance

The scheduled Annual Audit and Inspection Programme was delivered by the Health and Safety team and was again our biggest year to date. During the year 277 audits and inspections were completed in total, this figure includes 67 ad-hoc site attendance in support of reported events. This was a 22% increase from the previous financial year. The planned commitment for the number of audits and inspections (non-reactive) for the year was to be virtually static as the previous financial year. Moving forward, as we now have a good understanding of the areas of risk for the Group, we aim to reduce the number of planned audits and inspections and focus on the higher risk areas and partnership working through observational support visits.

Health and safety representatives

Over the past year, engagement with the Health and Safety Representatives across the group has continued and promoted their feedback via the Health and Safety Committees and workshops, as well as being actively involved in the policy review and risk assessment process.

Health & Safety (H&S) Culture inspections have taken place throughout the year to understand how colleagues feel about the direction in which we are moving and their involvement in that. We continue to ensure a strong H&S culture remains across all Group activities. During the year, in order to improve effectiveness and communication, we implemented an amalgamated Group Health and Safety Committee. Whilst this committee will continue to evolve over time, improvements have already been delivered with a focused group perspective across all areas of the business.

Awards and external accreditation

We are proud that the Group's dedication and commitment to ensuring the health and safety of our tenants, contractors and colleagues was recognised again this year with our fourteenth consecutive year of Rospa Gold, meaning that we have maintained the President's Award. This is in addition to also maintaining our on-going Contractor's Health and Safety Scheme (CHAS) membership.

Corporate Plan 2020 to 2025 Performance

We have now completed the final year of our 2020-25 Corporate Plan, which was approved by the Board in April 2020. The plan was produced in a co-production manner through a project called 'Innovate' which considered views and feedback from our tenants, our colleagues, and other stakeholders and partners. This informed seven priorities of our plan as follows:

Priority	Aim	Key Achievements
Create Sustainable Communities	Our homes will be in communities where people want to live and work, now and in the future	<ul style="list-style-type: none"> ○ New neighbourhood patches developed to improve contact opportunities ○ Supported 352 tenants into work ○ Retained Green Flag status on 2 larger estates
Deliver Quality Homes	We will deliver high quality, affordable and accessible homes, in the places that they're needed	<ul style="list-style-type: none"> ○ We have provided 299 additional homes to rent ○ All new build homes have been of an EPC B rating or above ○ The average SAP score for new build homes in 2024/25 was 91
Maximise Our Social Impact	We will maximise the social impact our work has in delivering for those that need it the most	<ul style="list-style-type: none"> ○ We have provided over 250 volunteering opportunities ○ We have established the Second Chance furniture scheme
Collaborate and Create	We will collaborate with others and create new opportunities to help drive the business forward	<ul style="list-style-type: none"> ○ Establishment of the Onnen Joint Venture with ClwydAlyn to provide renewal solutions for existing properties
Tackle the Climate Crisis	We will create more environmentally friendly and sustainable homes and spaces, whilst reducing our carbon footprint	<ul style="list-style-type: none"> ○ Set up a factory in Rhyl to build energy efficient homes ○ Introduce EPC A homes into our housing stock ○ The average SAP score for existing homes in 2024/25 was 76
Transform Our Use of Technology	We will use technology as an enabler to allow us to work smarter and enhance what we do.	<ul style="list-style-type: none"> ○ Replace key IT infrastructure ○ Obtain Cyber Essential plus accreditation ○ Introduce Data Management tools including Power BI

Develop an Innovative Workforce	We will develop a culture that gives our colleagues the confidence to create new ideas and try new things	<ul style="list-style-type: none"> ○ Complete organisation-wide leadership culture programme ○ Achieved 2-star level in Best Companies assessment based on colleague views
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Having completed our Innovate Corporate Plan we have now developed our new plan focused on the next 3 years.

Future Prospects

During 2024/25 we co-created our new 'Together' Corporate Plan 2025-2028. We wanted to make sure that everyone involved with us could have an opportunity to influence what we are doing and where we are going. The plan was co-created with valuable input from our tenants, colleagues, Board members and other partners.

The plan is built around three strategic themes: 'Our People', 'Our Property' and 'Our Partnerships'. These themes are essential for achieving our purpose and laying the foundations for our future. Our overarching strategic priorities are set out below;

Theme	Strategic Priorities
Our People	<ul style="list-style-type: none"> ○ Foster a customer-centric culture that delivers the desired outcomes for both colleagues and tenants in an inclusive, accessible, and empowering manner ○ Actively listen to feedback and use it to improve our approach to people, shaping our services, delivering our strategies, and fulfilling our purpose - 'make every contact count' ○ Continue to amplify the tenant and colleague voice and emphasise the importance of lived experiences in our decision-making processes
Our Property	<ul style="list-style-type: none"> ○ Provide well-maintained, safe, and secure homes by executing our investment and maintenance programmes in line with customer commitments ○ Deliver a proactive, customer centric maintenance service that ensures homes remain safe and secure at all times ○ Collaborate effectively to manage homes and sustain tenancies, balancing tenancy responsibilities with tenant support ○ Achieve sustainable growth through the development of new homes, future projects, and strategic asset management
Our Partnerships	<ul style="list-style-type: none"> ○ Continue to embed strong working relationships with our local authority partners to meet the strategic housing priorities of the local area

	<ul style="list-style-type: none"> ○ Work collaboratively with external partners to deliver maximum value and positive outcomes for our tenants ○ Strengthen internal partnerships to promote a unified, caring, and connected team approach ○ Drive continuous improvement by collaborating with external organisations, sharing insights, and exploring new opportunities for growth and development
Enabling delivery of the plan: Financial, Governance, Technology	<ul style="list-style-type: none"> ○ Sustain strong financial health by embedding value-driven practices and maximising funding and grant opportunities ○ Develop a data-driven culture supported by effective business transformation and the necessary skills to enhance experiences for both customers and colleagues ○ Ensure full compliance with all regulatory and legislative standards, fostering transparency and accountability with our regulatory bodies

What success will look like

Delivery of the Together Corporate Plan 2025-2028 will be measured against these success factors.

- **How our tenants will feel** - We will be an accessible and inclusive organisation, and we will be in the upper quartile of tenant satisfaction in the sector, achieving over 92%
- **How we will work as an organisation** - We will have embedded a new culture change programme within the organisation, with a supporting People Strategy in place, emphasising inclusivity and customer excellence
- **How we will manage our tenancies** - We will have strengthened our proactive and preventative approach to support tenancy sustainability, and reduced our gross arrears performance to less than 3% of our annual rent roll
- **How we will deliver new homes** - We will have built over 300 homes - with a supporting pipeline of schemes to take the total to over 380 homes in the next five years
- **How we will deliver a top-class repairs service** - We will be in the upper quartile satisfaction in the sector, alongside successfully reducing the number of repairs per property per year to around 2.5, aligning with our asset management strategy and national best practices
- **How we will use new technologies and systems** - We will have embedded new technology, systems, teams, and processes within the organisation, focusing on CRM (Customer Relationship Management) systems to provide up-to-date, intelligent data to tenant-facing colleagues and tenants

Our Subsidiaries Plans

Creating Enterprise will continue to provide housing and property related services to the Association, other social landlords and local authorities. This will include property refurbishment, energy efficient house building, supply of key timber components and property maintenance activities. It will also, through the Creating Futures team, provide a wide range of support activities to the communities in which Cartrefi Conwy works including opportunities for our own tenants.

Cartrefi Developments Limited is working to deliver new affordable housing schemes for Cartrefi Conwy. There are currently two active schemes which are expected to deliver 234 homes over the next 4 years. Further schemes are in the concept and design stage which it is intended will deliver additional homes over the same period.

Calon Homes LLP is fully focused on the site located in Glan Conwy within the heart of Conwy County. It was intended that this site would deliver 107 homes of which Cartrefi Conwy would purchase 33 Section 106 homes for social and intermediate rent and 8 properties for market rent. Due to the need to develop more affordable homes for rent it is now intended (subject to planning), that the site will increase to 121 homes of which 96 which will be social and intermediate rents and 25 will be for market rent.

Risk Assurance Framework

The Organisational Risk Assurance Framework is based on the three lines of defence model which is designed to assure the effective and transparent management of risk by making accountabilities clear. It covers how we manage, mitigate and monitor risk throughout the organisation – from tenant-facing colleagues up to Board and Committee members. The Operational Risk Register feeds into the newly developed Strategic Risk Statements that are reported to the Board quarterly, showing a clear flow of information from the top to the bottom of the Group.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit and Assurance Committee to regularly review the effectiveness of internal controls. The Board receives Group Audit & Assurance Committee minutes.

The Operational Group Risk Register monitors each individual strategic risk area and is reviewed on a quarterly basis. To continually improve our approach to risk management, the Group Audit and Assurance Committee have delegated the judgement of each risk area to the relevant Board/Committee to ensure the correct oversight and expertise are assessing the Group's main risks. The Board is therefore able to confirm that there is a robust and on-going process for identifying, evaluating, and managing significant risks faced by the Group.

The strategic risk statements (below) were approved at the Board meeting in July 2024 were the subject of the pre-Board meeting in October 2024. Prior to the session the Board independently rated the nine risk statements with their own personal risk appetites ranging from Eager to Averse. During the session each statement was discussed based on the difference in variance scored by each board member in order to come to a consensus on a score for each statement.

The report has been presented at each Board meeting since with all risks scored, and their mitigations and controls highlighted. This report also looks into the sector risks and any emerging risks across economic and social factors that could impact on how we operate.

