

Income Statement for the Period
1 April 2024 to 31 March 2025

	<i>Group</i>		<i>Association</i>	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
TURNOVER	66,328	63,683	66,307	63,662
Less: operating costs	(56,944)	(54,349)	(56,944)	(54,349)
OPERATING SURPLUS	9,384	9,334	9,363	9,313
(Loss)/Surplus on revaluation of Investment properties	358	1,566	358	1,566
Dividend Income				
Surplus on sale of fixed assets	570	(2)	570	(2)
Interest receivable and similar income	350	718	350	718
Interest payable and similar charges	(4,052)	(4,901)	(4,052)	(4,901)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX	6,610	6,715	6,589	6,694
Taxation on surplus on ordinary activities	-	-	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	6,610	6,715	6,589	6,694
Re-measurement gain /(loss) recognised on defined benefit pension schemes	160	90	160	90
Total comprehensive income for the year	6,770	6,805	6,749	6,784
Total comprehensive income for the year attributable to:				
Association (parent company)	6,768	6,803	6,749	6,784
Non controlling interests	2	2	-	-
Total comprehensive income for the year	6,770	6,805	6,749	6,784

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

The financial statements on pages 1 to 41 were approved by the Board on 31st July 2025 and signed on its behalf by



Nick Beckett
Chair of the Board
31/07/2025



Lisa Pinney
Company Secretary
31/07/2025

Group Statement of Changes in Reserves

	Share capital	Income & expenditure account	Total excluding non-controlling interest	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	2	132,679	132,681	(61)	132,620
Total comprehensive income					
Surplus for the year		6,713	6,713	2	6,715
		90	90		90
Re-measurement loss recognised on defined benefit pension schemes					
Total comprehensive income	-	6,803	6,803	2	6,805
At 31 March 2024	2	139,482	139,484	(59)	139,425
At 1 April 2024	2	139,482	139,484	(59)	139,425
Total comprehensive income					
Surplus for the year		6,608	6,608	2	6,610
		160	160		160
Re-measurement loss recognised on defined benefit pension schemes					
Total comprehensive income	-	6,768	6,768	2	6,770
At 31 March 2025	2	146,250	146,252	(57)	146,195



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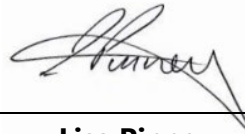
Lisa Pinney
Company Secretary
31/07/2025

Association Statement of Changes in Reserves
1 April 2024 to 31 March 2025

Association	Share capital	Income & expenditure account	Total
	£'000	£'000	£'000
At 1 April 2023	2	133,243	133,245
Total comprehensive income			
Surplus for the year		6,694	6,694
Re-measurement loss recognised on defined benefit pension schemes		90	90
Total comprehensive income	-	6,784	6,784
At 31 March 2024	2	140,027	140,029
At 1 April 2024	2	140,027	140,029
Total comprehensive income			
Surplus for the year		6,589	6,589
Re-measurement surplus recognised on defined benefit pension schemes		160	160
Total comprehensive income	-	6,749	6,749
At 31 March 2025	2	146,776	146,778



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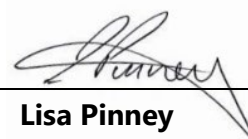
Statement of Financial Position at 31 March 2025

	Note	Group		Association	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Intangible fixed assets	8	1,141	1,072	1,141	1,072
Property, plant and equipment					
Housing properties	9	225,389	196,424	225,389	196,424
Other tangible fixed assets	10	4,031	4,085	4,031	4,085
Investment in subsidiaries	11	-	-	425	425
Investment properties	12	7,852	7,575	7,852	7,575
		238,413	209,156	238,836	209,581
CURRENT ASSETS					
Stock	13	196	205	196	205
Trade and other debtors	14	6,331	6,499	6,331	6,499
Cash at bank and in hand	21	19,917	22,581	19,915	22,579
		26,444	29,285	26,442	29,283
Creditors: Amounts falling due within one year	15	(9,921)	(6,027)	(9,759)	(5,844)
Net current assets/(liabilities)		16,523	23,258	16,683	23,439
TOTAL ASSETS LESS CURRENT LIABILITIES		254,936	232,414	255,519	233,020
Creditors : Amounts falling due after more than one year	16	(108,165)	(92,371)	(108,165)	(92,371)
Provisions for liabilities and charges	17	(576)	(620)	(576)	(620)
LGPS pension liabilities	24	-	-	-	-
NET ASSETS		146,195	139,425	146,778	140,029
CAPITAL AND RESERVES					
Share capital		2	2	2	2
Income and expenditure account		146,250	139,482	146,776	140,027
Non-controlling interest		(57)	(59)	-	-
TOTAL RESERVES		146,195	139,425	146,778	140,029

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Group Cash Flow Statement for the Period
1 April 2024 to 31 March 2025

	2025		2024	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities		24,869		16,903
Tax paid	-		-	
Cash flow from investing activities				
Interest received	350		717	
Purchase of social housing properties	(40,538)		(21,065)	
Purchase of investment properties	0		-	
Purchase of other tangible fixed assets	(246)		(118)	
Payments to acquire intangible fixed assets	(359)		(295)	
Receipt of non-revenue government grants	7,196		5,994	
Proceeds from sales of tangible fixed assets	570		(2)	
Net cash flow from investing activities		(33,027)		(14,769)
Financing activities				
Interest paid	(2,791)		(2,589)	
Drawdown of loan facility	59,306		-	
Finance lease facility	(1,021)		(987)	
Repayment of borrowings	(50,000)		-	
Net cash flow from financing activities		5,494		(3,576)
(Decrease)/Increase in cash and cash equivalents		(2,664)		(1,443)
Cash and cash equivalents at 1 April 2024		22,581		24,022
Cash and cash equivalents at 31 March 2025		19,917		22,581



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Association Cash Flow Statement for the Period
1 April 2024 to 31 March 2025

	Note	2025		2024	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	21		24,869		16,903
Tax Paid					
Cash flow from investing activities					
Interest received	21	350		718	
Purchase of social housing properties	9	(40,538)		(21,065)	
Purchase of investment properties	12	-		-	
Purchase of other tangible fixed assets	10	(246)		(118)	
Payments to acquire intangible fixed assets	8	(359)		(295)	
Receipt of government grants	16	7,196		5,994	
Proceeds from sales of tangible fixed assets	3	570		(2)	
Net cash flow from investing activities			(33,027)		(14,768)
Financing activities					
Interest paid	21	(2,791)		(2,589)	
Drawdown of loan facility	16	59,306		-	
Finance lease facility	16	(1,021)		(987)	
Repayment of borrowings	21	(50,000)		-	
Net cash flow from financing activities			5,494		(3,576)
(Decrease)/Increase in cash and cash equivalents			(2,664)		(1,441)
Cash and cash equivalents at 1 April 2024			22,579		24,020
Cash and cash equivalents at 31 March 2025			19,915		22,579



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Notes to the financial statements

for the year 1 April 2024 to 31 March 2025

Note 1 - Accounting policies

Statement of compliance

Trivallis is a registered society under Co-operative and Community Benefit Societies Act 2014 incorporated in Wales. Its registered office address is at page

The financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as it applies to the financial statements of the Group for the year ended 31 March 2025. The financial statements comply with the Statement of Recommended Practice "Accounting by Registered Social Housing Providers" effective from 1 January 2019 ("the 2018 SORP") and The Accounting Requirements for Social Landlords General Determination (Wales) 2015.

The Board believe that Trivallis is a Public Benefit Entity as defined by FRS 102. A Public Benefit Entity is an entity whose primary objective is to provide goods or services for the general public, community or social benefits and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to producing a financial return to equity providers, shareholders or members.

Basis of preparation

The financial statements of Trivallis were approved by the Board on. As outlined in the Board Report, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Group prepares and approves a 30-year business plan annually. The most recent business plan was approved in by the Board. This includes an analysis of the impact of a series of severe but plausible adverse scenarios that could impact the plan. These impacts were measured against loan covenants, along with mitigating actions identified to reduce costs.

The Board, after reviewing the Groups budgets for 2025 and the Group's medium-term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

To reach this conclusion, the Board has considered the following factors:

- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases, the impact of delays to planned improvement programmes and sensitivities have been included to understand potential future costs around decarbonisation and fire safety works
- Rent and service charge receivable – A review was conducted on the rent and service charge policy in December 2025 to ensure long term sustainability in a changing economic and regulatory environment as well continued affordability to tenants.
- Liquidity – current available cash and unutilised loan facilities give significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period.
- The group's ability to withstand other adverse scenarios to various operational and economic risks such as higher interest rates and increases in the number of void properties, to understand the sensitivity and possible mitigations of future uncertainties.

The Board believes the Group has sufficient funding and expect the Group to be compliant with its loan covenants in events of significant downside scenarios.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The financial statements are prepared in Sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of consolidation

The Group financial statements consolidate the financial statements of Trivallis and its subsidiaries as at 31 March each year.

Subsidiaries are consolidated from the date of acquisition. This is the date upon which the Group achieves control. This is defined as the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries continue to be consolidated until the Group ceases to have control, with any minority interest of other shareholders removed in accordance with FRS102.

Entities in which the Group holds an interest, and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures and accounted for using the equity method.

Entities other than subsidiary undertakings or joint ventures in which the Group has a participating interest and where the Group exerts significant influence are treated as associate companies and are accounted for using the equity method.

In the Association's financial statements, investments in associates, joint ventures and subsidiaries are accounted for at cost less impairment.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The Group based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market circumstances, legislation or other circumstances beyond the Group's control. Such changes are reflected in the assumptions and estimates when they occur.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Estimated useful lives of property, plant and equipment

At the date of capitalising tangible fixed assets, the Group estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to the Group, variances between actual and estimated economic lives could affect the Group's result positively or negatively.

Provisions

The estimate of the amount of the provision corresponds to the expenditure likely to be incurred by the Group to settle its obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, and the obligation is deemed to be a contingent liability. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of the provisions within the next financial year as follows:

- Short term employment benefits – the cost of employees' entitlement to outstanding leave at the balance sheet date.
- Insurance claims - the number of claims outstanding and estimates of settlement costs.
- Leased vehicles – frequency of accidental damage.

Environmental warranty – changes to the interest rate applied to the provision calculation or the underlying cost of the potential liability.

Defined benefit pension scheme

Trivallis employees are eligible to join the Rhondda Cynon Taff County Borough Council Pension fund which is a local government scheme. This is a fully defined benefit scheme. The Group's defined benefit pension scheme's asset or liability, which is assessed each period by actuaries, is based upon key assumptions including discount rates, mortality rates, inflation, future salary costs and future pension costs. These assumptions individually or collectively may vary from actual outcomes. See note 24 for details.

Taxation and deferred taxation

Whilst Trivallis is treated as charitable for tax purposes, non-charitable activities are undertaken in Cardiff Bay Homes LLP. This creates a Group taxation charge and at each financial year end, judgement is required in determining the provision for Corporation Tax. The Group recognises liabilities for anticipated tax issues based upon the best estimates at the balance sheet date.

Where the final tax outcome of the above is different from the amounts which were initially recorded, such differences will impact the current tax and deferred tax provisions in the year in which such determination is made. The outcome of these tax items may give rise to material income and expenditure account and cash flow movements.

Intangible assets – computer software

The Group's only intangible assets comprise computer software and associated development costs. This is recognised at cost on acquisition. Computer software is depreciated over five years.

Property, plant and equipment

Housing properties cost

Housing Properties classified as property, plant & equipment are those let at a social rent. They are stated at cost less depreciation.

Housing properties are divided into four types. These are:

1. The properties purchased from Rhondda Cynon Taff County Borough Council on 10 December 2007 were capitalised at nil cost as the works required to bring them up to WHQS and maintain them at that level resulted in a negative valuation derived from the discounted cash flows over 30 years. Subsequent improvements and major works are capitalised at cost to enhance the economic benefit of the asset.
2. Purchased properties where cost is the cost of acquiring the property plus associated fees and works required to bring them into use.
3. New development where new homes are commissioned and built. The development cost of properties includes the following:
 - Cost of land and buildings.
 - Professional fees.
 - Management costs directly related to the development scheme.
 - Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the Group's net investment and its average borrowing costs during the year; and
 - Provision for the cost of work completed but not paid for at the year end.
4. Leasehold properties constructed as a result of the Cardiff Bay Homes LLP transaction. The capital cost of these properties includes the following:
 - Cost of land and buildings.
 - Professional fees.
 - Management costs directly related to the development scheme.
 - Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the directly attributable cost; and
 - Provision for the cost of work completed but not paid for at the year end.