The Board confirms that no weaknesses were found in the internal controls for the year ended 31 March 2025 which otherwise might have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Strategic Risk Statement	Controls
Strategic Leadership and Governance Risk - Failure to deliver effective strategic leadership and governance arrangements for core business and subsidiaries	<ul style="list-style-type: none"> ○ Regular Board meetings across the organisation ○ Board members with a range of relevant skills and experience, and appropriate succession planning ○ Line of sight review
Quality and Affordable Service Risk - Failure to deliver high quality affordable services to tenants	<ul style="list-style-type: none"> ○ Annual Approval process for rent and service charge against affordability framework and model ○ Tenant Services Committee oversight ○ Regular regulatory returns / External satisfaction surveys
Financial Performance Risk - Failure to achieve financial resilience	<ul style="list-style-type: none"> ○ Regular reporting to relevant Boards ○ Regulatory returns ○ Regular lender liaison and reporting ○ Appropriate financial advice and audit ○ Regular horizon scanning to ensure potential issues are identified
Quality of Homes Risk - Failure to maintain current or deliver new high quality affordable homes	<ul style="list-style-type: none"> ○ Annual regulatory returns ○ Tenant Services Committee oversight ○ External independent satisfaction surveys and internal complaints process ○ Partnerships with external experts
Health and Safety Risk - Failure to manage health and safety of colleagues, tenants and stakeholders	<ul style="list-style-type: none"> ○ External H&S accreditations ○ Working with approved contractors / accredited ○ H&S Representatives across the business ○ Stock Reconciliation Work
Resources, Skills and Culture Risk - Failure to have sufficient resources, skills and culture to deliver organisational ambitions and corporate plan	<ul style="list-style-type: none"> ○ Board and Committee reviews of relevant information ○ Internal Colleague Engagement Surveys ○ Training programme for all colleagues ○ Benchmarking of pay ○ Engagement with external stakeholders and expertise
Legislation and Regulation	<ul style="list-style-type: none"> ○ Regular legal updates provided to Board and Group Audit and Assurance Committee. ○ Regulatory returns

Risk - Failure to anticipate and plan for legislative and regulatory changes	<ul style="list-style-type: none"> ○ Governance and Business Assurance reports to the Board ○ Targeted internal audit programme
Service Delivery Risk - Failure to anticipate, plan, respond and recover effectively from events that impact our delivery	<ul style="list-style-type: none"> ○ Updated Business Continuity plans in place ○ Regular review and testing of continuity plans ○ Tailored Business Continuity training for relevant staff ○ ICT Disaster recovery testing taking place ○ External cyber security accreditation
Planning and Developing Risk - Failure to spot, understand, and realise the developing trends and seize opportunities	<ul style="list-style-type: none"> ○ Regular Subsidiary Board meetings ○ Subsidiary Board members with relevant commercial skills ○ Partnerships with external experts ○ Line of sight review ○ Commercial Accreditations

Approved on behalf of the Board by:

Helen

Helen Pittaway
Board Member (Chair)

Date: 24/09/25

Governance and Regulation Report

Shareholder Policy

There is one class of shareholder with all votes ranking equally on a one share one vote basis.

Each Board member must be a shareholder. Other applications must be submitted in writing, setting out the reason why the applicant wishes to become a shareholder. The Board has the power in its absolute discretion to accept or reject an application. If approved, the individual is issued with a share certificate upon payment of £1 (one pound sterling) and their particulars entered in the register of shareholders.

Information to Auditors

The Board Members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Internal Control Statement

The Cartrefi Conwy Board acknowledges its overall responsibility to the Association for establishing and maintaining the whole system of internal control and for reviewing its effectiveness across the Group.

As at July 2025 the Cartrefi Conwy Group structure comprises

- Cartrefi Conwy (the Association), a registered social landlord regulated by Welsh Government; and
- Creating Enterprise C.I.C, a wholly owned subsidiary of Cartrefi Conwy.
- Cartrefi Developments Limited, a wholly owned subsidiary of Cartrefi Conwy.
- Calon Homes LLP, a limited liability partnership owned jointly by Creating Enterprise C.I.C and Cartrefi Developments Limited on a 50/50 basis.

Additionally, Cartrefi Conwy is a 50/50 partner along with Clwyd Alyn Housing in Onnen Limited, a private limited company which was incorporated on 20 April 2023.

The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is on-going and has been in place throughout the year from 1 April 2024 up to the date of approval of the Annual Report and financial statements for the year ended 31 March 2025.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for all Committees and subsidiary companies.
- A Strategic Alliance Agreement between Cartrefi Conwy and Creating Enterprise which documents their joint commitment to successful achievement of the objectives of their strategic alliance and provides additional detail as to governance and reporting arrangements between the Members.
- An LLP (Limited Liability Partnership) Agreement between Calon Homes LLP and its members which regulates the respective responsibilities and dealings between the LLP and its Members.
- A contract is in place between Cartrefi Conwy and Cartrefi Development Limited for new development schemes.
- A Shareholders Agreement between Cartrefi Conwy and ClwydAlyn Housing which regulates the activities of Onnen Limited.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks. Process for assuring responsibilities understood, adopted and executed by management.
- ICT system integrated controls, such as password protection, designated user permissions covering access and to read, write, create, delete files, file backup procedures & disaster recovery procedures.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Annual review of health and safety arrangements and report to Board on assurance methodology for Health and Safety systems and performance. Quarterly reports to the Group Audit and Assurance Committee on matters relating to Group Health & Safety risks and assurance. Health and Safety management software and an internal audit software programme provide additional control functions across the Group.
- Formal recruitment, retention, training and development policies for all staff.
- Established authorisation and appraisal procedures for significant new initiatives, including land and property development as part of our development and asset management strategies.
- An active approach to treasury management which is subject to external review by our treasury advisors each year.

- Regular reporting to the appropriate committee on key business objectives, targets and outcomes.
- Board approved policies relating to;
 - whistleblowing,
 - fraud, bribery and corruption covering prevention, detection and reporting, together with recoverability of assets.
- Regular monitoring of loan covenants and requirements for new loan facilities.
- Asset & Liabilities Register maintained.
- Scheme of Delegation, Authorities Matrix and Procedure manuals for staff; and
- An established programme of internal audit activities derived from an assessment of the key business risks (e.g., service delivery, health and safety, and financial).

The Association offers opportunities for tenants and other stakeholders to be involved in activities that facilitate scrutiny and challenge, thereby helping to improve openness and accountability.

A fraud register is maintained and is reviewed by the Group Audit & Assurance Committee on a quarterly basis. During the period covered by this report there were no material weaknesses or irregularities in operation or financial practice brought to the attention of the Board.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit & Assurance Committee to regularly review the effectiveness of the system of internal control. The Board receives the minutes of meetings of this committee. The Group Audit & Assurance Committee has received and reviewed the annual report of the internal auditor and has reported its findings to the Board.

The Board

The current Board members and the Executive Directors are set out on page 2 of the Financial Statements, together with the notes on changes in appointments to the Cartrefi Conwy Board or Board and Committee Chair positions in the year.

The Board is responsible for the strategic leadership and direction of the organisation and ensuring its corporate objectives and statutory responsibilities are met.

Day to day management and implementation of the Group's strategy and policy framework is delegated to the Group Chief Executive and the senior officers who meet regularly and attend Board meetings.

The Cartrefi Conwy Board meets on average eight times a year for regular business and also undertakes additional activities to support consideration of strategy. Additional 'online' activities have included topic specific workshops and networking opportunities for Board members. We have not seen any detriment to our decision making because of adopting virtual meetings.

Members are supported in their on-going personal development; this includes the opportunity to attend sector and role relevant networks and conferences, through a range of training

opportunities, briefings and ‘away days’, based on recommendations arising from discussions at Board or Committee meetings and the annual Board member appraisal process.

The activities of the Board and all Committees are governed by the Scheme of Delegations and Standing Orders which are reviewed annually.

Listed below are the skills the Board considers as important to Cartrefi Conwy at its current stage of development, with the expectation that although not all Board Members will have all these skills, the organisation will benefit by having a diverse range of Board members, with different life experiences and skills.

- Governance and working as one of a board team
- Awareness of, and empathy with Cartrefi Conwy Group Values and social mission
- Critical analysis
- Performance management and continuous improvement
- Vision and Strategy setting and understanding
- Financial mind-set; gained from budget responsibility, technical practice (e.g., accountancy). Able to understand financial data/statement and interrogate trends
- Political awareness, diplomacy and networking
- Knowledge of Housing or other sectors; for example, Education, Health, Police, etc.
- Risk appetite, risk management and mitigation strategies
- Provision of customer services with a focus on performance and improvement
- Commercial business, business planning, financial and management skills
- Management, leadership and strategy in a housing or similar context
- Knowledge of the local economy, areas and communities served by the Association and its subsidiaries
- Funding, planning and development for housing and regeneration
- Equal opportunities and diversity; specific needs of local communities
- Community/ Customer focused, wellbeing and health

Additionally, we expect our Board Members to play an active part in leading the business and so consider the following to be ideal qualities Board Members should have:

- Leadership, Inspiring, set a good example
- Commitment of sufficient personal time to ensure they perform well
- Curiosity to seek out relevant information and use it appropriately to question or challenge others or the ways things are done
- Courage and Determination to deal with difficult decisions, challenging circumstances and drive innovation and improvement
- Team player with good interpersonal and communication skills
- Considerate, respectful and supportive towards others working with them
- Ability and willingness to accept collective responsibility and majority decisions

Throughout this review year Board members have shown their commitment and support by contributing, whether physically in person or virtually, through constructive debate and

decision making. As far as has been allowed in this review year, Board and Committee members have participated in a range of community, sector and tenant focused events, learning and development sessions.

The Annual General Meeting (AGM) will be held on 25th September 2025.

All Board members are recruited for the skills, knowledge and expertise they can bring to the business. They are required to act in the best interests of Cartrefi Conwy at all times, maintain confidentiality and present a positive, professional and caring image when acting as ambassadors for the Association. All newly appointed Board members are supported by an induction programme to help them settle in and become effective members of the Board as quickly as possible.