The cost of housing properties includes directly attributable costs in bringing them into working condition for their intended use or developing new properties. Directly attributable costs are defined as: the labour costs of Trivallis employees arising directly from the construction or acquisition of property; and incremental costs that would have been avoided only if individual properties had not been constructed or acquired.

Any abortive costs incurred relating to developments that do not proceed are written off to the Income & Expenditure Account in the year identified as abortive.

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

- an increase in rental income.
- a material reduction in future maintenance costs; or
- a significant extension to the life of the property.

Only main elemental improvements that meet these criteria are capitalised and these are depreciated over their estimated elemental life span, on a straight-line basis. Depreciation periods are shown below. All other costs are written off to the Income & Expenditure Account as incurred.

The sale of properties held for rent is shown in the Income & Expenditure Account as surpluses or deficits from the sale of fixed assets.

Depreciation

Freehold land

Freehold land is not depreciated.

Housing properties

Depreciation of buildings, excluding the improvements detailed below, is charged to write down the net book value to their estimated residual value on a straight-line basis over their useful economic lives to the business:

- Traditionally built properties are depreciated over 50 years.
- Non-traditional properties are depreciated over 40 years.

Leasehold properties

Leasehold properties are depreciated over the remaining life of the lease at the date the properties are brought into use.

Improvements to housing properties

The main improvements capitalised are depreciated over their estimated elemental life span, on a straight-line basis over the following periods:

Kitchens	15 years	Solar Panels	20 years
Bathrooms	25 years	Main Gas Supply	50 years
Central Heating boilers	15 years	Doors	10 years
Whole house rewires	30 years	Lifts	25 years
New roofs - Houses	50 years	New roofs - Flats	30 years
Windows - Houses	40 years	Windows - Flats	30 years
Non-traditional property improvements	40 years	Door entry systems	20 years
Fire sprinklers	25 years	Fire Alarm Sensors	25 years
Fire - Riser Mains	40 years (Traditional)	Fire Evacuation Systems	25 years
	50 years (non-traditional)	Other	10-25 years

A cost threshold of £1,000 for capitalisation applies, though assets costing less than £1,000 may be grouped and capitalised if appropriate.

Other fixed assets

Depreciation is calculated to write off the cost of the fixed asset on a straight-line basis over its estimated useful life. The rates used are as follows:

• Freehold buildings	50 years	• Vehicles	4 years
• Furniture, fixtures & fittings	10 years	• Plant and tools	4 years
• Office equipment	5 years	• Computer hardware	3 years
• Leased property	Over the remaining life of the lease		
• Leased office improvements	Over the remaining life of the lease		

Investment properties

Properties held for the purpose of generating revenue or capital appreciation are classified as investment properties and held at fair value with changes in fair value taken directly to the Statement of Comprehensive Income. A desktop valuation is carried out internally using an appropriate BCIS index, with an external valuation being undertaken every four years.

Impairment of non-financial assets

An annual review for indicators of impairment to housing properties is carried out and, if appropriate, an annual impairment review in accordance with FRS 102 (S27) and the 2018 SORP is undertaken. The following indicators are used to determine whether impairment exists:

- Annual fall in house price index Jan-Dec in RCT exceeding 2.5%
- 3-month LIBOR above or expected to rise above 7.5%
- Void loss more than 5%
- Bad debt loss more than 6%
- Reactive maintenance overspends more than 10%
- Component write offs more than 5% of housing property depreciation
- Actual or forecast covenant breach
- Forecast development overspends more than 20% without recourse
- Forecast development handover delays more than 6 months without recourse

Where there is impairment, fixed assets are written down to their recoverable amount and the write down is charged to the Income & Expenditure Account.

Cash Generating Units are defined according to the economic characteristics of the underlying assets. Properties transferred at zero from Rhondda Cynon Taff County Borough Council comprise a single cash generating unit. New build properties let at a commercial rent and new build properties let at social rents will comprise separate cash generating units, on a scheme-by-scheme basis.

Capitalised finance charges

Any finance charges directly attributable to the construction of tangible fixed assets are capitalised where material.

Assets received through non-exchange transactions

Assets received through non-exchange transactions (donations and legacies) are included in the Statement of Financial Position at fair value if this exceeds the Group capitalisation threshold.

Assets where the fair value cannot be reliably measured are not recognised in the Statement of Financial Position.

Where there are no future performance related conditions attached to the legacy or donation, the fair value of the asset is taken to income. When future performance related obligations apply the fair value of the assets received is only recognised in income when these are complied with.

Where revenue recognition criteria have not been complied with, the fair value of the asset is treated as deferred income.

Legacies are to be recognised when measurable i.e. when probable or when the estate accounts are settled.

Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of consideration received excluding discounts, rebates, VAT and other sales taxes or duty.

Where the consideration receivable in cash or cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair value of consideration is measured as the present value of all future receipts using the imputed rate of interest.

Rental and service charge income is stated net of losses from voids.

Income in respect of services provided is recognised when the Group has fulfilled its contractual obligations.

Government grants

Government grants are defined in the 2018 SORP as "Assistance by government in the form of a transfer of resources to the entity in return for past or future compliance with specified conditions relating to the operating activities of the entity". Government means government, government agencies and similar bodies whether local, national or international.

Government grants are recognised when the Group has complied with the required conditions and there is certainty that the grant will be received.

Government grants relating to housing properties held at cost are accounted for using the accrual model and are amortised over the life of the related assets.

The unamortised portion of grants received is held in the statement of financial position separately as deferred grant.

Where grant funded assets are disposed of and there is no requirement to repay the grant, the unamortised portion of the grant is released as income.

Grants repayable are accounted for using management's best estimate of the liability.

In line with the accruals model, revenue related grants are released to the Income and Expenditure account over the period in which the related costs are recognised.

HFG is received over a 30-year period with interest receivable from the Welsh Government, on the total capital value of the grant, over that period. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this, and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset.

Non-government grants

Grants received from non-government sources are accounted for using the performance model as follow:

- A grant which does not impose specified future performance requirements on the Group is recognised as revenue when the proceeds are received or receivable.
- A grant which imposes specified future performance related conditions is recognised as revenue only when the performance related conditions are met.
- A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition. Net realisable value is based upon estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial instruments

Trivallis has chosen to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial Instruments include items such as trade receivables, trade payables and straightforward bank loans. Bank loans are measured at amortised cost. Trade receivables and payables are classified as current assets or current liabilities and are measured at the undiscounted amount of cash expected to be paid or received.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate receivable and payable within one year are recorded at transaction price. Any losses from impairment are recognised in the income and expenditure account in other operating expenses.

Financing transactions

Basic financial assets, where the arrangement constitutes a financing transaction, are measured at the present value of the future receipts discounted at a market rate of interest.

Public benefit entity concessionary loans

Public benefit entity loans are loans made or received by a public benefit entity or a member of a public entity group at an interest rate below that prevailing in the market. They are not repayable on demand and are made to further the objectives of the public benefit entity or the public benefit entity parent.

Public benefit entity loans made or received by the Group are recognised in the statement of financial position at the amount paid or received, together with accrued interest. Where a loan is irrecoverable, an impairment loss is recognised in income and expenditure.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are measured initially at fair value, including transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or if lower the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation to achieve a constant rate of return on the remaining balance of the liability. Finance charges are included in interest payable and similar charges in the income and expenditure account. Assets held under finance leases are held in property, plant and equipment and are depreciated over the lesser of the lease term and the assets' useful economic life. They are assessed for impairment losses in the same way as owned assets.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease payments under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Lease incentives are recognised over the lease term on a straight-line basis.

Transaction costs relating to assets acquired under finance leases are added to the value of the amount recognised as an asset.

Where material, transaction costs relating to assets acquired under operating leases are recognised as an asset and amortised over the life of the lease.

Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation because of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligations is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the income and expenditure account in the period in which it arises.

Employee benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined benefit pension scheme

Trivallis is a member of the Local Government Pension Scheme (LGPS), administered by Rhondda Cynon Taff County Borough Council ("RCTCBC"). The LGPS is a funded defined benefit scheme with benefits earned up to 31 March 2014 based upon final salary. Benefits earned after 31 March 2014 are based upon a Career Average Re-Valued Earnings Scheme.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually, the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting expected future payments using the market yields on high quality corporate bonds

The net interest element is determined by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income and expenditure account as Interest payable and similar charges.

Actuarial gains and losses arising from experience adjustments are charged to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest payable, are disclosed as re-measurement of net defined benefit liability.

Reporting the substances of transactions in relation to the improvement of the properties

The Housing Stock was acquired from RCTCBC on an improved basis, simultaneously entering into a sub-contract (development agreement) to undertake a programme of improvement works on behalf of RCTCBC (known as a VAT Shelter).

FRS 102.2.8 which requires that transactions should be accounted for and presented in accordance with their substance and not merely their legal form, has been applied to the corresponding transactions. Expenditure under the development agreement is therefore accounted for as it is incurred, over 20 years, rather than as a transaction that took place legally on the date of transfer. The VAT on the initial transaction will be recovered over the 20-year period of the Development Agreement.

Taxation

Trivallis is treated as charitable for taxation purposes. This was confirmed by HM Revenue & Customs (HMRC) on 20 November 2007. Consequently, the surpluses derived from primary purpose charitable activities are outside the scope of corporation tax. This treatment is reviewed annually in line with the activities undertaken by Trivallis to ensure the exemption still applies.

Non-primary charitable activities undertaken in Trivallis, or its subsidiary companies are subject to corporation tax in line with applicable legislation. The accounting policies applied are as follows:

Current tax

Current taxation is recognised in respect of corporation tax payable in respect of the profits of current or past reporting periods, using the tax rates and laws that have been enacted or are substantively enacted by the reporting date.

Deferred tax

Deferred tax arises in respect of timing differences between taxable profits and accounting profits as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart for the following exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recoverable against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or are substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Value Added Tax (VAT)

Trivallis is registered for VAT and charges VAT on some of its income and can recover part of the VAT it pays on expenditure. The financial statements include VAT on expenditure to the extent that it is not recoverable from HMRC. The balance of VAT payable or receivable at the end of the financial year is included as a current liability or asset as appropriate.

Related party transactions

Related parties are identified by the annual disclosure of interest's exercise performed. All transactions with related parties are made at arm's length, on normal commercial terms and the related parties cannot use their position to their advantage.

**Note 2 - Turnover, operating costs and operating results
GROUP**

**Group
Note A**

	2025			2024		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note B)	65,893	(56,714)	9,179	62,599	(54,295)	8,305
<i>Other social housing activities</i>						
Other	-	-	-	-	-	-
<i>Non-social housing activities</i>	435	(230)	205	1,083	(54)	1,029
Total	66,328	(56,944)	9,384	63,683	(54,349)	9,334

**Note 2 - Turnover, operating costs and operating results
ASSOCIATION**

**Association
Note A**

	2025			2024		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note B)	65,893	(56,714)	9,179	62,599	(54,295)	8,305
<i>Other social housing activities</i>						
Other						
<i>Non-social housing activities</i>	414	(230)	184	1,062	(54)	1,008
Total	66,307	(56,944)	9,363	63,662	(54,349)	9,313

Note 2 - Turnover, operating costs and operating results

Note B

	General needs	Sheltered housing	Non-Social Housing Activities	2025 Total	2024 Total
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable	52,384	3,033	184	55,601	52,464
Service charge income	323	1,309	230	1,862	1,647
Income for support services – Supporting People Grants	890			890	949
Government and other grants taken to income	7,300			7,300	7,849
Amortised government grant	341			341	243
Other social housing income	313			313	509
Turnover from social housing lettings	61,551	4,342	414	66,307	63,662
Cost					
Management costs	(21,297)	(931)	(230)	(22,458)	(21,189)
Services	(1,992)	(906)	-	(2,898)	(2,698)
Routine maintenance	(15,742)			(15,742)	(14,647)
Major repairs expenditure (exc. capital spend)	(3,784)			(3,784)	(5,001)
Bad debts	(209)			(209)	(44)
Depreciation of tangible fixed assets	(11,314)			(11,314)	(10,395)
Depreciation of intangible fixed assets	(442)			(442)	(274)
Write off of tangible fixed assets	(97)			(97)	(101)
Operating costs on social housing	(54,878)	(1,837)	(230)	(56,944)	(54,349)
Operating surplus on social housing lettings	6,674	2,506	184	9,363	9,313
Rent loss due to voids (memorandum note)	(1,553)	(158)	(6)	(1,717)	(1,449)