Statement of Board's Responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Social Landlord (RSL) and of the surplus or deficit 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 estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and the Group to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales: General Determination 2015. It is also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Regulation

As a Registered Social Landlord, the Association is regulated by the Welsh Ministers, who publish a Regulatory Judgement as to the Association's financial viability and how well it is performing. The Association has to submit self-assessment data for review on a regular basis.

Cartrefi Conwy's last Regulatory Opinion and Financial Viability Judgement report was published on Thursday 13th October 2022. Assessment Outcome:

- Governance (including tenant services) – Compliant - Green
- Financial Viability – Compliant - Green

The next Regulatory Judgement will be made under the revised and updated Regulatory Standards.

Executive Directors

None of the Executive Directors hold an interest in the Association's shares. They each act as executives within the authority delegated by the Board and set out in the Financial Regulations and Scheme of Delegations of the Association.

All Executive Directors are employed on the same terms as other staff with the exception of notice periods and receive a car allowance worth 10% of their salary and a Performance Related Bonus scheme through which up to 12% of salary bonus will be payable on successful performance against objectives set for the year.

During the year, three of the Executive Directors were members of the LGPS Pension Scheme. They participated in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees. The other Directors have personal pension scheme arrangements.

Employees

Our employees are essential to the delivery of our vision and strategic aims. We continue to invest in good quality training and development.

As at 31 March 2025 we had 261 employees in the Group with 176 employees working for Cartrefi Conwy and 85 employees working for Creating Enterprise.

Cartrefi Conwy is committed to equality of opportunity and drives continuous improvement.

Register of Detected Frauds

The Company Secretary maintains the register of detected frauds. In the year no successful frauds were identified. Colleagues have been reminded of the need for continued vigilance in preventing fraud and internal audit reviews are undertaken throughout the year to recommend on-going improvements in working practices to minimise the ever-changing fraud risk.

Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Association has in place long-term debt facilities including £39m (2024: £24m) of undrawn facilities as at 31 March 2025, which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

The Board's assessment of going concern involves a number of considerations and judgements that have influenced the scenario testing of the business plan. The plan continues to be built upon realistic and agreed assumptions for income and expenditure. These are set in line with expectations and provide sufficient headroom to enable the organisation to react to any adverse events that can occur within our normal operating environment.

The Group has continued to respond and adapt changes in the operating environment and respond to the impacts from the macro-economic environment. This has been a key consideration as part of the stress testing of the financial business plan.

The base business plan has been tested against a number of adverse stress tested scenarios. This included limiting income increases over the life of the plan, increasing arrears and doubling voids for 1 year and then reducing these proportionately back to baseline over 3 years. Increased inflation and variable rate borrowing costs have been modelled and a further scenario was modelled in recognition of potential delays in the development programme for a three month period as well as increasing expenditure costs due to the unknown but potential implications on staffing and materials from increasing inflation in the operating environment. This included modelling a number of multi-variant scenarios.

Across the majority of stress tests, the organisations remained compliant with lender covenants over the medium term and will continue to be so for more than the next 24 month period analysed during our simulations of potential impacts on performance. Some multi variant and investment related stress tests were sufficient to break the business plan. Ultimately, this is what the stress tests are designed to do and once mitigations were applied all stress tests were compliant over the 30 year life of the Business Plan.

The Group can manage its operations in such a way as to control or defer significant parts of its cashflow with specific mitigations. These mitigations include deferral of repairs expenditure, reducing overheads on specific areas and projects and amendments to pipeline schemes within the development programme to pause, delay or cancel projects.

In consideration of the above the Board has a reasonable expectation that the Group and Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The Association's Annual General Meeting will be held on 25th September 2025.

The Rules of the Association allow a General Meeting to be held in any manner that the Board chooses. This year shareholders will be offered the opportunity to attend the meeting in person at Morfa Gele, North Wales Business Park, Cae Eithin, Abergele LL22 8LJ or virtually via MS Teams. Shareholders attending virtually will be deemed present even if not all in the same location.

External Auditors

Our external auditors for the year end 31 March 2025 are RSM UK Audit LLP. RSM UK Audit LLP have expressed a willingness to continue in office.

Approved on behalf of the Board by:



Date: 24/09/25

Helen Pittaway
Board Member

Independent auditors' report to the members of Cartrefi Conwy Cyfyngedig

Opinion

We have audited the financial statements of Cartrefi Conwy Cyfyngedig (the 'Association') and its subsidiaries for the year ended 31 March 2025 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2025 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Accounting Requirements for 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 and Parent 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

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 is responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with section 75; or
- the income account and the balance sheet are not in agreement with the books of account of the Association; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement 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 and parent Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the parent Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent Association operates in and how the group and parent Association are complying with the legal and regulatory framework.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014, the Housing Act 1996, and the Accounting Requirements for Social Landlords General Determination (Wales) 2015 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures to ensure compliance.

We consider that the most significant laws and regulations that may have an indirect impact on the financial statements if not complied with, are the Health and Safety at Work Act 1974, the Welsh Government Regulatory Framework and the General Data Protection Act as set in the Data Protection Act 2018.

The audit engagement team identified the risk of management override of controls and the completeness, cut-off and valuation of certain income streams as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. The audit team also performed cut-off testing and testing over the completeness of income and reviewed the stage of completion of long term contracts

The engagement partner on the audit resulting in this independent auditor's report is John Guest.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

RSM UK Audit LLP

RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Landmark,

St. Peter's Square

1 Oxford Street

Manchester

M1 4PB

Date: 25/09/25

Consolidated Statement of Comprehensive Income

		2025	2024
	Note	£'000	£'000
Turnover	<u>3</u>	33,982	31,214
Operating Expenditure	<u>3</u>	(29,233)	(29,143)
Gain on disposal of housing properties	<u>6</u>	575	222
Operating Surplus		5,324	2,293
Fair value gains on investment properties	<u>14</u>	121	157
Joint Venture undertakings	<u>32</u>	83	2
Interest receivable	<u>7</u>	198	115
Interest and financing costs	<u>8</u>	(3,335)	(2,640)
Surplus/(Deficit) before tax		2,391	(73)
Taxation		-	-
Surplus/(Deficit) for the year		2,391	(73)
Actuarial (losses)/gains in respect of pension schemes	<u>22</u>	(307)	(6,371)
Total Comprehensive income for the year		2,084	(6,444)

The financial statements were approved and authorised for issue by the Board on 24/09/25



Helen Pittaway
Board Member



Kath Coughlin
Board Member

Amy Garner
Company Secretary

The consolidated results relate wholly to continuing activities.
The accompanying notes form part of these financial statements.

Association Statement of Comprehensive Income

		2025	2024
	Note	£'000	£'000
Turnover	<u>3</u>	32,774	30,054
Operating Expenditure	<u>3</u>	(28,630)	(27,814)
Gain on disposal of housing properties	<u>6</u>	575	222
Operating Surplus		4,719	2,462
Fair value gains on investment properties	<u>14</u>	121	157
Joint Venture undertakings		83	2
Interest receivable	<u>7</u>	657	544
Interest and financing costs	<u>8</u>	(2,961)	(2,281)
Surplus before tax		2,619	884
Taxation		-	-
Surplus for the year		2,619	884
Actuarial (losses)/gains in respect of pension schemes	<u>22</u>	(307)	(6,371)
Total Comprehensive income for the year		2,312	(5,487)

The financial statements were approved and authorised for issue by the Board on 24/09/25

Helen

Kath

Amy

Helen Pittaway
Board Member

Kath Coughlin
Board Member

Amy Garner
Company Secretary

The Association results relate wholly to continuing activities.
The accompanying notes form part of these financial statements.

Consolidated and Association Statement of Financial Position

Company Number: 30457R	Note	Group		Association	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed Assets					
Intangible Fixed Assets	<u>11</u>	298	441	-	-
Intangible Fixed Assets - Goodwill	<u>11</u>	-	(409)	-	-
Tangible Fixed Assets – Housing properties	<u>12</u>	146,600	125,801	146,600	121,735
Tangible Fixed Assets – Other	<u>13</u>	2,662	3,284	1,671	2,407
Investments Properties	<u>14</u>	4,842	4,721	4,842	4,721
Investments in Joint Ventures	<u>32</u>	83	2	83	2
Total Fixed Assets		154,485	133,840	153,196	128,865
Current Assets					
Stock	<u>16</u>	153	6,766	31	97
Trade and other debtors	<u>17</u>	7,335	9,889	9,740	15,898
Cash and cash equivalents	<u>23</u>	18,403	7,503	16,150	7,150
		25,891	24,158	25,921	23,145
Creditors: amounts falling due within one year	<u>18</u>	(10,218)	(14,865)	(8,721)	(8,867)
Net current assets		15,673	9,293	17,200	14,278
Total assets less current liabilities		170,158	143,133	170,396	143,143
Creditors: amounts falling due after more than one year					
Pension (liability)/asset	<u>22</u>	(114)	(198)	(114)	(198)
Total net assets		31,047	28,963	32,385	30,073
Reserves					
Share capital		-	-	-	-
Income and expenditure reserve		26,934	25,190	28,272	26,300
Revaluation reserve		4,113	3,773	4,113	3,773
Total reserves		31,047	28,963	32,385	30,073

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 24/09/25

Helen Pittaway

Helen Pittaway
Board Member

Kath Coughlin

Kath Coughlin
Board Member

Amy Garner

Amy Garner
Company Secretary

Consolidated Statement of Changes in Reserves

	Revenue	Revaluation	Other	2025
	Reserve	Reserve	Reserve	Total
	£'000	£'000	£'000	£'000
Balance as at the 1 April 2023	31,084	4,176	147	35,407
Surplus for the year	(73)	-	-	(73)
Transfer between reserves	(29)	-	29	-
Investment Acquisition	(404)	404	-	-
Transfer to Revaluation Reserve	807	(807)	-	-
Actuarial gain on pension schemes	(6,371)	-	-	(6,371)
Balance as at the 31 March 2024	25,014	3,773	176	28,963
Surplus for the year	2,391	-	-	2,391
Transfer between reserves	(20)	-	20	-
Investment Acquisition	(340)	340	-	-
Transfer to Revaluation Reserve	-	-	-	-
Actuarial loss on pension schemes	(307)	-	-	(307)
Balance as at 31 March 2025	26,738	4,113	196	31,047

Association Statement of Changes in Reserves

	Revenue	Revaluation	Other	2025
	Reserve	Reserve	Reserve	Total
	£'000	£'000	£'000	£'000
Balance as at the 31 March 2023	31,237	4,176	147	35,560
Surplus for the year	884	-	-	884
Transfer between reserves	(29)	-	29	-
Investment Acquisition	(404)	404	-	-
Transfer to Revaluation Reserve	807	(807)	-	-
Actuarial gain on pension schemes	(6,371)	-	-	(6,371)
Balance as at 31 March 2024	26,124	3,773	176	30,073
Surplus for the year	2,619	-	-	2,619
Transfer between reserves	(20)	-	20	-
Investment Acquisition	(340)	340	-	-
Transfer to Revaluation Reserve	-	-	-	-
Actuarial loss on pension schemes	(307)	-	-	(307)
Balance as at 31 March 2025	28,076	4,113	196	32,385

Consolidated Statement of Cash Flows

		2025	2024
	Note	£'000	£'000
Net cash generated from operating activities	<u>25</u>	13,955	2,019
<hr/>			
Cash flow from investing activities			
Payments to improve and acquire housing properties		(25,296)	(12,300)
Payments to acquire other tangible and intangible fixed assets		(173)	(606)
Investment purchases		(340)	(404)
Proceeds from sale of tangible fixed assets		782	253
Capital grants received		12,853	3,409
Interest received		211	116
		(11,963)	(9,532)
<hr/>			
Cash flow from financing activities			
Interest paid		(3,799)	(3,007)
Other charges		(131)	(143)
Costs of Borrowing		(162)	-
New secured loans		14,304	8,760
Repayment of Borrowing		(1,304)	-
		8,908	5,610
Net change in cash and cash equivalents		10,900	(1,903)
Cash and cash equivalents at beginning of the year		7,503	9,406
Cash and cash equivalents at the end of the year		18,403	7,503

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Legal status

The Association is registered under the Co-operative & Community Benefit Societies Act 2014 with charitable rules and is registered with the Welsh Government. The Association is also a Public Benefit Entity (“PBE”).

The address of the Company’s registered office and principal place of business is Morfa Gele, North Wales Business Park, Cae Eithin, Abergele LL22 8LJ.

The Association was set up for the purpose of accepting a large scale voluntary transfer of housing stock from Conwy County Borough Council. This transfer took place on 29 September 2008. It was established to instigate a major works improvement programme to the transferred housing stock and implement an environmental upgrade strategy to complement the direct investment in homes. These upgrade improvement works were completed December 2012.

The Association’s principal activities are provision of management, maintenance and improvement services to 4,209 rented homes. The Association also provides a management service to 118 leasehold flats (2024: 125), and 159 (2024: 151) units of temporary accommodation on behalf of Conwy County Borough Council and private landlords.

The Association has two subsidiaries; Creating Enterprise, which is a community interest company registered under the Companies Act and Cartrefi Developments, a private limited company. Additionally, Calon Homes LLP is a jointly owned subsidiary of Creating Enterprise and Cartrefi Developments Limited.

2. Accounting policies

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), the Housing SORP 2018 “Statement of Recommended Practice for Registered Housing Providers” and comply with the Accounting Requirements for Registered Social Landlords – General Determination (Wales) 2015. They have been prepared on historic cost basis with the exception of the revaluation of investment properties.

Reduced Disclosures

In accordance with FRS 102, the Association has taken advantage of the exemptions from the following disclosure requirements in its individual financial statements.

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 ‘Basic Financial Instruments’ & Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel

Monetary amounts in these financial statements are presented in sterling, the functional currency of the organisation and rounded to the nearest whole £1,000 except where otherwise indicated.

Going Concern

A review of the Group’s forecasts, projections and long-term business plan shows that there is a reasonable expectation that it has adequate resources to continue operating for the foreseeable future. The Association has in place long-term debt facilities including £39m (2024: £24m) of undrawn facilities at 31 March 2025 and the Group’s long term business plan demonstrates it is able to service these debt facilities whilst continuing to comply with lender’s covenants.

The Board’s assessment of going concern involves a number of considerations and judgements that have influenced the scenario testing of the business plan. This included stress testing the plan to understand the potential impact from adverse events such as the impact of macro-economic factors and also included modelling a number of multi-variant scenarios.

This demonstrated that the organisation remained financially viable and will continue to be so for more than the next 24 month period analysed during our simulations of potential impacts on performance.

In consideration of the above the Board has a reasonable expectation that the Group and Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover and revenue recognition

Turnover comprises rental, service charges, sales receipts from disposal of surplus assets and other services provided at the invoice value (excluding VAT where repayable) of goods and services supplied in the year and grants receivable in the year.

Rental income and service charges are recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with the Local Authority. As a Large Scale Voluntary Transfer (LSVT) organisation, the Association receives dowry gap funding from the Welsh Government of £2.6 million annually for a period of 30 years from transfer in 2008. This is treated as a revenue grant and invested in our properties.

Gift Aid Income

Donations received under the gift aid scheme to the parent association Cartrefi Conwy from its subsidiaries is recognized as turnover on receipt and eliminated on consolidation.

Basis of consolidation

The accounts consolidate the accounts of Cartrefi Conwy Cyfyngedig and its subsidiaries, Creating Enterprise C.I.C, Cartrefi Developments Limited and Calon Homes LLP at 31 March using the purchase method. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the association and its subsidiaries, Creating Enterprise C.I.C, Cartrefi Developments Limited and Calon Homes LLP. Control is achieved where the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control of Calon Homes was achieved upon purchase on the 25 August 2022.

Creating Enterprise C.I.C started its trading activities on the 1 April 2015 and Cartrefi Development was incorporated on 20th August 2021 and started its trading activities during 2022/23. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Investments in subsidiaries are held at cost, less any subsequent impairment.

Capitalisation of property development costs

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring the land and buildings and associated development costs.

The majority of the association's housing stock was purchased from Conwy County Borough Council on 29 September 2008 and is shown at nil cost.

Works to existing properties which replace a component are capitalised as improvements and have been treated separately for depreciation purposes.

Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset. Such enhancements can occur if improvements result in:

- An increase in rental income
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property

Donated land and other assets

Land or other assets which have been donated by a government source are added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the donation and the consideration paid is treated as a non-monetary grant and included within the Statement of Financial Position as a liability.

Depreciation of housing properties

The Association separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimate useful economic life.

Structure – traditional build	80 years
Structure – non-traditional build	40 years
Roofs – houses	50 years
Roofs – flats	30 years
Roofs – slate	80 years
Flat roofs – flats	20 years
Non-traditional property improvements	40 years
Windows – houses	30 years
External Wall Insulation	60 years
Rewires	30 years
Windows – flats	30 years

Lifts	25 years
Bathrooms	25 years
Doors	25 years
Solar Panels	25 years
Door entry systems	20 years
Kitchens	15 years
Central heating boilers/Heating systems	15 years

Properties under construction

Properties under the course of construction are carried at cost, less any identifiable impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Depreciation is charged for a full year in the year of purchase but none in the year of disposal.

Other tangible fixed assets

Other fixed assets are measured at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The rates used for other tangible fixed assets are:

Land & Buildings	over 50 years
Furniture, fixtures and fittings	over 10 years
Equipment	over 5 years
Plant and tools	over 4 years
Computer hardware	between 2 and 5 years
Heavy Plant	Between 15 and 25 years

Land is not depreciated.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in income and expenditure.

Jointly Controlled Entities

Jointly controlled entities e.g., Joint Ventures are contractual arrangements between two or more parties that are subject to joint control. The equity method of accounting is used and the parties have rights to the net assets of the arrangement. Accordingly, the investment is recognised at its initial cost and subsequently adjusted for its share of the net profit or loss of the Joint Venture.

Impairment of assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

VAT

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The balance of the VAT payable or recoverable at the year-end is included as a current liability or asset. Irrecoverable VAT is accounted for in the statement of comprehensive income.

Taxation

Cartrefi Conwy Cyfngedig has charitable status and is registered with the Financial Conduct Authority and is therefore exempt from paying Corporation Tax on charitable activities.

On this basis no tax charge to the Association should arise and accordingly no provisions are held at 31 March 2025 in respect of corporation tax.

All subsidiaries are subject to tax on their taxable profits unless an election to distribute profits under gift aid is made to the parent.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are re-valued to fair value, with the movements posted to income and expenditure.

The Group and Association has not adopted hedge accounting for financial instruments.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at amortised cost.

Where the arrangement with a trade debtor constitutes a financing transaction and the impact of discounting is material, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are immediately recognised in the profit and loss.

Intra-group loans are agreed with the subsidiaries at commercial rates and are repayable on demand. Amounts outstanding are debtors receivable within one year.

Financial Liabilities

Trade creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction and the impact of discounting is material, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognized 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.

Employee benefits

Short-term employee benefits are recognised as a liability and an expense in the period in which they were incurred. Short term benefits include annual leave pay, Flexi-time entitlement and Time Off in Lieu.