Note 3 - Surplus on sale of fixed assets

Group

	Vehicles	Housing properties	2025 Total	2024 Total
	£'000	£'000	£'000	£'000
Proceeds from sale	7	596	603	-
Cost of sale	-	(33)	(33)	(2)
Total	7	563	570	(2)

Association

	Vehicles	Housing properties	2025 Total	2024 Total
	£'000	£'000	£'000	£'000
Proceeds from sale	7	596	603	-
Cost of sale	-	(33)	(33)	(2)
Total	7	563	570	(2)

Note 4 - Interest receivable and similar income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Investment Income	350	718	350	718

Note 5 - Interest payable and similar charges

Group

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loan interest and fees	3,839	4,246	3,839	4,246
Amortised transaction costs	139	605	139	605
Pension finance costs	74	50	74	50
Total	4,052	4,901	4,052	4,901

Note 6- Directors' emoluments and staff costs

Directors' emoluments

The remuneration paid to the executive directors was:

Emoluments (including benefits in kind but before pension contributions)

Payments to for service of interim directors

Termination payments

Emoluments (excluding pension contributions) paid to the highest paid senior executive

Termination payments made to the highest paid senior executive

Number of paid directors in the year

Group		Association	
2025 £'000	2024 £'000	2025 £'000	2024 £'000
527	383	527	383
-	-	-	-
-	-	-	-
527	383	527	383
153	147	153	147
-	-	-	-
5	3	5	3

The Chief Executive is not a member of the Trivallis defined benefit scheme with no enhanced or special terms applied to his membership and Trivallis made no contribution to any individual pension arrangement in respect of the Chief Executive.

Remuneration of £13,686 was paid to the Group Board Chair. Board Members received expenses of £6,255 (2024: £6,242).

The emoluments of Directors, excluding pension contributions, were in the following ranges:

	Group	
	2025 No.	2024 No.
Full Year		
£Nil*		
£0-£10,000	14*	9*
£10,001- £20,000	1*	1*
£20,001- £30,000	-	-
£30,001 - £40,000	-	-
£40,001 - £50,000	-	-
£50,001 - £60,000	1	-
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	-
£100,001+	3	3

* These figures relate to Board Members and include two co-optee's to the Board as detailed on page 30. Executive Directors are not members of the Board.

Staff costs

Staff costs during the period:

Wages and salaries

Social security costs

Other pension costs (*see Note 24*)

Total staff costs

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
15,673	14,583	15,673	14,583
1,564	1,408	1,564	1,408
2,117	2,138	2,117	2,138
19,354	18,129	19,354	18,129

The average monthly number of staff – full time equivalent, comprising:

Central Support Services, encompassing:

Finance, HR, Corporate Service and

Administration

Investment and Regeneration

Housing

Operatives

Total

Staff employed at year end - full time equivalent

Group		Association	
2025	2024	2025	2024
No.	No.	No.	No.
424	482	424	482
94	108	94	108
39	42	39	42
223	254	223	254
68	78	68	78
424	482	424	482
430	421	430	421

Note 7 - Group taxation

Current tax

UK corporation tax	
Adjustment in respect of previous period	
Total current tax	

Deferred tax

Origination and reversal of timing differences	
Adj prev periods	

Tax on surplus for the period

2025	2024
£'000	£'000
-	-
-	-
-	-
-	-
-	-
-	-

Reconciliation of effective rate

Surplus on ordinary activities before tax	
Profit multiplied by current rate of tax of 25%	

Effects of

Changes in tax rates	
Adjustment in respect of previous period	
Non-taxable surpluses (due to Charitable status)	

Total current tax charge

2025	2024
£'000	£'000
6,749	6,765
1,687	1,691
-	-
-	-
(1,687)	(1,691)
-	-

Note 8. Group and Association - Intangible Fixed Assets

Group

Cost

	2025 Software £'000	2024 Total £'000
At beginning of year	3,197	2,902
Additions during year	360	295
Disposals during year	-	-
At end of year	3,557	3,197

Depreciation

At beginning of year	2,125	1,851
Charge for year	291	274
Depreciation on disposals	-	-
At end of year	2,416	2,125

Net book value

At end of year	1,141	1,072
At beginning of year	1,072	1,051

Note 9 - Group and Association Tangible Fixed Assets - Housing & other Properties

	Housing properties held for letting	Housing properties in the course of construction	2025 Total	2024 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of year	283,834	6,724	290,558	269,694
Additions during year	18,187	22,267	40,535	20,877
Transferred to letting	14,760	(14,760)	-	-
Transferred to investment property		-		761
Disposals during year	(467)	-	(467)	(406)
Impairment during year	(250)	-	(250)	(369)
At end of year	316,063	14,231	330,294	290,558
Depreciation				
At beginning of year	94,134	-	94,134	84,434
Charge for year	11,164	-	11,164	10,138
Depreciation on disposals	(179)	-	(179)	(206)
Depreciation on impairment	(132)	-	(132)	(231)
At end of year	104,987	-	104,987	94,135
Net book value				
At end of year	211,075	14,231	225,307	196,424
At beginning of year	189,699	6,724	196,424	185,260

Number of Units in General Management

	2025 No.	2024 No.
General needs	10,141	10,147
Leased	615	620
Garages	1,604	1,613
Retail	53	53
Market rent	52	32
Properties managed by Trivallis	2	2
Total	12,467	12,467