The annual leave year end is the anniversary of the start date of each individual employee. An accrual or prepayment is recognised in the Statement of Financial Position for difference between the short term benefits and the short term benefits used in the accounting period.

Pensions

Defined benefit plans

The Association participates in two funded multi-employer defined benefit schemes, the Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS).

LGPS

The LGPS is managed by Gwynedd Council. Contributions are assessed in accordance with the advice of an independent qualified actuary.

LGPS Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. Where a pension asset exists, it is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling restricts the value of the defined benefit asset to the present value of the future service costs including consideration of the minimum funding requirements (MFR) that might be in place.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

SHPS

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi employer pension scheme administered by TPT Retirement Solutions ('TPT'). For the SHPS,

the share of the scheme assets and liabilities has been able to be identified from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. This has been recognised within the defined benefit pension liability on the face of the Statement of Financial Position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

The overall pension liability or asset for the defined benefit plans is calculated using a number of complex judgements and assumptions including the rate of retail and consumer price index (RPI/CPI), rate of increase in salaries, changes in retirement ages, mortality rates and discount rates. Further information regarding assumptions used is included in note 22.

Defined contribution plans

The group also participates in two multi-employer defined contribution schemes, the Social Housing Pension Scheme (SHPS) and The People's Pension. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Government Grants

Government grants include grants receivable from the Welsh Government and other government organisations. Government grants received for housing properties are recognised in the income over the useful life of the housing property structure under the accruals model.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to the Recycled Capital Grant Fund and included in the Statement of Financial Position.

If there is no requirement to recycle or repay the grant on disposal of an asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Association is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Intangible fixed assets

Computer software and website development is capitalised and written off (amortised) evenly between three to five years. This represents the period over which the software is expected to give rise to an economic benefit. Goodwill, arising when the consideration paid exceeds the value of net assets acquired is written off (amortised) over its useful life. Negative goodwill arises when the consideration paid is less than the value of net assets acquired. Goodwill generated via purchase of assets or via business combinations is recognised over the periods expected to be benefitted.

Stock

Stocks represent spares held for repairs and work in progress in relation to the Creating Enterprise and Calon Homes where homes are partially developed. Both stock and work in progress are valued at the lower of cost and net realisable value. At each reporting date, the company assesses whether stocks are impaired or if an impairment loss that has been recognised in prior periods has reversed.

Leases

The Group as Lessee – Operating Leases

All leases are operating leases and the annual rentals are charged to Statement of Comprehensive Income on a straight-line basis over the lease term.

The Group as a Lessor – Operating Leases

Where a group member grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the operating expenditure line in the Consolidated Statement of Comprehensive Income. Credits are made on

a straight line basis over the life of the lease even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating or arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Provision for liabilities and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable the Group will be required to settle the obligation, and a reliable estimate can be made.

The Group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The accrual is measured at the salary cost payable for the period of absence.

A contingent liability arises when an event has taken place that gives a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. They can arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Cash and cash equivalents

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

Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year to which it relates.

Judgments in Applying Accounting Policies and Key Sources of Estimation Uncertainty

The preparation of the financial instruments in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Board believe that the critical accounting policies where estimations are necessarily applied are summarised below:

Depreciation and Residual Values

Tangible fixed assets - the Association depreciates its tangible fixed assets over their estimated useful lives taking into account residual lives where appropriate. Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on expected utility of the assets. Uncertainties that can impact upon the estimations include obsolescence and future market conditions. Tangible fixed Assets are within Note 12 to the Financial Statement.

Pensions

There are critical underlying assumptions in relation to the estimate of the pensions defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these estimates influence the fair value of the liability recorded and annual defined benefit expense. Under the Financial Reporting Standard (FRS 102) the Association must adjust the net asset reported for the Asset Ceiling. The Asset Ceiling calculation reduced the net pension asset of the Association by £22.196 million thus resulting in a nil asset position.

Significant judgements

Preparation of the financial statements requires management to make significant judgements. The items in the financial statements where these judgements have been made include:

Impairment

The Association has to make an assessment as to whether an indicator of impairment exists. Factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Where there are indications of impairment, the fixed asset is written down to the recoverable amount and any impairment losses are charged to the operating surpluses. The recoverable amount is based on the higher of fair values less costs to sell or value-in-use.

Welsh Government Dowry Gap Funding

Judgement is applied in determining the treatment of the £2.6 million Welsh Dowry Gap Funding received annually. The Board's view is that this is to support a higher level of revenue expenditure required due to the nature of our stock received at transfer. Accordingly, this treatment is disclosed within the Revenue grants section of the Accounting Policies.

Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Financial Statements are authorised for issue which have an impact on the financial statements and are treated as follows.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and their estimated financial effect.

Events taking place after the authorised for issue date are not reflected in the Financial Statements.

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

Group

Group	2025	2025	2025	2024	2024	2024
	Turnover	Operating Costs	Operating surplus/(deficit)	Turnover	Operating Costs	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings	30,836	(26,204)	4,632	28,344	(25,850)	2,494
Other Social Housing Activities	96	(239)	(143)	86	(368)	(282)
Development and other	957	(1,739)	(782)	806	(1,212)	(406)
Non-Social Housing Activities	2,093	(1,051)	1,042	1,978	(1,713)	265
Total	33,982	(29,223)	4,749	31,214	(29,143)	2,071

Included within the Non-Social Housing Activities line is £1.208 million of revenue from group subsidiaries.

Group

	2025	2025	2025	2024	2024	2024
	Turnover	Operating Costs	Operating surplus/(deficit)	Turnover	Operating Costs	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Garage rent receivable net of voids	327	(61)	266	301	(65)	236
Leaseholder service charge income	65	(117)	(52)	47	(107)	(60)
Commercial rent receivable	298	(89)	209	313	(65)	248
Housing Register Management	112	(112)	-	96	(96)	-
Other miscellaneous income	1,291	(672)	619	1,221	(1,380)	(159)
Total	2,093	(1,051)	1,042	1,978	(1,713)	265

Particulars of income and expenditure from social housing lettings

	2025	2025	2025	2024
	General Needs Housing £'000	Supported Housing £'000	Total £'000	Total £'000
Turnover from Lettings				
Rents receivable net of voids	19,918	5,640	25,558	23,197
Service charges receivable	303	529	832	804
Supporting People	21	685	706	618
Grants from Welsh Government	2,802	-	2,802	2,802
Amortised Government Grant	521	20	541	396
Other Revenue Grants	187	71	258	326
Other income	126	13	139	201
Total Turnover	23,878	6,958	30,836	28,344

	2025	2025	2025	2024
	General Needs Housing £'000	Supported Housing £'000	Total £'000	Total £'000
Expenditure on Lettings				
Management	(5,915)	(2,095)	(8,010)	(7,162)
Services	(1,384)	(1,355)	(2,739)	(2,382)
Routine maintenance	(3,935)	(1,486)	(5,421)	(5,462)
Planned maintenance	(1,182)	(557)	(1,739)	(1,985)
Major Repairs	(2,931)	(687)	(3,618)	(4,843)
Environmental works	(73)	(11)	(84)	(168)
Rent loss from Bad Debts	(499)	(49)	(548)	(127)
Depreciation of housing properties	(3,381)	(596)	(3,977)	(3,660)
Other Expenditure	(55)	(13)	(68)	(61)
Total expenditure from lettings	(19,355)	(6,849)	(26,204)	(25,850)
Operating Surplus on Lettings	4,523	109	4,632	2,494
Rent Loss due to Voids	(266)	(101)	(367)	(398)

4. Accommodation in management and development

Group and Association	2025	2024
	Number of Properties	Number of Properties
Social Housing		
General Housing		
- Social rent	2,935	2,896
- Intermediate	243	242
- Rent to Own	36	37
- Market Rent	10	10
Supported Housing	985	985
Total Owned & in management	4,209	4,170
Accommodation managed for others		
- Properties where the Association has a residual freehold interest	118	125
- Properties managed for others	159	151
Total Managed	4,486	4,446
Accommodation in Development at the year end	80	71

The Association manages accommodation for Conwy County Borough Council and private landlords.

5. Operating surplus is stated after:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Depreciation of housing properties	3,977	3,660	3,977	3,660
Depreciation of other fixed assets	148	275	111	180
Amortisation of intangible fixed assets	65	27	-	-
Release of negative goodwill	-409	-	-	-
Grant income released	541	396	541	396
Amount of stock recognised as an expense	1,198	1,135	792	677
Operating lease rentals				
- Motor vehicles	234	142	161	59
- Office equipment	40	32	30	28
- Plant and equipment	252	114	115	110
Auditors' remuneration				
- Fees payable to the Association's auditors for the audit of the financial statements	66	60	50	41
- Fees payable to the Association's auditors for other services	17	8	17	8

6. Surplus on sale of fixed assets – housing properties

Group and Association	2025		2024	
	£'000	£'000	£'000	£'000
Disposal proceeds		783		253
Less cost of sales		(208)		(31)
Surplus on sale of property		575		222

7. Interest receivable and other income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest receivable and other income	198	115	657	544
Total	198	115	657	544

8. Interest and financing costs

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loan interest	3,755	3,008	3,411	2,649
Non-utilisation fees	100	121	100	121
Trustee Security fees	31	22	31	22
Valuation fee	11	23	11	23
Loan facility arrangement fee	226	53	196	53
Net interest on pension liability	(788)	(587)	(788)	(587)
Total	3,335	2,640	2,961	2,281

9. Employees

The average number of employees employed during the financial year including executive officers (2024: 4 and 2023: 4) expressed in full time equivalents, calculated based on a standard working week of 37 or 40 hours as appropriate.

	Group		Association	
	2025 Fte	2024 Fte	2025 Fte	2024 Fte
Administration	162	154	141	136
Building maintenance staff	80	79	16	16
Wardens, caretakers and cleaners	19	20	19	20
Total	261	253	176	172

The full-time equivalent number of staff who received remuneration (excluding executive officers): 257 (2024: 249).

The average number of employees employed for the financial year (including executive officers) is 274 for the Group and 185 for the Association (2024: 265 Group and 181 Association).

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries	9,699	8,978	6,725	6,409
Social security costs	992	895	693	649
Other pension costs	549	531	493	467
Total	11,240	10,404	7,911	7,525

The Association's employees are members of either the Gwynedd Council Local Government Pension Scheme (LGPS) or the Social Housing Pension Scheme (SHPS). The employees of the Creating Enterprise are members of The People's Pension.

10. Executive Directors

	2025 £'000	2024 £'000
Salary	480	535
Benefits in kind (mainly car provision)	10	2
Employer's pension contribution	18	17
Total	508	554

The Association has four paid Executive Officers (2024: 4), the Managing Director post was vacant and recruited to in December 2024 and this is reflected in the above figures. The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the Executives of the Association during the year was £508,207 (2024: £554,105). In the opinion of the Board the Executive Directors are the key management personnel. Remuneration, including Employers N.I. was £570,251 (2024: £623,005).

The emoluments paid during the year to the highest paid Executive Officer, Chief Executive, Mr. Andrew Bowden excluding pension contributions, but including benefits in kind were £183,543 (2024: £167,708).

All Directors apart from the Chief Executive, who received no pension contributions during the year, were ordinary members of the Gwynedd Council Local Government Pension Scheme. No enhanced or special terms apply to their pensions and they have no individual pension arrangement to which the Association contributes.

The annualised emoluments (excluding pension contributions, but including benefits in kind) paid to the Chief Executive and Executive Officers earning more than £50,000 were in the following range:

	2025	2024
	No.	No.
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
£120,000 - £129,999	1	1
£130,000 - £139,999	1	1
£140,000 - £149,999	1	-
£170,000 - £179,999	-	1
£180,000 - £189,999	1	-

Board Members

Group	2025	2024
	Total	Total
	£'000	£'000
Salary	60	52
Total	60	52

Reimbursement of expenses to Non-executive Board members amounted to £11,036 (2024: £10,697) in this year, relating to travel, IT equipment and other incidental expenditure.

11. Intangible fixed assets

Group					2025	2024
	Goodwill	Build Contract Purchase	Computer Software & Website	Total	Total	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 April 2024	(409)	500	274	365	901	
Additions during the year	-	-	-	-	-	500
Disposals	-	-	(33)	(33)	(1,036)	
At 31 March 2025	(409)	500	241	332	365	
 Depreciation and impairment						
As at 1 April 2024	-	59	274	333	1,310	
Charge for the year	-	143	-	143	59	
Disposals	(409)	-	(33)	(33)	(1,036)	
At 31 March 2025	(409)	202	241	443	333	
 Net book value						
As at 31 March 2025	-	298	-	(111)	32	
As at 31 March 2024	(409)	441	-	32	32	

Included in the above the net book value was £409k of negative goodwill in relation to the Association. This has been released as part of the purchase of the Maes Y Felin land from Calon Homes. The Association intangible assets included in the above are fully depreciated.

12. Fixed assets – housing properties

Association

	Social Housing Properties held for letting	Housing Properties for letting under construction	Total Housing Properties
	£'000	£'000	£'000
Cost			
As at 1 April 2024	128,419	19,441	147,860
Additions during the year	4,184	24,846	29,030
Schemes completed	12,128	(12,128)	-
Disposals	(942)	-	(942)
At 31 March 2025	143,789	32,159	175,948
 Depreciation and impairment			
As at 1 April 2024	26,125	-	26,125
Depreciation charged in year	3,977	-	3,977
Released on disposal	(754)	-	(754)
At 31 March 2025	29,348	-	29,348
 Net book value			
As at 31 March 2025	114,441	32,159	146,600
As at 31 March 2024	102,294	19,441	121,735

Group	Social Housing Properties held for letting	Housing Properties for letting under construction	Calon Homes Land	Total Properties
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2024	128,419	19,441	4,066	151,926
Additions & completions during the year	16,312	8,652	-	29,030
Transfers		4,066	(4,066)	
Disposals	(942)	-	-	(5,008)
At 31 March 2025	143,789	32,159	-	175,948
Depreciation and impairment				
As at 1 April 2024	26,125	-	-	26,125
Depreciation charged in year	3,977	-	-	3,977
Released on disposal	(754)	-	-	(754)
At 31 March 2025	29,348	-	-	29,348
Net book value				
As at 31 March 2025	114,441	32,159	-	146,600
As at 31 March 2024	102,294	19,441	4,066	125,801
Expenditure on works to existing properties				
	2025 £'000	2024 £'000		
Improvement works capitalised	4,184	2,754		
Amounts charged to the Statement of Comprehensive Income	3,618	4,843		
Total	7,802	7,597		

13. Tangible fixed assets – other

Group and Association	Land & Buildings	Computer Hardware	Equipment	Furniture, Fixtures & Fittings	Plant & Tools	Heavy Plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
As at 1 April 2024	5,578	966	19	694	37	83	7,377
Additions during the year	98	27	-	15	-	33	173
Disposals	(706)	(74)	-	(99)	-	-	(879)
At 31 March 2025	4,970	919	19	610	37	116	6,671
 Depreciation and impairment							
As at 1 April 2024	2,729	872	19	431	33	9	4,093
Charge for the year	47	50	-	45	2	4	148
Disposals	(84)	(73)	-	(74)	-	-	(231)
At 31 March 2025	2,692	849	19	402	35	13	4,010
 Net book value							
As at 31 March 2025	2,278	70	-	208	2	103	2,661
As at 31 March 2024	2,848	95	-	263	3	75	3,284

Included within the accumulated depreciation and impairment of leasehold, land and offices is accumulated impairment losses of £2.287m in relation to the Head Office.

The figures in the table above relate to the Association except for the following net book values held by Creating Enterprise:

IT Hardware - £3,016, Furniture & Fittings - £28,973, Plant and tools £2,160, Heavy Plant & Tools - £102,758 and Land & Buildings - £852,820

14. Investment properties (non-social housing properties held for letting)

Group and Association	2025	2024
	£'000	£'000
At 1 April	4,721	4,176
Additions	340	390
Disposals	-	(15)
Amounts credited/(debited) to the Statement of Comprehensive Income	(219)	170
At 31 March	4,842	4,721

The Association owns a business park, and all six units are let or ready for lease to external suppliers/contractors. The new investment properties in 2024/25 are due to a change in use of two units in the business park, previously used by the Association.

The Association's investment properties have been valued by Geoffrey Butterworth, professional external valuers, in March 2025. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors and uses comparable market evidence available. The valuation is based on comparable market evidence regarding freehold and leasehold transactions and appropriate yields in properties of similar age, type, and accommodation in the area.

15. Subsidiary Undertakings

As required by statute, the financial statements consolidate the results of all subsidiary companies. The Association has two direct subsidiaries, Creating Enterprise and Cartrefi Developments Limited and one indirect subsidiary, Calon Homes which is owned on a 50/50 basis by Creating Enterprise and Cartrefi Developments Limited.

Creating Enterprise C.I.C, which is a wholly owned subsidiary of the Association at the end of the year. The Association has the right to appoint 3 of the 5 members to the Board of the subsidiary and thereby exercises control over it. The subsidiary is registered as a 'community interest company', a social enterprise organisation.

Cartrefi Developments Limited is a wholly owned subsidiary of the Association at the end of the year. The company is a limited company by shares with each shareholder holding 1 share. The association is the only shareholder.

Calon Homes LLP is a wholly owned subsidiary of Creating Enterprise C.I.C and Cartrefi Developments Limited. Creating Enterprise and Cartrefi Developments each hold 1 share and are the only members.

16. Stock

The Group holds stock and work in progress in relation to materials needed for repairs and development properties partially constricted held for sale. The value of the stock as of 31 March 2025 was £152,936 (2024: £6,766,525). The value of Association stock was £30,575 (2023: £97,622).

17. Debtors

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	2,124	1,402	2,124	1,402
Less: provision for bad and doubtful debts on rent & service charges	(1,641)	(1,172)	(1,641)	(1,172)
	483	230	483	230
Other debtors	1,665	1,397	1,699	1,129
Less: provision for bad and doubtful debts	(470)	(386)	(470)	(386)
	1,195	1,011	1,229	743
VAT	200	172	5	14
Prepayments and accrued income	5,437	8,456	5,022	7,995
Amounts owed by the subsidiaries	-	-	2,981	6,896
	7,315	9,869	9,720	15,878
Due after more than one year				
Leaseholder loans	20	20	20	20
	20	20	20	20
Total	7,335	9,889	9,740	15,898

There are three leaseholder loans. These loans are repayable by installments repayable over 10 years or through a legal charge registered against the property.

18. Creditors: amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loan principal and interest	415	4,934	415	427
Maintenance and other supplies	1,436	2,531	1,436	1,151
Capital expenditure on properties	87	164	87	198
Accruals and deferred income	4,765	4,091	3,593	3,452
Prepayments of rents and service charges	376	479	376	479
Deferred grant income	595	410	595	410
Revenue grant	15	15	15	15
Salary & other employee costs	186	178	186	178
Other creditors	2,269	1,636	1,078	1,505
Vat and Taxation	74	427	50	4
Amounts owed to the subsidiaries	-	-	890	1,048
Total	10,218	14,865	8,721	8,867

19. Creditors: amounts falling due after more than one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Debt	94,265	81,367	93,165	80,267
Deferred Capital Grant (Note 20)	40,699	30,983	40,699	30,983
Recycled Capital Grant	4,033	1,622	4,033	1,622
Total	138,997	113,972	137,897	112,872

Loans are repaid in quarterly and half-yearly instalments at fixed rates of interest as set out in note 29. The final repayments fall in the period 2025 to 2052.