Note 10 - Group and Association - Tangible Fixed Assets - Other

	Office premises	Scheme equipment	Vehicles & office equipment	2025 Total	2024 Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of year	5,760	634	2,783	9,177	8,820
Additions during year	24	-	222	246	118
Transferred from Investment properties	82	-	-	82	284
Disposals during year	-	-	-	-	(46)
At end of year	5,866	634	3,005	9,506	9,176
Depreciation					
At beginning of year	1,869	520	2,702	5,091	4,880
Charge for year	104	46	151	301	257
Depreciation on disposals	-	-	-	-	(46)
At end of year	1,973	566	2,853	5,392	5,091
Net Book Value					
At end of year	3,893	68	152	4,112	4,085
At beginning of year	3,891	113	81	4,085	3,940

Note 11 - Investments

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Porthcwlis Limited	-	-	50	50
Cardiff Bay Homes LLP	-	-	375	375
Total	-	-	425	425

Note 12 - Group and Association - Investment Properties

	2025	2024
	£'000	£'000
At beginning of year	7,575	5,623
Additions	-	-
Transferred to Tangible fixed Assets - Other	(81)	(284)
Disposals	-	-
(Loss)/Surplus on revaluation	358	2,236
At end of year	7,852	7,575

Note 13 - Stock

Analysis of stock held:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Maintenance consumables	196	205	196	205
Total	196	205	196	205

Note 14 - Debtors

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<i>Amounts due within one year</i>				
Arrears of rent	5,137	5,049	5,137	5,049
	(2,285)	(1,929)	(2,285)	(1,929)
Less: Provision for bad and doubtful debts				
	2,852	3,120	2,852	3,120
Staff car loans and other staff advances	33	23	33	23
Other debtors and prepayments	3,278	3,168	3,278	3,168
Total	6,163	6,311	6,163	6,311
<i>Amounts due after one year</i>				
Arrears of rent	299	469	299	469
Less: Provision for bad and doubtful debts	(131)	(281)	(131)	(281)
Total	166	188	166	188
Total Debtors	6,331	6,499	6,331	6,499

Note 15 - Creditors: amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Maintenance and other supplies	1,989	1,473	1,989	1,473
Capital expenditure on housing properties	3,977	1,577	3,977	1,577
Loan interest	226	776	226	776
Accruals and deferred income	1,957	585	1,795	392
Prepayments of rents and service charges	1,056	941	1,056	941
Salary and other employee costs	75	108	75	108
Unamortised government grants	341	267	341	267
Intercompany	-	-	-	10
Other loans due within one year	300	300	300	300
Total	9,921	6,027	9,759	5,844

Note 16 - Creditors: amounts falling due after more than one year

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Bank loans	46,315	50,000	46,315	50,000
Other loans	12,306	-	12,306	-
Other Creditors	-	-	-	-
Finance leases	19,263	18,945	19,263	18,945
Deferred income	-	-	-	-
Unamortised government grants	30,281	23,426	30,281	23,426
	108,165	92,371	108,165	92,371

Analysis of debt:

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non instalment debts falling due after more than 5 years	54,432	50,000	54,432	50,000
Debt instalments falling due after more than 5 years	19,262	18,945	19,262	18,945

Government Grants - Group and Association		2025 £'000	2024 £'000
At beginning of year		23,426	17,675
Transfer to creditors: Amounts due within one year		(341)	(243)
Grant received		7,196	5,994
At end of year		30,281	23,426

During the year, Trivallis entered into 7 new loan agreements to fund our future commitment to build new development schemes. The new loans are: -

Loan 1: Refinanced an existing loan with Lloyds Bank for £50m over a 5-year revolving facility at a variable loan interest rate, repaying the existing fixed rate loan facility of £50m. Only £22m was drawn down at year end with £28m undrawn.

Loan 2: Agreed a new £25m loan with Principality Building Society over 15 years.

Loan 3: Agreed a new £10m Welsh Government loan over 20 years.

Loans 4-7 were 4 different loan agreements totalling £2.3m with Welsh Government to fund the acquisition of Land for development over 5 years.

Lloyds and Principality loans are secured with fixed charges with M&G Trustees acting as Trustees over those charges. Arrangement fees for all loans are amortised over the term of the loan.

The finance lease obligation relates to an existing lease arrangement for units developed in prior years. The lease payments include annual increments linked to RPI and details of minimum lease payments are given in note 20.

Note 17 - Provisions for liabilities and charges

Group and Association

Opening balance at 1 April 2024

Released unused

Provision utilised

New provision made

Closing balance at 31 March 2025

Insurance claims	Leased vehicles	Short Term Employment Benefits	Total
£'000	£'000	£'000	£'000
124	202	291	617
-	-	(6)	(6)
(28)	(68)	-	(96)
45	16	-	61
141	150	285	576

Insurance claims money set aside to cover the excess value of outstanding insurance claims.

Leased vehicles to cover damage to leased vehicles at the end of the lease term.

Short term employment benefits the cost of employee's entitlement to outstanding leave at the balance sheet date.

Note 18 - Financial Instruments

Financial assets that are equity instruments measured at cost less impairment

Investment in subsidiary companies

Financial instruments that are debt instruments measured at amortised cost

Other debtors

Financial liabilities measures at amortised cost

Bank loan

Other loans

Finance leases

Trade creditors

Other creditors

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
-	-	50	50
5,064	5,350	5,064	5,350
46,435	50,000	46,435	50,000
12,606	300	12,606	300
19,271	18,945	19,271	18,945
4,331	2,446	4,331	2,446
75	108	65	98

Other debtors relate to the cash value of debtors less the accounting adjustment for prepayments and accruals.

The bank loan is stated net of amortised costs and detailed in Notes 15 & 16.

The finance lease relates to the lease of certain market and social rent housing stock.

Trade creditors relate to maintenance and other supplies plus capital expenditure on housing properties.

Note 19- Non-equity share capital

	2025	2024
	£	£
At beginning of year	359	400
Issued during the year (unpaid)	-	-
Cancelled or redeemed during the year	(18)	(41)
At end of year	341	359

	2025	2024
	No:	No:
Members who are tenants	328	351

There is 1 member who has no voting rights (Shadow Board Member).

The shares provide members with the right to vote at General Meetings, but the shares do not carry the right to dividend payments or distribution on winding up. Shares cancelled or redeemed are written back to reserves. All tenants who qualify are entitled to one share. There is no maximum number of shares that can be issued.

Note 20 – Commitments

Operating leases

As at 31 March 2024 minimum lease commitments under non-cancellable operating leases are as follows:

Minimum amounts payable as lessee

Within one year
Between two and five years
In more than five years

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
1,285	416	1,285	416
2,065	139	2,065	139
-	-	-	-
3,350	555	3,350	555

Minimum amounts receivable as lessor

Within one year
Between two and five years
In more than five years

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
85	85	85	85
133	161	133	161
-	-	-	-
218	247	218	247

Finance Leases

As at 31 March 2025 minimum lease commitments under finance leases are as follows:

Minimum amounts payable as lessee

Within one year
Between two and five years
In more than five years

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
1,021	1,023	1,021	1,023
4,408	4,417	4,417	4,417
37,872	37,946	37,872	37,946
43,301	43,386	43,301	43,386

Group and Association Capital commitments

Amount of contracts for capital expenditure, not yet provided for
Amounts of capital expenditure approved by the Board but not contracted for:

- 20 year VAT Shelter capital expenditure to 2028 (additional 5 yrs from 2023-28)
- Non VAT shelter 30 year capital expenditure

2025	2024
£'000	£'000
29,009	17,378
54,337	75,830
750,968	749,458

Capital commitments identified will be financed by the ongoing rental income streams from the housing stock, gap funding of £7.3 million per annum from the Welsh Government, and a £50 million revolving credit facility with Lloyds Bank and further funding.

Note 21 - Notes to the Group Cashflow Statement

a. Reconciliation of operating surplus to net cash inflow from operating activities

Operating surplus
Depreciation of tangible fixed assets
Amortisation of intangible fixed assets
Assets written off
Amortisation of government grants
Post employment benefits less payments
Movement in provisions
Decrease/(increase) in inventories
Movement in deferred Income
Decrease in debtors
Increase / (decrease) in creditors
Net cash inflow from operating activities

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
9,384	9,334	9,363	9,313
11,465	10,395	11,465	10,395
291	274	291	274
406	338	406	338
(341)	(243)	(341)	(243)
100	40	100	40
(41)	(105)	(41)	(105)
9	36	9	36
(21)	(21)	-	-
(168)	(807)	(168)	(807)
3,785	(2,337)	3,785	(2,337)
24,869	16,903	24,869	16,903

b. Free cashflow

Net cash inflow from operating activities

Interest paid
Interest received
Taxation paid

Adjustments for reinvestment in properties

Development and component replacements
Purchase of other replacement fixed assets

Free cash (consumed)/generated before loan repayments
Loans repaid (excluding revolving credit and overdrafts)

Free cash generated/(consumed) after loan repayments

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
24,869	16,903	24,869	16,903
(2,791)	(2,589)	(2,791)	(2,589)
350	717	350	717
-	-	-	-
22,428	15,031	22,428	15,031
(40,535)	(20,877)	(40,535)	(20,877)
(606)	(413)	(606)	(413)
(41,141)	(21,291)	(41,141)	(21,291)
(18,713)	(6,260)	(18,713)	(6,260)
-	-	-	-
(18,713)	(6,260)	(18,713)	(6,260)

c. Reconciliation of net cash inflow to movement in net debt

Increase/(decrease) in cash
Increase/(decrease) in loans
Decrease/(Increase) in net debt
Net Debt at 1 April 2024
Net Debt at 31 March 2025

Group		Association	
2025	2024	2025	2024
£'000	£'000	£'000	£'000
(2,664)	(1,441)	(2,664)	(1,441)
9,306	1,035	9,306	1,035
6,643	(407)	6,643	(407)
91,827	92,232	91,825	92,230
98,471	91,825	98,469	91,824

d. Analysis of net debt

Group

At 1 April 2024

Net cashflows

At 31 March 2025

Association

At 1 April 2024

Net cashflows

At 31 March 2025

Cash at bank and in hand	Loans due in less than 1 year	Loans due in more than 1 year	Changes in net debt
£'000	£'000	£'000	£'000
22,581	300	68,945	91,825
(2,664)	(300)	8,939	5,976
19,917	-	77,884	97,801
22,579	300	68,945	91,824
(2,664)	(300)	8,939	5,976
19,915	-	77,884	97,799

22. Related Party Transactions

RCTCBC is a party to the Transfer Agreement that established the Group and holds the right to nominate up to two members to the Board. Two council representatives served as members during the year.

Rhondda Cynon Taff Pension Fund are considered to be a related party as a defined benefit pension provider for Trivallis. Details about transactions with the Pension Fund are included in note 24 to the accounts.

Key management personnel

The Board and Executive Management Team are considered to be key management personnel, together with the Directors of subsidiary companies. The remuneration for these individuals is disclosed in note 6 to the accounts.

23. Group and Association VAT Shelter / Development agreement

Trivallis entered into a VAT shelter co-incident with the date of transfer of the housing stock from RCTCBC, to carry out an agreed schedule of refurbishment works to the properties. The value of these works was £359 million. The cost to RCTCBC of contracting for these works to be undertaken was offset against an equal increase in the purchase price of the stock paid by Trivallis. This transaction is not reflected in the financial statements in accordance with FRS102, reporting the substance of transactions over the legal form.

At the time of the agreement, the expected time frame to complete the first cycle refurbishment works to the housing stock transferred, was 15 years. However, these works are ongoing and are expected to be near completion by 2028. We have provided written notification to HMRC that

we anticipate VAT Shelter works to continue for a further 5 years and this has been accepted by HMRC with no reservations. As such, the original time frame has been extended and as detailed in Note 20, it is envisaged that there will be a further £76 million expenditure on qualifying works over the additional 5 years. The works contracted will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event Trivallis does not complete the work specified, the development agreement may be terminated at no financial loss to Trivallis.

24. Group and Association Pensions

Introduction

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf Pension Fund (the “Fund”) which is part of the Local Government Pension Scheme (the “LGPS”).

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in ‘The Local Government Pension Scheme Regulations 2013’ and ‘The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014’.

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the LGPS Regulations 2013 and the Fund’s Funding Strategy Statement. The last actuarial valuation was 31 March 2022 and the contributions to be paid until 31 March 2026 resulting from that valuation are set out in the Fund’s Rates and Adjustment Certificate.