20. Deferred capital grant

Group and Association

	2025	2024
	£'000	£'000
At 1 April	33,016	30,003
Grant received in the year:		
Housing Properties	10,442	3,409
Recycled Capital Grant Fund	2,411	-
	45,869	33,412
Grants recycled during the year:		
Recycled capital Grants Fund	-	-
Amortised to Statement of Comprehensive Income	(541)	(396)
At 31 March	45,328	33,016
Amounts to be released within one year	595	410
Amounts to be released in more than one year	44,733	32,606
Total	45,328	33,016

21. Recycled Capital Grant Fund

	Group	Association		
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At the start of the year	1,622	1,622	1,622	1,622
Inputs to the Fund:				
Grants recycled from deferred capital	2,411	-	2,411	-
Interest accrued/(released)	-	-	-	-
Recycling of Grant:				
New build properties	-	-	-	-

Repayment of Grant	-	-	-	-	-
At the end of the year	4,033	1,622	4,033	1,622	
Amounts 3 years and older where repayment may be required:	1,622	1,622	1,622	1,551	

22. Pensions

There are several pension schemes operated by the Group.

Gwynedd Council Local Government Pension Scheme (Defined Benefit)

The Association is an admitted member of the Gwynedd Pension Fund which is part of the Local Government Pension Scheme (LGPS) – a funded defined benefit scheme. Triennial actuarial valuations are performed by a qualified actuary using the “projected unit” method. The most recent formal actuarial update of the Fund was at 31 March 2022 carried out by a qualified independent actuary. As at 31 March 2025 the number of Association employees in the Gwynedd Pension Fund was 134 (2024: 128) and the scheme is operated for active members and new entrants.

Contributions

The employers’ contributions to the Scheme by the Association for the year ended 31 March 2025 were £418,801 at a contribution rate of 8.5% of pensionable salaries (2024: £382,384 at a rate of 8.5% of pensionable salaries). Estimated employers’ contributions to the Gwynedd Pension Scheme during the accounting year commencing 1 April 2025 are £416,000 at a contribution rate of 8.5% of pensionable salaries.

Financial Assumptions:

The key assumptions used by the actuary in assessing scheme liabilities on an FRS102 basis were:

	31 March 2025	31 March 2024
	% per annum	% per annum
Inflation/ Pension increase rate	2.75	2.75
Salary increase rate	3.25	3.25
Discount Rate	5.80	4.85

Mortality Assumptions:

The post retirement mortality assumptions used to value the benefit obligation at March 2025 follow the mortality approach used by the Administering Authority (Gwynedd Pension Fund) which is based on a detailed analysis of the individual membership of the Fund. The latest analysis was carried out for the 2023 formal funding valuation. The assumed life expectations on retirement at age 65 are:

	Males	Females
	No. Years	No. Years
Current pensioners	20.3	23.5
Future pensioners	21.5	25.3

The mortality assumptions are based on the latest 2023 model.

Commutation

An allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2024

Period ended 31 March 2025	Assets £'000	Obligations £'000	Net (liability)/Asset £'000
Fair value of the plan assets	45,763	-	45,763
Asset Ceiling Restriction	(16,677)		(16,677)
Present value of the funded liabilities	-	29,086	(29,086)
Opening position as at 31 March 2024	29,086	29,086	-
Service cost:			
Current service cost	-	877	(877)
Past service cost	-	44	(44)
Total Service Cost	-	921	(921)
Net Interest:			
Interest income on plan assets	2,220	-	2,220
Interest cost on defined benefit obligation	-	1,423	(1,423)
Total Net Interest	2,220	1,423	797
Total defined benefit cost recognised in Income or (Expenditure)	2,220	2,344	(124)
Cashflows:			
Plan participants' contributions	332	332	-
Employers' contributions	475	-	475
Benefits paid	(711)	(711)	-
Effect of business combinations and disposals	-	-	-
Expected closing position	31,402	31,051	351
Remeasurements:			
Changes in financial assumptions	-	(5,072)	5,072
Changes in demographic assumptions	-	(51)	51
Other experience	-	(253)	253
Return on assets excluding amounts in net interest	(208)	-	(208)
Asset value restriction adjustment in year	(5,519)	-	(5,519)
Total remeasurements recognised in Other Comprehensive Income (OCI) less asset value restriction adjustment	(5,727)	(5,376)	(351)
Fair value of plan assets	25,675	-	25,675
Present value of funded liabilities	-	25,675	(25,675)
Closing position as at 31 March 2025	25,675	25,675	-

Social Housing Pension Scheme (Defined Benefit and Defined Contribution)

Defined Contribution

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated participating employers. Contributions payable to the scheme are charged to the comprehensive income and expenditure statement in the period to which they relate. The total employer contributions paid for the year ending 31 March 2025 was £63,004 (2024: £60,119).

Defined Benefit

The company participates in the SHPS Defined Benefit scheme which is a multi-employer scheme administered by The Pensions Trust (TPT).

Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied, however due to changes in processes and systems, this information is now available. The most recent formal actuarial valuation of the Fund was at 30 September 2023 carried out by a qualified independent actuary. The results of this revealed a deficit of £694m and a recovery plan has been put in place with the aim of removing the deficit by 2028. The next formal actuarial valuation of the Fund is due on 30 September 2026.

Contributions

The employers' contributions to the Scheme by the Association for the year ending 31 March 2025 were £11,073 (2024: £24,575) at a contribution rate of 18.7% of pensionable salaries. The employer contribution rates are set to address the defined benefit plan deficit. Estimated employer contributions payable to the scheme during the accounting year commencing 1 April 2025 is £4,269 at a contribution rate of 7% of pensionable salaries.

Financial and commutation assumptions:

	31 March 2025	31 March 2024
	% per annum	% per annum
Discount Rate	5.92	4.92
Inflation (RPI)	3.05	3.11
Inflation (CPI)	2.80	2.79
Salary Growth	3.80	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum

Mortality Assumptions:

Assumed life expectancies on retirement at age 65 at March 2025 are:	Life expectancy at age 65 (Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2044	21.7
Female retiring 2044	24.5

Summary of the defined benefit obligation, fair value of plan assets and defined benefit asset (liability):

	31 March 2025	31 March 2024
	£'000	£'000
Fair value of the plan assets	735	815
Present value of the defined benefit obligation	(849)	(1,013)
Surplus (deficit) in plan	(114)	(198)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(114)	(198)

Reconciliation of the Opening and closing balances of the defined benefit obligation:

	31 March 2025
	£'000
Defined benefit obligation at start of period	1,013
Current service cost	3
Expenses	2
Interest expense	47
Contributions by plan participants	4
Actuarial losses (gains) due to scheme experience	52

Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(148)
Benefits paid and expenses	(124)
Defined benefit obligation at the end of the period	849

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

	31 March 2025
	£'000
Fair value of plan assets at start of period	815
Interest income	38
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(52)
Contributions by the employer	54
Contributions by plan participants	4
Benefits paid and expenses	(124)
Fair value of the plan assets at the end of the period	735

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£14,000).

Defined benefit costs recognised in the Statement of Comprehensive Income (SoCI):

	31 March 2025
	£'000
Current service costs & expenses	5
Net interest expense	9
Defined benefit costs recognised in statement of comprehensive income (SoCI)	14

Defined Benefit costs recognised in Other Comprehensive Income:

	31 March 2025
	£'000
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(52)
Experience of gains and losses arising on the plan liabilities – gain (loss)	(52)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	-
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	148
Total actuarial gain and losses (before restriction due to some of the surplus not being recognised) – gain (loss)	44
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in the net interest cost) – gain (loss)	-
Total amount recognised in other comprehensive income	44

Assets comprise of:

	31 March 2025 £'000	31 March 2024 £'000
Absolute Return	-	32
Alternative Risk Premia	-	26
Cash	10	16
Credit	28	-
Credit Relative Value	-	27
Currency Hedging	1	-
Distressed Opportunities	-	29
Emerging Market Debt	-	11
Global Equity	82	81
Infrastructure	-	82
Insurance linked securities	2	4
Investment Grade Credit	23	-
Liability Driven Investment	223	331
Liquid Alternatives	136	-
Long Lease Property	-	5
Net Current Assets	2	1
Opportunistic illiquid credit	-	32
Private Equity	1	1
private Credit	90	-
Private Debt	-	32
Property	37	33
Real Assets	88	-
Risk Sharing	-	48
Secured Income	12	24
Total Assets	735	815

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.

Reconciliation to Balance Sheet liability

	2025	2024
	£'000	£'000
Asset (liability) in relation to LGPS*	-	-
Asset (liability) in relation to SHPS	(114)	(198)
Total	(114)	(198)

*Under FRS 102, a pension scheme asset should only be recognised to the extent that the Association is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This limit is known as the asset ceiling and the LGPS pension asset of £22.196m has been reduced by £22.196m to recognize the impact of the asset ceiling on the pension fund actuarial gain in the 2024/25 year, thus reducing the overall asset position to nil.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

The Association is aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. The potential impact if any, on the valuation of scheme liabilities remains unknown at this point.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Scheme Trustees being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation(s), the Board do not, at this point, expect the valuation of the scheme liabilities to change.

The People's Pension

The People's Pension is a trust based defined contribution workplace pension scheme for non-associated employers (i.e., a “master trust” pension scheme). The People's Pension was set up by B&CE (Building and Civil Engineering Holidays Scheme Management Limited – a company Limited by guarantee) in 2011 for employers requiring a scheme to fulfil their workplace pension duties under the Pensions Act 2008.