The Fund Administering Authority, Rhondda Cynon Taf County Borough Council is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer’s liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund’s investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields at the accounting date. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Existing employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on the other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

Future contributions

Regular employer contributions to the fund for the year ending 31 March 2026 are estimated to be £2,893,030.27. In addition, strain on fund contributions may be required. Strain costs apply when an employee accesses their pension fund earlier than their normal retirement date.

Assumptions

Principal Financial Assumptions

The latest full actuarial valuation of the fund took place on 31 March 2022. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS 102 purposes were:

	31 March 2025 (%pa)	31 March 2024 (%pa)
CPI inflation	2.5	2.6
Rate of general long-term increase in salaries	3.75	3.85
Rate of increase to pensions in payment	2.5	2.6
Rate of increase to deferred pensions	2.5	2.6
Discount rate	5.8	4.8

Principal demographic assumptions

Post Retirement Mortality

Males

	31 March 2025	31 March 2024
Base table	Standard SAPS normal health all amounts (\$1NMA)	Standard SAPS normal health all amounts (\$1NMA)
Scaling to above base table rates	100%	100%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	20.9	21.0
Future lifetime from age 65 (currently aged 45)	21.8	22.3

Females

	31 March 2025	31 March 2024
Base table	Standard SAPS normal health all amounts (\$1NFA)	Standard SAPS normal health all amounts (\$1NFA)
Scaling to above base table rates	95%	95%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	23.7	23.8
Future lifetime from age 65 (currently aged 45)	24.8	25.2

The mortality assumptions are based upon actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 valuation and allow for future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown above.

Trivallis employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The asset split is set below:

	Asset split at 31 March 2025 (%)	Asset split at 31 March 2024 (%)
Equities	65.1	64.0
Property	6.1	6.5
Government bonds	10.9	12.2
Corporate bonds	14.7	15.6
Other	2.7	1.3
Cash	0.5	0.4
Total	100	100

The overall expected rate of return on assets is derived by aggregating the expected rate of return for each asset class over the actual asset allocation for the fund as at 31 March 2023.

Reconciliation of funded status to Balance Sheet - Group and Association

	Value as at 31 March 2025 (£'000)	Value as at 31 March 2024 (£'000)
Fair value of assets	104,280	101,650
Present value of funded liabilities	64,740	74,970
Net pension liability	39,540	26,680

Analysis of charge / (credit) in the Income and Expenditure Account - Group and Association

	For year ended 31 March 2025 (£'000)	For year ended 31 March 2024 (£'000)
Current service cost	2,290	2,360
Past service cost / (credit)	-	-
Curtailment Cost	-	-
Interest cost	60	50
Total	2,230	2,310

Changes to the present value of the defined benefit obligation

	For year ended 31 March 2025 (£'000)	For year ended 31 March 2024 (£'000)
Opening present value of liabilities	74,970	73,470
Current service cost	2,290	2,360
Interest expense on defined benefit obligation	3,580	3,360
Contributions by participants	990	920
Actuarial (gains) / losses on scheme liabilities *	(14,960)	(3,030)
Net benefits paid out #	(1,700)	(1,870)
Curtailment Cost	-	-
Actuarial (gains)/losses under demographic assumptions	(560)	(1,140)
Actuarial (gains) / losses due to liability experience	130	900
Past service cost / (credit)	-	-
Closing present value of liabilities	64,740	74,970

* Includes changes to the actuarial assumptions.

Consists of net cash-flow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Changes to the fair value of assets during the year

	For year ended 31 March 2025 (£'000)	For year ended 31 March 2024 (£'000)
Opening fair value of assets	101,650	90,220
Interest income on assets	4,920	4,180
Actuarial (losses) / gains on assets*	(3,970)	5,980
Contributions by the employer	2,390	2,220
Contribution by participants	990	920
Net benefits paid out #	(1,700)	(1,870)
Closing fair value of assets	104,280	101,650

* Includes changes to the actuarial assumptions.

Consists of net cash-flow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Actual return on assets

	For year ended 31 March 2025 (£'000)	For year ended 31 March 2024 (£'000)
Interest income on assets	4,920	4,180
Actuarial gains on assets	(3,970)	5,980
Actual return on assets	950	10,160

Analysis of amount recognised in the Other Comprehensive Income ("OCI")

	For year ended 31 March 2025 (£'000)	For year ended 31 March 2024 (£'000)
Total actuarial gains	(160)	90
Total gain	(160)	90

History of asset values, present value of liabilities and deficit

	As at 31 March 2025 (£'000)	As at 31 March 2024 (£'000)
Fair value of assets	104,280	101,650
Present value of liabilities	(64,740)	(74,970)
Surplus	39,540	26,680

History of experience losses and gains

	As at 31 March 2025 (£'000)	As at 31 March 2024 (£'000)
Experience (losses)/gains on assets		
• Amount	39,540	26,680
• Percentage of assets	37.92%	26.24%
Experience (losses)/gains on assets		
• Amount	130	900
• Percentage of the present value of the liabilities	0.1%	0.9%

25. Subsidiary undertakings

The board considered Trivallis to be the ultimate parent undertaking of Porthcwlis Limited, a company limited by guarantee, which is dormant. Trivallis is also the ultimate parent of Cardiff Bay Homes LLP, owning 98% directly, with the remaining 2% owned by Porthcwlis Limited.

26. Contingent Liability

Electrical Installation Condition Report (EICR)/Rent and Homes for Wales Act (RHWA)

As a result of an administrative error, Trivallis was in a possible technical breach of a legal requirement under the Renting Homes (Wales) Act 2016 at the year end. Remedial action has been taken to ensure that we are no longer in breach of the act. There is a current legal case ongoing and RSL is liaising with Welsh Government in that regard. Having taken legal advice, we have assessed that the likelihood of an outflow of resources to settle this potential liability following the court case is less than probable but (acknowledging the inherent uncertainty in any legal dispute) is more than remote. A high level of uncertainty remains because the interpretation of the requirements under the Renting Homes (Wales) Act varies between different legal advisors and need clarification which will only be possible after Court judgements have been issued, hence the financial effect cannot currently be measured with sufficient reliability.