There is one legal trust and one trustee board, but a number of non-associated employers in addition to Creating Enterprise participate in the scheme. Each participating employer has a section within the master agreement. The trustee takes on governance responsibility for each section on matters such as investment funds and ensures compliance with regulatory duties. The decisions over benefit and contribution levels remain with the participating employer.

The Board of B&CE has an Independent Chairman and comprises representatives from the following trade bodies: - The Civil Engineering Contractors Association, Federation of Master Builders, National Specialist Contractors Council, UK Contractors Group, Scottish Building Federation and National Federation of Builders and representatives from the following trade unions Unite, UCATT and GMB.

The amount charged to profit and loss in respect of pension costs is the contributions payable in the year. For 2024/25 this was £56,458 (2023/24 £64,162).

23. Cash and Cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Bank Current Accounts	8,503	5,903	6,250	5,550
Short term deposits with banks/Building Societies	9,900	1,600	9,900	1,600
Total	18,403	7,503	16,150	7,150

24. Cumulative share capital issued and held in Reserves

	2025	2024
	£	£
As at 1 April	18	20
Joining during the year	4	2
Adjustment during the year	(3)	(4)
At 31 March	19	18

As at 31st March 2025 there were 19 shares in issue. The shares provide members with the right to vote at General Meetings. The shares do not carry the right to dividend payments or distribution on winding up. In accordance with the Rules (C4), when a shareholder ceases to be a shareholder or is expelled from the association, his or her share shall be cancelled. The amount paid up on that share shall become the property of the association. Shares cancelled or redeemed are written back to reserves.

25. Cash flow from operating activities

	2025	2024
	£'000	£'000
Surplus / (deficit) for the year	2,391	(73)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,773	3,881
Amortisation of intangible fixed assets	65	27
Proceeds from the sale of tangible fixed assets	(782)	(253)
Government grants utilised in the year	(541)	(396)
Interest received	(198)	(116)
Interest paid	3,786	3,007
Taxation	(-)	(-)
Other charges	131	143
Pension costs less contributions payable	399	521
Carrying amount of tangible fixed asset disposals	188	110
Movement in investments	138	(143)
Pension interest	(788)	(587)
Deferred finance fees	58	53
Movement in long term creditors to short term creditors	(185)	(113)
Operating cashflow before movement in working capital:		

Decrease/(Increase) in stock	6,613	(2,710)
Decrease/(Increase) in trade and other debtors	2,554	(4,887)
(Decrease)/Increase in trade and other creditors	(4,647)	3,555
Total Assets	13,955	2,019

Analysis of changes in Net Debt

	At 1 April 2024	Cash Flows	Other Non-cash Movements	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents:				
Cash	5,903	2,600	-	8,503
Overdrafts	-	-	-	-
Cash Equivalents	1,600	8,300	-	9,900
Total	7,503	10,900	-	18,403
Borrowings:				
Debt due within 1 year	4,934	(4,159)	(360)	415
Debt due after 1 year	81,367	12,840	58	94,265
Total	86,301	8,681	(302)	94,680

26. Capital commitments

	2025	2024
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the financial statements	60,385	73,805
Expenditure authorised by the Board, but not contracted	35,347	36,635

The Association expects to fund the above commitments through a combination of Welsh Government grant, property sales and loans.

27. Leasing commitments

The Group's total future minimum operating leases payments are set out below:

Group	Land and Buildings	Office equipment and computers	Vehicles	Plant and equipment	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	-	13	167	41	221	300
Between one and five years	-	27	67	211	305	324
More than five years	-	-	-	-	-	-
Total	-	40	234	252	526	624

Association	Land and Buildings	Office equipment and computers	Vehicles	Plant and equipment	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	-	13	128	41	182	175
Between one and five years	-	17	33	74	124	126
More than five years	-	-	-	-	-	-
Total	-	30	161	115	306	301

28. Related parties

There is 1 Board members (2024: 2) during the year, who are also tenants of Cartrefi Conwy. Their tenancy is on normal commercial terms, and they cannot use their position to their advantage. The Board members' rent charge for the year was £7,113 with no outstanding rent balance at the year-end.

During the year Board members have been actively engaged in the community.

Kath Coughlin	Theatre Clwyd Trust
Catherine Dass	The Community Housing Group Limited and Housing Plus Group
Stuart Haynes	St David's Hospice
Ruth James	The Community Foundation in Wales
Helen Pittaway	Natural Resources Wales
Kay Redhead	Conwy County Council & Towyn and Kinmel Bay member

All and any transactions with that entity are conducted on an arms-length basis and independent of the Board Member.

Intercompany Transactions

The ultimate controlling party of the Group is Cartrefi Conwy, a Community Benefit Society. Income relates primarily to management fees by the Association to cover the running costs the Association incurs on behalf of managing its subsidiaries and providing services.

Purchases relate to construction and maintenance services provided to Cartrefi Conwy properties and other properties managed by the Parent for third parties including Conwy County Borough Council's temporary accommodation.

During the year Cartrefi Conwy had the following transaction with Creating Enterprise C.I.C

	2025	2024
	£'000	£'000
Amounts contracted for with Cartrefi Conwy	8,269	9,818
Amounts owed from Cartrefi Conwy for reimbursement of costs	340	408
Amounts charged by Cartrefi Conwy for management and administration	472	479
Amounts charged by Cartrefi Conwy for office accommodation	70	60
Amounts charged by Cartrefi Conwy for the reimbursement of costs incurred	181	185
Amounts owed from Cartrefi Conwy for repairs and maintenance	890	1,048
Amounts under Loans due to Cartrefi Conwy	1,842	3,628

During the year Cartrefi Conwy had the following transaction with Cartrefi Developments Limited

	2025	2024
	£'000	£'000
Amounts contracted for with Cartrefi Conwy	2,212	1,196
Amounts charged by Cartrefi Conwy for management and administration	37	29
Amounts owed from Cartrefi Conwy for contracted services	-	4,621
Amounts under Loans and contracted services due to Cartrefi Conwy	1,224	3,313

During the year Cartrefi Conwy had the following transaction with Calon Homes LLP

The £16.158 million is primarily due to the purchase of the Maes Y Felin land and development scheme by the ultimate parent Cartrefi Conwy. The costs are reflected within the development programme expenditure in Note 12.

	2025	2024
	£'000	£'000
Amounts contracted for with Cartrefi Conwy	16,158	2,174
Amounts charged by Cartrefi Conwy for management and administration	63	75
Amounts owed from Cartrefi Conwy for contracted services	-	1
Amounts under contracted services due to Cartrefi Conwy	81	1,960

29. Financial Instruments (Group)

Financial assets

Financial assets comprise short term debtors and total £1.9m (2024: £1.4m).

Financial liabilities

Financial liabilities comprise bank loans, trade creditors, other creditors and total £104m (2024: £100m).

Financial liabilities – interest rate risk profile

The Association's financial liabilities are sterling denominated. The interest rate profile of the Association's financial liabilities at 31 March was:

	£m	Rate % (inc. Margin)
Barclays Bank		
Initial Fix:	3.0	6.24
Fix 1	2.0	6.26
Fix 2	3.5	6.47
Fix 3	4.5	6.53
Fix 4	4.5	5.56
Lloyds Bank		
Revolver	21.0	5.46
BAE Systems Pension Fund CIF Trustees Ltd		
Tranche 1	15.0	3.37
Tranche 2	10.0	3.37
Tranche 3	25.0	2.41
Welsh Government		
Land for Housing Loans	5.85	0.0
Total	94.35	0.0

Borrowing facilities

The Association has undrawn committed borrowing facilities. The facilities available at 31 March 2025 in respect of which all conditions precedent had been met were as follows:

	2025	2024
	£m	£m
Expiring in less than one year	1.00	-
Expiring in more than one year but not more than two years	1.00	23.00
Expiring in more than two years	131.35	80.35
Total	133.35	103.35

The Group had undrawn facilities of £39 million at 31 March 2025.

30. Debt Analysis

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Bank loans due within 5 years	36,950	14,159	35,850	10,000
Bank Loans due after more than 5 years	58,500	72,450	58,500	71,350
Less: issue costs	(1,185)	(1,113)	(1,185)	(1,083)
Total Loans	94,265	85,496	93,165	80,267

Included within the debt analysis are £2 million of Welsh Government land for housing loans. These are concessionary loans in that they are provided at below market rates for a duration of between 3 and 5 years. The loans are measured at the amount received and their purpose is to provide funding for purchasing land to develop homes in line with the terms and conditions of the loan. The loans require security via a legal charge and attract a 0% interest rate. Within the current borrowing facilities there is also £3.850m of Welsh Government Innovative Housing fund concessionary loans which have not been used at the balance sheet date and have a maturity date of 2030.

There are a number of charges in place between Cartrefi Cowy and the Welsh Ministers, in respect of mortgages on various properties. Details of these charges are recorded on the Financial Conduct Authority (FCA) website.

31. Contingent Liabilities

In March 2024, the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 (“the Act”) and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) (“the Regulations”) during the year ending 31 March 2024. On identification of the issue, immediate steps were taken to ensure full compliance with legal obligations as the Association is currently able to understand them.

There is an on-going claim in the high court brought by a number of other Registered Social Landlords to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings but, acknowledging the inherent uncertainty with such legal proceedings, is more than remote. A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also

exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above matter.

The group and association had no other contingent liabilities at the 31 March 2025 (2024: £nil).

32. Joint Ventures

Details of the company's joint venture Onnen at 31 March 2025 are as follows:

Name of undertaking	Registered Office	Nature of Business	Interest held	% Held direct
Cartrefi Conwy	Morfa Gele	Registered Social Landlord	Ordinary	50
ClwydAlyn	St. Asaph	Registered Social Landlord	Ordinary	50